ST MICHAEL'S HOSPICE (INCORPORATING THE FREDA PEARCE FOUNDATION)

England & Wales · Charity number 511179

Details

Other names	FREDA PEARCE FOUNDATION LIMITED, ST MICHAEL'S HOSPICE
Status	Registered
Legal form	Charitable company
Company number	01634942
Registered	1982-06-23
Register	View on the Charity Commission register

Contact

Address	Bartestree Bartestree Hereford Herefordshire HR1 4HA
Phone	01432851000
Email	info@smhospicehereford.org
Website	www.st-michaels-hospice.org.uk

Activities

Objects: The objects of the Charity are to improve the quality of life of adults with life-limiting conditions and their families through the provision of palliative and end of life care in such ways as the Charity shall from time to time think fit, and in particular (but without prejudice to the generality of such object):1. By establishing, maintaining, and conducting a specialist palliative care in-patient unit in Herefordshire.2. By providing, assisting, and encouraging the provision of palliative care in out-patient settings and/or in the usual place of residence of individuals.3. By providing, assisting, and encouraging the provision of supportive care and psycho-spiritual support in all appropriate settings.4. By influencing, promoting, encouraging, and improving the provision of palliative and end of life care services through innovation, education, and best practice.5. By influencing and educating our community on palliative and end of life care, death and dying.

Activities: The Charity provides a range of palliative care to people with progressive life-limitingillness and support to their carers and aims to promote the development of knowledgeand understanding of all aspects of palliative care by delivering training andprofessional support to professional carers

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Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives
- **Who:** Children/young People, Elderly/old People, People With Disabilities, The General Public/mankind

Geography

- **Area of benefit:** HEREFORD AND WORCESTER
- Gloucestershire
- Herefordshire
- Monmouthshire
- Powys
- Shropshire
- Worcestershire

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£12,809,104	£12,762,247	£23,897,192	321
2024-03-31	£10,192,618	£11,085,886	£23,779,917	286
2023-03-31	£10,224,920	£9,482,334	£24,475,168	258
2022-03-31	£10,127,050	£8,744,676	£24,233,324	241
2021-03-31	£9,434,696	£7,938,411	£22,808,968	229

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Trustees

Name	Role	Appointed
Catherine Elizabeth Davies		2025-06-11
Charles Assad Akle		2022-06-15
DIANA HOLLOWAY		2026-05-01
David Robert Teague		2006-10-20
Emily Beaumont		2026-05-01
Eric Dixon Drummond		2020-12-14
Gavin Hugh James		2025-06-11
Mark Molyneux		2025-06-11

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ST MICHAEL'S HOSPICE (INCORPORATING THE FREDA PEARCE FOUNDATION)

England & Wales - Charity number 511179

Accounts

St Michael's Hospice

incorporating the
Freda Pearce Foundation

Annual Report and Consolidated Financial Statements
For the year ended 31st March 2025

Company Registration Number: 01634942 (England and Wales)
Charity Registration Number: 511179

st-michaels-hospice.org.uk
twitter.com/stmichaelshosp
facebook.com/stmichaelshospicehereford

St Michael's Hospice

Now and always: Caring to make a difference

Our service is completely free of charge

St Michael's Hospice provides its care, free of charge, to patients, their families, and carers. This care is made possible by supporters taking part in fundraising events, playing our lottery, shopping at our retail outlets, making charitable donations, leaving gifts in their wills, or giving freely of their time to volunteer.

If you would like to support St Michael's, you can find out more about what we do and ways you can help by visiting our website.

To share your comments or suggestions with us, please contact:

Quality and Compliance Team
St Michael's Hospice
Bartestree
Hereford
HR1 4HA

✉ **quality@smhospicehereford.org**

St Michael's Hospice (incorporating the Freda Pearce Foundation)

For the year ended 31 March 2025

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St Michael's Hospice (incorporating the Freda Pearce Foundation)
For the year ended 31 March 2025
Reference and Administrative Information

Charity Name	St Michael's Hospice (incorporating The Freda Pearce Foundation)
Charity Number	511179
Company Number	01634942
Address of Registered Office	St Michael's Hospice Bartestree Hereford, HR1 4HA
Country of Registration	England and Wales
Country of Incorporation	United Kingdom
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: Mr D R Teague, Chair Ms P A Greenwood (resigned 6th June 2025) Mrs C J Winney Mr E D Drummond Mr I D A Entwisle (resigned 12th March 2025) Mr C A Akle Dr P F Downey Mrs C E Davies (previously Associate Trustee, appointed 11th June 2025) Mr G H James (previously Associate Trustee, appointed 11th June 2025) Mr M Molyneux (appointed 11th June 2025)
Associate Trustees	Mrs D Holloway Mrs R Kirk Mrs L Goodridge (appointed 4th November 2024)
Life Patrons	Dr J J Kramer BEM Mr A J Walshe
Chief Executive Officer	Mr M J D Fellows
Strategic Management Team	Mrs E J Cotton, Finance and Operations Director Mrs R S Jones, Income Generation, Marketing and Communications Director Mrs L O'Neil, People Director Mrs N Proctor, Care Director (appointed 1st April 2025) Mrs J Dyke-Whitfield, Nursing Director (appointed 1st April 2025)
Company Secretary	Mr M J D Fellows
Bankers	The Royal Bank of Scotland PLC Drummond House 1 Redheughs Avenue Edinburgh EH12 9JN Barclays Bank PLC 54 High Street Worcester Worcestershire WR1 2QQ
Independent Auditor	Crowe U.K. LLP Statutory Auditor Fourth Floor St James House St James Square Cheltenham GL50 3PR

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Chair's Foreword
For the year ended 31 March 2025

This year has brought some special occasions at St Michael's.

October 2024 marked the 40th anniversary from when St Michael's opened its doors to our first patients. We celebrated the life of Dr Richard Miller one of our founders with a memorial service at Hereford Cathedral in May 2024. We were then so pleased to hear the news that our last surviving founder Dr Jeff Kramer had been awarded a British Empire Medal in recognition of his dedication to quality palliative care, and that we were asked to host the presentation of the award by the Lord Lieutenant of Herefordshire at St Michael's Hospice in October 2024. We opened our new Whitestone store in May 2024, having refurbished it following our purchase of the site in the previous autumn, and I am pleased to tell you that it is very much performing in line with our expectations.

The world was a very different place in 1984, and our founders back then showed incredible foresight and vision, hard work, skill and bravery to do what they did. We must never forget their attitude of *"we will do this whatever the setbacks and whatever the scepticism"*.

In these 40 years St Michael's has continually grown its provision of palliative and end of life care to our Community. 2,495 patients were seen in this year through our inpatient unit, hospice at home, day services and our education dept. And of course, all of this is free to patients and their families.

The number of patients seen has increased by 6% from 2,353. Our ambition is to keep progressing, so that more and more in our community have the same high level of palliative and end of life care. This of course requires more funding and more collaboration. On the latter point, we are actively working to develop partnerships with like-minded organisations, so that we can all work together to achieve the goal of fulfilling such an important need. We also look to steer Government, though our membership of Hospice UK, to help the Hospice sector achieve these ambitions, although I have to tell you that we are not basing our plans on any material changes from their current stance. Government has taken the decision to abolish NHS England and to amalgamate our Integrated Care Boards. We have yet to see what impact this will have on the Hospice sector.

Without our supporters none of what we do would be possible. We are forever grateful for your ongoing support in terms of the cash you give us from our various fundraising activities and your volunteering. Our commitment to you is that we will always look to spend your money wisely for both today and for the future, and that we will continue to be innovative in looking at ways to improve our effectiveness and efficiencies, whilst not in any way losing that very special personal touch.

Social media has been full of the financial issues and struggle for volunteers faced by some hospices. St Michael's is in a sound financial position, and we have a dedicated and passionate pool of volunteers. I am pleased to tell you that we had a small financial surplus of income over costs amounting to £117,275 for the year and our cash reserves at the year-end stand at £9.6 million. Reserves are important, not just to allow us to weather any future storms in our path, but just as importantly to allow us to invest for the future. The purchase of the Whitestone site is one great recent example of this, where using our reserves for the purchase allows us to make plans to secure income for the longer term.

The direct costs of us providing our care in the year totalled £7.8 million, of which Government only provided funding of £2.4 million, a paltry 31%, leaving a shortfall of £5.4 million that needed to be found through our various fundraising activities. And that is why our need for funds is never ending and why we are always looking for new ways to generate funds.

You may ask why successive Governments have not constructively tackled end of life issues and left it to the charitable sector to fill the gaps. We will attempt to work with Government on this, but whether we will be listened to is another matter. I personally despair at their lack of joined up thinking.

Matt Fellows took over from Mike Keel as our new Chief Executive at the start of the financial year. We wish Mike well in his retirement and thank him for all his work over the six and a half years he was with us.

Finally, it leaves me to thank our staff and all of our supporters, whether through volunteering or our fundraising activities, for all that you do for us, continuing to strengthen the very special partnership between us to achieve our ambitions; and it would be remiss of me not to also thank my fellow Trustees and Associate Trustees, who served during the financial year, for their continuing commitment to St Michael's.

The passion that you all bring is remarkable. It is the St Michael's way.

Our Year In Numbers

The estimated value of our volunteer contribution is over £2.5 million

Our Hospice at Home service supported 891 people making 13,284 visits

Our 40th anniversary year digital campaign secured over £400,000 in just 40 hours

We had 284 admissions, down 4.3% on last year with the average length of stay increasing to 18.9 days

Our shops delivered a profit margin of 34%

We have supported and cared for 2,495 people in 2024/25, **up 6%**

On average 110 new patients per month were referred to our services throughout 2024/25, an **increase of 8.9%**

Over £1,000,000 income was generated by Events & Community fundraising

88,325 individual contacts were made, including **334** video consultations

In 2024/25 1,329 individuals received Supportive & Rehabilitative Care including physical, emotional, psychological & Spiritual well-being

The Trustees of St Michael's Hospice ('St Michael's') present their report and the audited financial statements for the year ended 31 March 2025. Reference and administrative information set out on page 4 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their financial statements in accordance with FRS 102.

The Trustees of St Michael's are charity Trustees for the purpose of the Charities Act and are Directors of St Michael's and Directors for the purposes of the Companies Act. The Trustees form the Trustee Board of St Michael's. Although the Strategic Management Team's (SMT) job titles include the word 'Director', these people are not Directors within the meaning of the Companies Act.

The Trustee Board is responsible under St Michael's governing document for controlling the management and administration of St Michael's within the law. It is ultimately responsible for everything St Michael's does and how it does it. The overriding duty is to act in good faith within charity law and to make sure St Michael's pursues its aims (as set out in the governing document); uses its assets only to pursue those aims; and acts for its community. It does this by:

- Safeguarding and promoting the values and mission of St Michael's;
- Determining the strategy and structure of St Michael's;
- Ensuring St Michael's operates in an effective, responsible, and accountable manner, securing future sustainability;
- Ensuring the effective functioning of the Board of Trustees;
- Ensuring the organisation meets all statutory requirements.

The Trustee Board is made up of unremunerated volunteers. During the year, the Trustee Board met five times for their regular general meetings, and once for a Strategic Planning Day. In addition to these, there were sixteen subcommittee meetings. The Trustee Board is made up of members according to an analysis that identifies skills, experience and qualities needed for the good governance of St Michael's. Trustees routinely review the composition of the Board, considering the need for the right blend of skills, knowledge, experience, and diversity. Just as importantly the Trustees need to fit together to work constructively and effectively as a Board and with the management team. Trustees recognise the importance of achieving the right balance on the Board between new blood and stability.

Trustee annual appraisals include whether longer serving Trustees remain fresh and up to date, relevant and have not lost their drive to perform at the highest level.

A new level of Associate Trustee has been created to compliment the Board and to assist in the process of Trustee succession. Associate Trustees are expected to attend Board meetings and the relevant Committee meetings. They do not have voting rights. The intention is that this role will be a way of introducing those who are keen to provide their skills and experience to St Michael's, but who do not have the time or wish to initially become trustees.

Trustees serve for terms of 3 years before retiring. They can be appointed for three successive terms. On completion of a third term, they can be reappointed only in exceptional circumstances. Trustees consider these situations on a case-by-case basis.

Related Parties and Relationships with other Organisations

St Michael's is the parent undertaking of a group consisting of:

- SMH Trading Limited - St Michael's uses this subsidiary for non-primary purpose trading activities.
- St Michael's Hospice Development Company Limited - St Michael's used this subsidiary for redeveloping the hospice buildings and surroundings. This company is dormant.

Both subsidiaries are English registered companies and Gift Aid all available profits to St Michael's where applicable.

Operating Structure and Charity Governance Code

The Board retains ultimate operational responsibility and sets the aims, policies, and objectives of St Michael's together with performance monitoring. It has however devolved authority for its strategic implementation, attainment, performance and day-to-day running to the Chief Executive Officer and his strategic management team who are also responsible for St Michael's meeting all its statutory and contractual obligations.

St Michael's Governance Manual describes these arrangements and was updated in 2024 to reflect the inclusion of the Associate Trustee role. A full review will be carried out in 2025 with reference being paid to the Charity Governance Code and Charity Commission guidance. St Michael's has a comprehensive range of operational policies and procedures that it maintains in line with the requirements of the Care Quality Commission, which regulates the clinical activity of St Michael's, and the Gambling Commission that regulates the Lottery and the Fundraising Regulator.

Objectives and Activities

Objectives

The Founders set up St Michael's on 12 May 1982 as the Freda Pearce Foundation. St Michael's is governed by its original Memorandum and Articles of Association, which St Michael's has subsequently amended by special resolutions on 2 November 1998, 2 October 2002, 15 April 2009, 7 November 2012, 28 September 2017 and 25 March 2020. St Michael's changed its name to St Michael's Hospice (incorporating the Freda Pearce Foundation) on 2 November 1998. The Articles, as amended, state the objects of St Michael's are to promote the relief of sickness in such ways as the Charity shall from time to time think fit, and in particular (but without prejudice to the generality of such object):

- By establishing maintaining and conducting a residential home in the County of Herefordshire for the reception and care of persons of either sex (without regard to race or creed) who are suffering (at any age) from any chronic or terminal illness or from any disability or disease whether attributable to old age or otherwise or from any other physical infirmity, disability or disease, and by providing medical or other treatment and attention for such persons as aforesaid in their own homes.

- By conducting or promoting or encouraging research into the care and treatment of persons suffering from any illness, disability, disease or infirmity as aforesaid and particularly into the care and treatment of persons suffering from cancer or terminal illness and to disseminate the results thereof to the public.

- By promoting or encouraging or assisting in the teaching or training of doctors, nurses, physiotherapists and other persons engaged in any branch of medicine, surgery, nursing or allied services, and in the teaching or training of students in any branch of medicine, surgery, nursing or allied services.

- By providing or assisting or encouraging the provision of spiritual help and guidance for any persons resident (either as patients or otherwise) or working in any such home or homes as aforesaid.

- By providing or assisting or encouraging the provision of palliative care for any persons receiving care (whether as residents or otherwise) in any such home or homes as aforesaid or for such persons in their own homes.

- By maintaining and up keeping the garden and grounds of any such home or homes as aforesaid for the benefit of the residents and local community.

*Our **mission** is to make sure palliative and end of life care is available to all who can benefit from it, regardless of gender, diagnosis, social group or setting. This includes supporting those people close to the dying person throughout the pre- and post-bereavement stages too.*

St Michael's knows it cannot do all of this on its own and so works with communities, groups, and organisations to support them and help them understand the importance of good palliative care and how they can play their part to ensure there is a spectrum of services to meet patient and family needs.

St Michael's also recognises it must help change people's perception and understanding of end-of-life care as well as their readiness to talk about it – not only their own plans but their families and friends too.

St Michael's encourages patients (with their families where appropriate) to produce a plan that describes their needs and preferences as they come to the end of their life. This helps ensure they receive the right care, in the right place, delivered by the right people.

*Our **vision** is that everyone in Herefordshire and the surrounding areas who needs and wants palliative care has timely access to it, delivered in a way that suits them.*

Principal Activities

St Michael's fulfils its purpose through its principal activity of providing adult hospice care to the people of Herefordshire and immediate surrounding areas as follows:

1. Adult inpatient palliative medical and nursing care in a twenty-bed purpose-built unit (sixteen beds in use during this reporting period).

2. Adult outpatient palliative medical and nursing care in Day Services and appropriate therapy (physiotherapy, occupational, music, art and complementary).

3. Hospice at Home Service, which includes 24-hour telephone advice, care co-ordination service, urgent care team and planned home care packages. St Michael's provides this care in people's homes or places they regard as home (e.g. nursing and residential homes).

4. The provision of education and training. St Michael's seeks to influence and guide the quality of palliative care in other settings and given by other providers through its education and training programmes thereby sharing the experience, expertise and knowledge St Michael's has built up from 40 years of working in palliative care. St Michael's also ensures its own staff and volunteers have opportunities to develop their skills, knowledge, and competence as these have a direct bearing on the quality of support St Michael's can provide.

5. Underpinning the main services is the Supportive Care service, which social workers, bereavement care workers, spiritual workers and counsellors deliver. They offer this to all patients and families who access the Inpatient Unit, Day services and Hospice at Home services. These services provide the vital social and psychological elements of support that characterises holistic care and to which St Michael's aspires. The holistic approach not only considers the patient's condition, life, and circumstances, but also supports and cares for the patient's family and friends. The Supportive and Rehabilitative Care service also collaborates with another charity called Hope Support, to provide care and support to children who are close to our patients.

Support for Principal Activities

The facilities teams (catering, housekeeping and maintenance) provide essential support for the principal activities. The management and administration team provide the necessary governance, oversight and operational management plus finance, human resources (HR), information technology (IT) and administrative support.

The fundraising and retail teams maintain the necessary income needed by St Michael's to deliver its services, as recurrent statutory funding (from Health and Social Care sources – the NHS) remains inadequate.

St Michael's has over 800 volunteers who provide regular support to all service areas. Many more provide ad- hoc support at events etc. or volunteer via their workplaces, communities, and other organisations for the benefit of St Michael's. The contribution these people make is vital to St Michael's success and survival. These volunteers support 321 employed staff (including bank staff) to provide the quality care service and the required support services for patients and their families to meet and go beyond regulatory requirements.

Public Benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing St Michael's objectives and in planning its future activities.

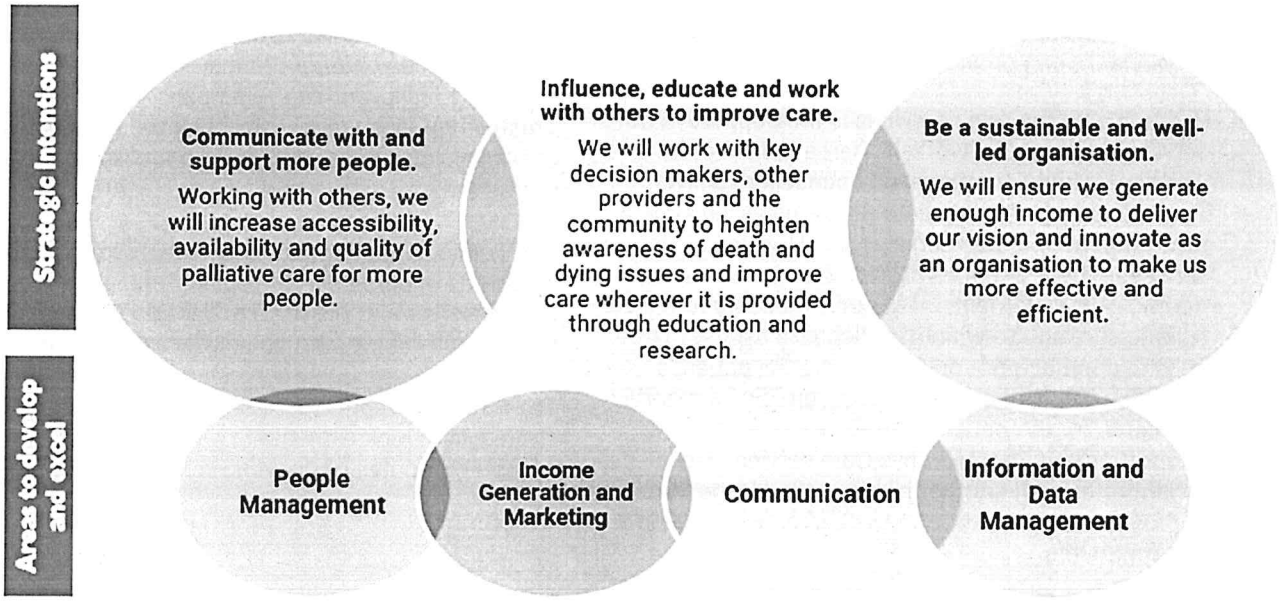
The Trustees consider how planned activities will contribute to the objectives that have been set; reporting the success of each key activity and the benefits St Michael's has brought to those groups of people that it is set up to help, and the wider public benefit. The Trustees regularly review the objectives and activities of St Michael's ensuring they remain focused on its stated purposes.

The Trustees continue to recognise three strategic intentions underpinned by four key areas in which St Michael's must continue to develop and excel to successfully deliver the objectives and activities.

The Strategic Report that follows sets out our ongoing strategy and looks at what St Michael's has achieved, and the outcomes of its work, in the reporting period.

Strategic Report

*Our ongoing **strategy** is to have a multi-faceted approach that focuses on ensuring our long-term sustainability and ability to operate in the new health economy; as well as initiatives to do more, in partnership with other organisations, to give patients greater choice; ensure they receive the best support available free of charge; and to significantly enhance our engagement in our communities.*



Achievements and Performance 2024/25

Over the past year, St Michael's has expanded its reach, delivering care and support to more individuals and families than ever before. This progress has been achieved despite the ongoing pressures of rising costs across key areas such as fuel, utilities, salaries, and medical supplies.

What continues to define St Michael's is its people. The commitment, adaptability and compassion shown by our volunteers and staff are the driving forces behind the high-quality care we provide —regardless of the external challenges we face. Their collective resilience ensures that those in our community receive the support they need, when they need it most.

In response to economic pressures, our Income Generation team has continued to innovate and diversify income streams to help offset escalating operational costs, a notable achievement given the current financial climate.

At a strategic level, we remain actively engaged with the NHS Herefordshire and Worcestershire Integrated Care Board (ICB) and partner hospices in the region. Together, we are working to shape a more equitable and sustainable funding model that reflects the true value and needs of hospice care in our communities.

Strategic Intention One: Communicate with and support more people

This year has seen the medical team play a pivotal role in expanding access to specialist palliative care, reaching more people across more locations than ever before. By adapting staffing structures, we've gained the flexibility to innovate in how care is delivered, strengthening our commitment to high-quality inpatient care while also advancing our ambition to shift more services into the community and people's homes.

We have deepened our presence across the wider healthcare system through increased representation in a range of multidisciplinary specialist groups and community services. Our progress towards a 'One Herefordshire' palliative care model continues, with increasingly close collaboration with Wye Valley NHS Trust and other community colleagues.

Several new initiatives have helped transform care delivery. A new Admissions and Discharge Nurse role has significantly improved patient flow and experience. Feedback has been overwhelmingly positive, with measurable improvements in discharge planning and timely admissions.

A newly formed multidisciplinary response team now provides urgent, reactive care to patients on the inpatient waiting list, delivering care directly to patients' homes and reducing the need for hospital admission. This enables same-day access to specialist treatment, no longer reliant on inpatient bed availability.

A new service improvement project is underway to better understand the needs of harder-to-reach populations and those affected by health inequalities. Alongside this, research is being supported into the unique challenges facing rural communities in accessing palliative care.

A medical day services lead has been appointed, fostering innovation and quality improvement projects that are the first steps towards offering a broader range of services. We welcomed a new consultant to our specialist on-call rota, strengthening our ability to provide 24/7 specialist support. We've also enhanced out-of-hours service provision to ensure round-the-clock availability of advice for patients and professionals.

Staff have continued to engage at local, regional, and national levels, contributing to the development of regional guidance, supporting community healthcare providers for those with chronic or neurological illness, and representing the organisation on national palliative care forums.

Sustaining a resilient medical workforce has been a longstanding challenge. This year, we've turned a corner. Despite ongoing uncertainty about specialist registrar allocations, we've demonstrated the flexibility and resilience to adapt. We continue to plan proactively, aiming to deliver value and efficiency without compromising on the quality of care or our commitment to innovation.

Looking ahead, we aim to extend the remit of our response team and work towards a 'virtual ward' model, offering more specialist care in the home. With renewed focus on service user feedback, we plan to develop day and outpatient services further, increasing our reach and responsiveness.

In nursing, many new starters have joined the Inpatient Unit, including those at the start of their nursing careers. Nurses have upskilled across practice areas, and three Registered Nurse Degree Apprenticeship (RNDA) are expected to qualify by winter 2025.

Nursing achievements this year include a stronger focus on enabling patients to die in their preferred place and increasing community-based referrals to wider hospice services. We have restructured our community services to promote person-centred care and enhance collaboration with external providers for a more seamless patient journey.

Caseloads in day services have grown, enabling us to support more patients and families. The day hospice model has been adapted from a 12-week to an 8-week placement, increasing capacity. Health and wellbeing services continue to flourish, with rising demand prompting discussions about expanding service availability. A new joint triage clinic ensures comprehensive patient assessments ahead of service engagement, allowing early signposting to relevant services.

Cross-department collaboration remains a cornerstone of care delivery. A team member now attends the weekly Community Specialist Palliative Care multidisciplinary team meeting, ensuring integrated care planning. Carers and support groups remain well attended, with specialist support groups for neurological conditions seeing high demand. A monthly Multiple System Atrophy clinic, supported by the Wye Valley Trust therapy team, and a monthly Motor Neurone Disease Association support group now meet at St Michael's, both strengthening collaborative care pathways.

To widen access, we have introduced a monthly Wellbeing Café to engage those who have yet to connect with our services or are on waiting lists. The bi-monthly Liver multidisciplinary team meeting now includes our team, enabling us to support more patients with palliative liver disease. We have also welcomed an artist and poet—funded through a lottery grant—into our day services. Their contributions have had a profound impact on patients, and we are exploring further funding to sustain this initiative, including the possibility of an exhibition of patient work.

An Admissions and Discharge Nurse role was introduced to improve coordination and efficiency in patient transitions, and a community nurse was embedded within the rapid response team to support patients awaiting inpatient beds, enabling hospital avoidance and promoting care at home. Community engagement was also strengthened through events such as the Carers' Christmas Lunch and fundraisers for St Michael's 40th anniversary, including a fashion show involving patients and our Chief Executive.

Leadership and professional development have been a major focus. Team members completed ILM Level 3 and the Mary Seacole leadership programme, while the Nursing Director graduated from a Chartered Management Degree Apprenticeship with distinction. A Nursing Associate joined the team after completing a two-year programme, adding new capacity to the Nursing and Midwifery Council registered workforce.

We have also navigated systemic challenges, such as changes in referral processes following the Integrated Care Board's (ICB's) assumption of fast-track patient referrals.

These required swift adaptation, clear communication, and proactive education to maintain accurate, timely service allocation. Space constraints in day services remain a challenge, as the number of groups and clinics grows, but the team continues to find flexible solutions to accommodate need.

The Supportive Care Team has expanded its reach across Herefordshire through a variety of bereavement groups, including walking and talking groups, online sessions, and a newly launched Bereavement Choir. We secured funding for an Art Therapist to support care home residents with life-limiting illness, and we continue to collaborate with partners to expand our reach.

The mindfulness service was recognised as the UK's first Gold Standard Mindfulness offering in a hospice by Breathworks. We're now sharing this successful model with other hospices. We also joined phase two of the NHS eye donation programme, enabling us to assess every patient on admission for donation eligibility. To date, over 40 donations have taken place at St Michael's, and our team was invited to present this work nationally. We've since been asked to pilot eye donation facilitation in community settings, with outcomes to be shared at the Hospice UK conference.

Supportive Care has strengthened ties with community partners such as Carers Links, social prescribers, and faith-based organisations. Our Spiritual Care team is working with theological colleges to train students, and our Complementary Therapy team is exploring new partnerships with local natural health centres.

We continue to be inspired by the voices of those we care for. As one patient said after receiving support, "I feel so much more relaxed... the pain has reduced and the ease with which I'm moving now is so much better." Another bereaved individual reflected, "I was rather anxious about coming, but everyone was so welcoming and supportive and I really enjoyed the conversations I had."

Our ongoing commitment is to extend high-quality, compassionate care to even more people—by listening, responding, innovating, and working together across the health and care system to deliver truly person-centred support.

Strategic Intention Two: Influence, educate and work with others to improve care

St Michael's educational programmes continue to ensure staff and volunteers both at St Michael's and in other partner organisations are competent and confident in the delivery of high-quality palliative care.

The programmes also support more wider organisational development with management training, customer service courses, communication skills at 3 levels and leadership skills acquisition. We work closely with our hospice colleagues in Worcestershire to deliver education and training together to increase capacity and widen the impact across the ICB area. We are currently engaging with the Hospice UK and Helpforce in the 'Volunteer to Career' programme.

Project Echo continues at St Michael's, and has been expanded to create 'communities of practice' to engage, support and educate healthcare professionals across a variety of care settings. We have also created 'Palliative Champions' through ECHO delivery and on-going support targeting nursing and residential care settings across Herefordshire. St Michael's continues to use this platform to engage more with care homes and General Practitioners.

We have developed a programme of learning and clinical experiences for Student Paramedics, instilling knowledge and confidence to better prepare them for supporting palliative & end of life patients.

We have expanded our use of 'Bluestream' e- learning platform, which enables staff and volunteers to receive most of their training more flexibly and electronically, whilst recording completion levels, and the ability to record additional training. This ensures we meet our regulatory requirements set by the Care Quality Commission and we can easily evidence this.

Strategic Intention Three: Be a sustainable and well-led organisation

At St Michael's, we are committed to operating efficiently and responsibly, continually reviewing our suppliers, cutting out waste, and identifying areas for improvement. As an active member of the Hospice Quality Partnership (HQP), we benefit from collaborative procurement opportunities with hospices across the UK, helping us to achieve best value through collective contracting and shared expertise.

Our diverse and well-balanced portfolio of income streams remains a key strength. We are not overly reliant on any single source of funding, drawing instead from a broad mix including donations, legacies, fundraising events, community support, grants from trusts and foundations, corporate partnerships, retail income from our shop network, investment returns, property rental, and a contribution from the NHS, which remains insufficient to meet the true cost of care.

We have continued to evolve our leadership and management structures to ensure that decisions are made as close to the point of delivery as possible. Empowering our managers and supervisors across the organisation encourages innovation and responsiveness and helps maintain a supportive and purposeful environment for staff and volunteers. This in turn ensures we deliver the highest possible quality of care for our patients and their families.

Despite ongoing economic pressures, St Michael's financial position remains stable. Through the collective efforts of our staff, volunteers, and Trustees, we continue to maximise income, manage costs carefully, and seek efficiencies wherever possible always without compromising the quality or scope of the care we provide. These efforts remain central to securing our long-term financial sustainability.

Areas that underpin our three strategic intentions

1. People Management

St Michael's continues to thrive thanks to the dedication and contribution of its workforce of volunteers and paid staff. During the year we had 321 (2023/24: 286) staff, equivalent to 211 (2023/24: 190) whole time equivalent posts. 167 (2023/24: 166) work directly in clinical and care areas and associated parts of the service.

In 2024/25, we brought Human Resources and Education together under a single, unified 'People Team' identity. This change, formally announced at the well-attended People Conference in October, reflects our commitment to building a more cohesive, inclusive and people-focused organisation.

At the same event, we launched our new organisational values and began a collaborative process to define the behaviours that underpin them. This has resulted in the publication of a 'Values and Behaviours' guide, which will support a new working group dedicated to embedding these principles in everyday practice across St Michael's.

Throughout the year, the People Team supported strategic workforce planning in response to organisational change and retail expansion, while also strengthening our learning offer to both staff and volunteers. A strong emphasis on wellbeing and engagement has helped shape a more inclusive and supportive culture. Looking ahead, our focus remains on making St Michael's an exceptional place to work and volunteer by embedding 'The St Michael's Way', enhancing engagement, and fostering a culture of continuous development.

2. Income Generation and Marketing

As always, the department strived to increase income and reduce costs, with an outstanding year end net contribution of £5,361,418 (2023/24: £4,050,161). Our 40th anniversary year brought opportunities to re-engage with supporters through a variety of events, and the £400k digital campaign in 40 hours was a highlight of our fundraising activity. We are grateful to all those who generously supported this initiative to help us to surpass the £400,000. Legacies accounted for £1,504,293 this year and Trusts and Grants were a significant contributor with £455,329 secured. Special thanks this year go to significant funding from The Kildare Trust, The Eveson Trust, The Albert Hunt Trust, The Street Foundation and John Osborn CBE.

During the year our retail portfolio returned to Hay-on-Wye, thanks to an established and dedicated team of volunteers. After many years of searching, we finally found suitable premises in a great location, next to the town's main car park. In May we opened what we believe to be the Midland's largest charity superstore, located in Whitestone Business Park. We welcomed thousands of people in the first week, with nearly £20,000 through the till on day one alone – a very proud moment for St Michael's.

The Whitestone site with its donation centre, shop and café went from strength to strength, with the store's turnover reaching £1 million by mid-February, an incredible achievement for the team and testament to everyone's commitment and hard work. This site will continue to grow with our desires for it to be a community hub, with the ability to welcome many more people to enjoy the facilities in coming years.

Retail income increased once again this year to £5,383,708 (2023/34: £4,083,290) with a net contribution of £1,809,655 (2023/24 £1,431,305). Retail will be a continued growth area for St Michael's with plans in 2025 to reconfigure the Leominster Home and Living store and open a new store in Ludlow, having acquired planning permission on an identified site.

This year saw the Events and Community landscape shift considerably with a clear focus on experiences over mass participation events. We are facing a crowded events market with significant competition for ticket sales so remaining innovative in our offering is key. Despite these challenges the team delivered a significant increase in gross income, surpassing £1,000,000 (over £170,000 more than 2023/24). The increase was achieved through some significant community events celebrating our 40th anniversary of care, along with the second overseas Trek to Spain with 17 trekkers taking on the Camino Way.

Although a fantastic gross total for community and events, there have been significant increases in expenditure driven by, in particular, the effect of inflation, as well as changes in government policy.

It is always a pleasure to welcome supporters to events at St Michael's. During our special 40th year we hosted a series of events for lottery players, regular givers and significant donors, two Open Gardens, the annual Plant Fair (now over three days) and a series of Christmas events, and in total we welcomed over 8,000 people through the doors.

Throughout this year we have shifted focus to encourage regular donations. By year end the total given by those committed to giving monthly surpassed £5,000. This gives St Michael's a sustainable and known income - something that is vitally important as we navigate through the future, and one we wish to grow.

St Michael's is always appreciative of companies that choose to support through a variety of initiatives including volunteering and getting involved in fundraising. Radnor Hills donated £7,500 as a partner again this year and HCC continued to sponsor RUN Hereford at £3,500. Total income generated from companies exceeded £59,000, in addition to many organisations committing to giving their time to make a difference.

Our Lottery and Raffles continue to be a significant income stream for St Michael's contributing £421,130 gross income (2023/24: £420,942), with the net contribution achieving £283,723. It continues to be a challenging environment with some players cancelling subscriptions due to tightening finances. However, single ticket sales in our shops have meant the total income has been sustained this year. For the 2025/26 financial year a canvassing agency has been secured, so we will focus on selling lottery subscriptions in venues across the county, with the aim of growing the lottery for the long-term and a Superdraw is in place to celebrate 25 years of the lottery. Raffles remain an important income stream for St Michael's with an income of £67,496 being generated during 2045/25 from the two raffles.

We generated £10,323,794 (2023/24: £7,954,645) from voluntary and other income sources (excluding income directly related to our charitable activities). The cost of raising funds, including the reallocation of support cost, was £4,977,151 (2023/24: £3,824,398).

For every £1 raised, 52p goes on delivering and improving our care and support for people living with life-limiting illness, and 48p goes on generating further income. With increasing cost pressures, we are pleased that this ratio has not reduced.

3 Communication

In 2024/25, we were able to assess the effectiveness of our new website following a full year of use. The site has proven to be a sound investment, with traffic and reach across all areas almost doubling compared to previous years. This increase has been driven in part by a more refined social media strategy, which incorporated educational content such as a series of myth-busting posts to help make hospice care feel more approachable and inclusive. Follower numbers and engagement across platforms have continued to meet and exceed targets, with steady growth in all areas.

At the heart of all our communications is a clear priority: ensuring that people receive the right information at the right time. Whether it's raising awareness about how to make a referral, accessing support services, or helping to reduce fear and anxiety around hospice care, our goal is always to make St Michael's feel accessible, reassuring, and responsive to people's needs. This values-led approach underpins every piece of communication we create, whether online, in print, or in person.

This year saw the introduction of two important additions to our communications portfolio: a new Hospice Brochure and a Fundraising Brochure. Both resources have helped extend our reach and explain the full breadth of support and services available through St Michael's. Our biannual magazine, Messenger, also underwent a successful refresh, moving to an A5 format that made financial sense while retaining its strong community focus. A great deal of care went into maintaining the magazine's accessible and feel-good tone, and feedback from readers has been overwhelmingly positive.

Brand refinement was a central focus throughout the year. A consistent and high-quality look and feel was embedded more deeply across all materials and channels. Our full fleet of vans was rebranded under the "On the road for St Michael's" banner, creating a strong and recognisable presence across the county. Our new Hospice at Home vehicles also adopted the refreshed brand identity.

The opening of the Whitestone superstore offered a major milestone in retail brand development. A distinct visual style and colour palette were created for the shop, along with a flexible signage library tailored to different retail environments. Since then, our wider retail portfolio has been grouped into clear categories; High Street, Pound Shops, Home & Living, and Superstore, each with its own recognisable branding to help supporters navigate where to shop or donate based on their needs. Supporter communications continued to perform strongly, with more people choosing to stay informed about news, campaigns, and opportunities to get involved with St Michael's.

4. Responsible Fundraising

St Michael's is registered with the Fundraising Regulator and is a member of the Institute of Fundraising, the Hospice Income Generation Network, the Hospice Lotteries Association, and the Charity Retail Association, and is committed to adhering to the Code of Fundraising Practice. We have had no adjudications and are committed as a team to continual learning and improvement. The new Code of Fundraising Practice comes into effect on 1 November 2025 so preparations are in order to ensure continued compliance.

We continue to focus on our Data Protection procedures and communication preferences with all our supporters and feel well placed to communicate with donors appropriately. We ask supporters their preferences as to how we communicate with them. We give them the option to let us know if they wish to change their preferences or no longer wish to hear from us and always respect their wishes. We do not sell or exchange lists of data with any other charities or companies.

We review compliance through non-financial audit, mystery shoppers, surveys, monitoring feedback and at our Income Generation and Marketing Committee and take corrective action when required to ensure that all St Michael's fundraisers and those who work on our behalf are aware of and adhering to our high standards.

If we encounter someone showing signs of distress, confusion, or vulnerability our fundraisers will politely refuse any donation offered in such circumstances. In the unlikely event of a donation being received in such circumstances, we will refund the donation. The fundraising team follow the guidelines of the Chartered Institute of Fundraising's 'Treating Donors Fairly' guide. St Michael's has a system in place to record and learn from all concerns or complaints. During the year there were no significant complaints that were escalated.

5. Information and Data Management

With the ability to collect vast amounts of data and information easily these days, St Michael's needs to be able to analyse and use this data to increase our effectiveness and understanding of our work. Much of our work uses computers and so we have a strategy to develop and secure these systems appropriately and to best effect.

St Michael's achieved Cyber Essential Plus accreditation (Certificate Number: 46b9d4c6-508c-4966-b3a6-ad158987df9d) in May 2023 and is seeking reaccreditation in 2025/26.

s172(1) Statement

Section 172 of the Companies Act 2006 requires Trustees to act in a way they consider, in good faith, would be most likely to promote the success of St Michael's for the benefit of its stakeholders as a whole.

In doing so Trustees must have regard (amongst other matters) to:

- The likely consequences of any decision it makes in the long term;
- The interests of volunteers and staff who are vital to the successful delivery of St Michael's services, operations and activities;
- The need to foster business relationships with other providers (NHS, Social Care and private sector), suppliers and others;
- The impact of St Michael's operations on the community and the environment;
- The need for St Michael's to maintain its high reputation for the way it conducts itself: and
- The need to act fairly, respectfully and ethically in all its activities.

In fulfilling this role, St Michael's seeks to empower its volunteers and staff to work together to reach the best possible decisions, in the best possible way and at the best possible time, operating always within the Structure, Governance and Management framework shown on page 19.

St Michael's depends on the trust and confidence of its stakeholders to operate effectively and sustainably in the long term and, as such, engagement with stakeholders informs the basis of the Trustee Board's strategic planning and decision-making processes.

The Trustees Annual report highlights our commitment to engaging with our main stakeholder groups, including our patients and their families, our volunteers and staff, our supporters, our health and social care partners, our suppliers, and our wider community. This engagement is primarily through the provision of our care services, fundraising, volunteering, education, partnership working and employment.

The trust and confidence that St Michael's depends upon is built on its reputation for high standards of business conduct, which is based on a range of policies and processes that promote corporate responsibility for, and ethical behaviour towards, our stakeholders. These include policies on fundraising, receipt of gifts, safeguarding of vulnerable people, bullying and harassment, and whistleblowing. These policies are reviewed periodically to ensure they remain relevant and effective.

Volunteer and Staff Engagement

At St Michael's, we recognise that our people, both staff and volunteers, are at the heart of everything we do. Supporting their development, wellbeing, and engagement remains a central priority. We continue to invest in learning opportunities, coaching, and skills development to help individuals grow in their roles and contribute meaningfully to our mission.

As a responsible employer, we are committed to offering fair pay, appropriate benefits, and a positive working environment. The health, safety, and wellbeing of our workforce are integral to how we operate, and we strive to foster a culture where everyone feels valued, supported, and equipped to thrive.

By nurturing our people and recognising their vital contribution, we aim to build a motivated and resilient workforce capable of delivering the highest standards of care and service.

Community and Environment

St Michael's has sustainability and environmental responsibility firmly embedded in its culture and strategies. Sustainability runs through all aspects of our operations and activities, from energy-saving, recycling and resource-sharing policies in our offices to supporting our voluntary sector partners in our community through sharing our expertise and capabilities. The Board and Executive team are committed to formalising our many areas of best practice into a structured approach to embedding sustainability which will include capturing and communicating the value of our efforts in this area.

Culture and Values

St Michael's culture is characterised by clear responsibility, mutual respect, trust and professionalism. St Michael's is focused on people, with patients and their families, volunteers and staff being at its heart.

St Michael's embraces diversity, flexibility, sustainability and continuous improvement.

Streamlined Energy and Carbon Reporting

Under the Energy and Carbon Reporting Regulations 2018 St Michael's is required to report on its key environmental impacts. A summary of the Carbon emissions of St Michael's activities are as follows:

	2024/25	2023/24
Consumption (kWh)		
- Gas	707,971	562,925
- Electricity	681,072	596,242
Consumption (miles)		
- Volunteers and staff	73,824	60,764
- Hospice at Home	98,459	81,824
- Other	94,510	79,689
Emissions (tCO2e)		
- Gas	130	103
- Electricity	121	123
- Transport fuel - volunteers and staff	20	16
- Transport fuel - Hospice at Home	23	19
- Transport fuel - Other	38	32
Total emissions	**332**	**293**
Intensity ratio – total tCO2e per head count (per note 11)	**1.03**	**1.02**

Methodology

The key environmental impacts for St Michael's are electricity and gas usage at its Bartestree site and across its retail portfolio, and the use of vehicles for the delivery of care and support as well as for the collection and delivery of retail donated goods and servicing of the retail units. Energy usage has been calculated using opening and closing mileage and meter readings. The UK Government Greenhouse Gas Conversion factors for Company Reporting 2025 have been used to provide the required conversion rates.

Future Plans

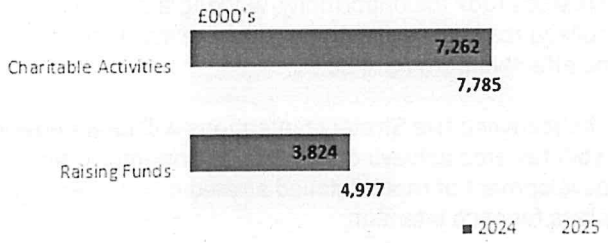
St Michael's continually reviews opportunities to increase energy efficiency and is currently taking the following steps to reduce its carbon emissions:

- Changing light bulbs to LED
- Enhanced recycling initiatives
- Increasing solar panel arrays
- Increasing EV charging facilities

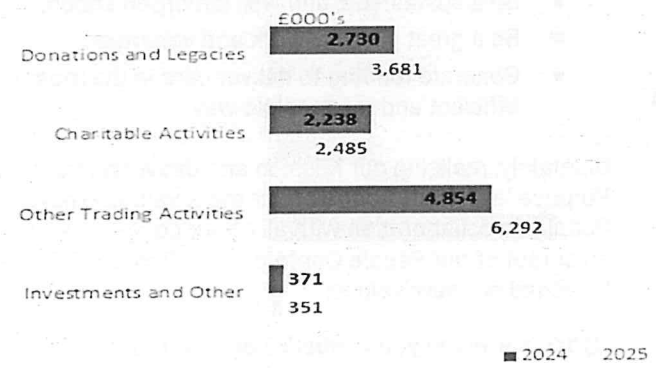
Financial Review

The consolidated financial statements that follow later in this report comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows, and related notes, which include the results of the group companies. The result for the year was a surplus of £117,275 (2023/24: £695,815 deficit).

Total expenditure for the year increased by 15.12% to £12,762,247 (2023/24: £11,085,886); 69% of this relates to increased staffing costs, with a further 25% relating to increased fundraising and other trading activities. 61.0% was spent on charitable activities.



Total income for the year increased by 25.67% to £12,809,104 (2023/24: £10,192,618).



There follows a brief overview of the financial management that has fed into these reports.

Investment Policy and Returns

Because of the uncertainty of fundraising income streams, it is necessary to ensure that funds are always readily available for use to ensure that levels of care are not adversely affected in the event of any short-term income reduction. The Trustees have decided to maintain a lower-risk investment strategy to protect reserves, and therefore services, rather than seeking higher return investments which increase the risk profile. Performance is measured against agreed inflation and market indices.

In the current economic crisis, maintaining pace with inflation remains exceptionally hard. With net gains of £70,418 (2023/24: £197,453), and total return of £349,077 (2023/24: £457,066), the overall return on the portfolio was 4.69%.

Reserves Policy

The Trustees have reviewed the reliability of future income streams, the commitment to future expenditure and risks faced as a Charity. St Michael's has determined that it needs reserves for the following reasons:

- To fund shortfalls in income (whether statutory, retail, lottery, donations, legacies, or other fundraising activities) when it does not reach expected levels. St Michael's is dependent on fundraised income as well as statutory funding which remains low in comparison. The fundraised income is subject to fluctuation as economic conditions change and statutory funding could be affected by government policy and the financial position of NHS and local authority commissioners;
- To fund unexpected expenditure, for example when legislation changes, or unplanned events occur. This could also be for unexpected building maintenance costs and to provide a degree of flexibility for innovation;
- To fund working capital. The greatest cost is salaries and therefore the timing of cash outflows is relatively fixed whereas both fundraised and statutory income fluctuate in terms of cash inflow over the year;
- To fund future developments to ensure we continue to meet the needs of our community.

At the end of March 2025, the cash reserves, including easily realisable assets, within general funds increased to £9,556,027 (2023/24: £8,981,387), an amount which equates to 8.6 months of budgeted 2025/26 operating costs, marginally below our reserve policy of 9 months. With the expectation of future surpluses, reserves levels will be restored.

The net book values of freehold land and buildings are held in a designated reserve called the Property Fund, totalling £12,211,619 at 31 March 2025 (2023/24: £12,260,095). By designating these funds, the Trustees aim to give a clear presentation of the free reserves available to St Michael's to meet its continuing operational commitments. At the year-end, restricted reserves totalled £106,110 (2023/24: £84,522). At the year-end, the designated capital investment fund totalled £nil (2023/24: £107,211) and the designated development fund totalled £462,562 (2023/24: £803,990). In total, £207,308 was de-designated during the year.

The level of reserves is monitored regularly by the Finance, Investments and Operations Committee and St Michael's reserves policy is reviewed annually by the Trustees when the budgets are approved. This will ensure that appropriate steps are in place to maintain reserves at the appropriate levels.

Principal Risks and Uncertainties

Over the course of 2024/25 year, the Trustees did not identify any new major risks that are thought to have a catastrophic effect on service delivery, income generation or compliance with regulations. They continue to consider the following material risks:

- Unpredictability of the legacy income stream, which currently represents 11.7% (2023/24: 13.9%) of all income.
- A risk to donations because of the economic and political climate and competition for funds.
- Uncertainty over the NHS contribution due to austerity measures and economic climate.
- Demand for hospice services outstripping capacity both in terms of volume and skill.
- An ageing workforce and volunteer cohort.
- Challenges in recruitment, particularly in nursing nationally and locally.
- Failure in the provision of the service.

St Michael's continues to mitigate these risks through the training and development of staff, the careful management of expenditure, stewardship and diversification of income streams, maintaining appropriate reserve levels and raising the profile of St Michael's invaluable services.

Going Concern

The Trustees have reviewed financial forecasts into 2029 and have paid special consideration to reviewing the risks to St Michael's services and finances as a result of the current economic and political climate. The Trustees are confident that St Michael's will continue as a going concern for the foreseeable future.

Future Plans

St Michael's continues to monitor its strategy and its realisation operationally. It is also of critical importance that our entire community understand why we exist and the importance of us continuing to do so.

In response to this and as a first step in revising our strategy, the Trustee Board approved the revision of our Purpose, Mission and Principal Activities in September 2024 to:

Our Purpose
We believe everyone should have access to care that enables them, and those close to them, to live and die well.

Our Mission
Working alongside our community, our mission is to ensure that adults in Herefordshire and the surrounding areas, benefit from palliative and end-of-life care when needed. This includes supporting loved ones throughout bereavement and beyond.

Our Principal Activities
In realising our belief that everyone should have access to care that enables them, and those close to them, to live and die well. Our Principal Activities are:

- Adult inpatient care.
- Adult outpatient care.
- Adult community care.
- Supportive care in all settings (inpatient, outpatient and community).
- Education and Training.

When evaluating our progress against, and the continued validity of our existing strategy through this new lens the Trustees took the opportunity, working alongside colleagues at all levels, to develop a revised strategy to be effective from April 2025.

The following five Strategic Intentions will direct how we work towards achieving our Mission and inform the development of more detailed strategic and operational plans for each intention:

- Increase accessibility and availability of care.
- Improve quality of care wherever it is provided.
- Be a sustainable and well led organisation.
- Be a great place to work and volunteer.
- Generate funding to deliver care in the most efficient and responsible way.

Ultimately, realising our Mission and delivering upon our Purpose lays in the hands of our most valuable asset, our People. In collaboration with all of our colleagues and as an output of our People Conference in October 2024 we launched our new Values:

"What matters to you is what's important to us"

To ensure we deliver upon this every day, we empower people to work collaboratively to reach the **best possible decisions**, realise them in the **best possible way** and at the **best possible time**.

We value:

- Knowledge, judgment, and kindness in reaching the **best possible decisions**,
- courage, integrity, and passion in realising those decisions in the **best possible way**, and
- honesty, empathy, and determination in doing so at the **best possible time**.

Living our values influences **the way we behave**. The way we behave informs **the way we do things**. The way we do things is **the St Michael's way**.

Further, one of the core activities of the People Conference was colleagues collaborating to develop these Values into the Behaviours we expect from each other on a day-to-day basis. These Behaviours and achieving the high standards we have set for ourselves will form an integral part of our future success.

Against the backdrop of increasing costs driven by a myriad of factors and both increasing demand and complexity we extend our thanks to our community for their continued generosity. We are fortunate to be so well supported by our community who disproportionately meet the vast majority of the cost of care delivered by St Michael's. We exist only as a result of the actions of our community and their continued support.

Structure, Governance and Management

Trustees

Trustees (and Associate Trustees) are unremunerated volunteers. They give their time voluntarily and receive no benefits from St Michael's. Any expenses reclaimed from St Michael's are set out in note 10 to the financial statements, of which there was £120 (2023/24: £nil). The Trustee Board continually considers the skills mix and diversity of its members. Recruitment is an open competitive process involving public advertising, networking, and the services of professional recruiters as appropriate.

St Michael's provides potential Trustee (and Associate Trustee) candidates with information about the organisation and about their role, including the role description and expectation of the Trustee Board, and the length of tenure of appointment. The Board of Trustees make appointments.

Every Trustee (and Associate Trustee) must sign a Commitment and Disclosure Form before they are eligible to become a Trustee (or Associate Trustee), including a declaration of interest form, which is renewed each year. On appointment or election as a Trustee, a Trustee becomes a member of St Michael's. Trustees hold membership of St Michael's only during their Trustee Term of Office. Retirement, resignation or removal as a Trustee ends their membership of St Michael's.

It is St Michael's policy and practice to provide Trustee Board Members and Associate Trustees with appropriate training to undertake their role and to ensure that new Trustee Board Members receive an induction to St Michael's and to the role of a Charity Trustee and Company Director. New Trustees attend a corporate induction day, and we look to provide them with a mentor Trustee to provide specific support over the first 12 months of their Trustee Term. Trustees are elected initially for a three-year term and are appraised annually.

The Trustee Board delegate day-to-day responsibility to the Chief Executive, who in turn delegates some management functions to the Strategic Management Team (SMT). The Schedule of Delegation is set out in the Governance Manual. The Trustee Board has four sub-committees that meet quarterly and are responsible for reviewing St Michael's activities in their respective areas of expertise in more detail than full Board meetings can achieve. These are:

- Clinical Governance & Care Committee;
- People & Facilities Committee (People Committee from 1 January 2025);
- Finance & Investment Committee (Finance, Investments & Operations Committee from 1 January 2025);
- Income Generation, Marketing & Communications Committee.

Committee membership consisted of at least three Trustees and a member of SMT. A Trustee chairs the meetings and presents a report at The Trustee Board, which meets quarterly.

Remuneration Policy for Key Management Personnel

The aim of St Michael's pay policy is to offer fair pay to attract and keep appropriately qualified staff to lead, manage, support, and deliver St Michael's aims. Trustees are ultimately responsible for setting the Chief Executive's remuneration level and agreeing the annual cost of living award.

The Chief Executive sets grading levels for the Strategic Management Team with Trustee oversight (except medical staff who are on the relevant NHS schemes). The Strategic Management Team sets grading levels for all other staff under a remuneration structure approved by Board.

When deciding the Chief Executive and Strategic Management Team's salary levels, consideration is given to:

- the purpose, aims and values of St Michael's, and its beneficiaries' needs;
- how pay is linked to the skills, experiences and competencies St Michael's needs from its senior staff and the scope of their roles and how St Michael's can maintain the ability to recruit and retain suitably qualified and experienced management;
- St Michael's current business plan and how implementing it may affect the number of senior staff St Michael's needs to employ or recruit, and the nature of these roles;

- St Michael's ability to pay, including:
  - the benefit to St Michael's that such positions will bring,
  - the cost to St Michael's of increasing remuneration levels.

St Michael's regularly benchmarks its salaries against other similar organisations and, in the case of clinical staff, with the NHS and local authority in Herefordshire.

Policy for Employment of Disabled Persons

St Michael's fully and fairly considers all applications for recruitment to contracted or volunteer roles made by disabled persons and gives regard to their aptitude and abilities. Opportunities for training, career development and promotion are considered in the same way for those employed or volunteering. Should an employee or volunteer become disabled, St Michael's arranges appropriate training and support to enable continued employment at St Michael's where possible.

Employee Information

St Michael's is committed to providing its' People (staff and volunteers) with information on matters of concern to them. Colleague engagement is important for St Michael's. We do this through various methods. During the year we have moved from an HR function which supports 'staff' and 'volunteers' to a People Team which supports all our colleagues with real equity.

We have a Joint Staff Consultative Group (and equivalent Volunteer Group), where organisational proposals that might impact staff and volunteers are discussed and feedback is actively sought to ensure any changes are managed effectively and we get it right first time, every time. During the year and in line with our changes in the management and support of our workforce we constituted a 'Values & Behaviours' Steering Committee which will replace these separate groupings representing two distinct elements of our workforce and which will champion the implementation of our revised organisational values, and the behaviours these demand.

We hold regular colleague meetings and informal gatherings to encourage workforce engagement. The Trustees carry out regular planned visits to meet and talk with colleagues, as do the management team.

Our intranet and internal communications channels keep colleagues informed of what is happening at St Michael's and provides opportunity for feedback.

The Chief Executive shares a weekly all colleague communication alongside a bi-monthly colleague newsletter to share successes across the organisation and key information that might impact people; this includes the impact of external factors (like national economic challenges or political changes) as well as St Michael's own performance and forecasts. This is in addition to all other internal communications routes.

During 2024/25 we have continued to market benchmark salaries and have reviewed the benefits offered by St Michael's to incentivise and reward staff. Following feedback from staff a Death in Service Benefit was introduced for those staff not in the NHS Pension Scheme (which already includes this benefit), and staff can obtain eye test vouchers and various discount schemes with local suppliers.

Work has continued during 2024/25 to engage with and grow our volunteer base. We are proud to have retained most of our volunteers and plan to grow this workforce further.

The Trustees wish to record their thanks to the many volunteers without whom St Michael's would be unable to maintain the quality of service and deliver care within our cost constraints. The estimated value of the volunteer contribution to St Michael's is in excess of £2.5 million per annum.

Funds Held as Custodian Trustees on Behalf of Others

Within deferred income is £128,500 held as a cash investment which provides a lifelong annuity to an individual. St Michael's and a GP surgery are joint beneficiaries of the residual capital.

Statement of Trustees Responsibilities

The Trustees (who are also directors of the company 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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period.

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 St Michael's 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 the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

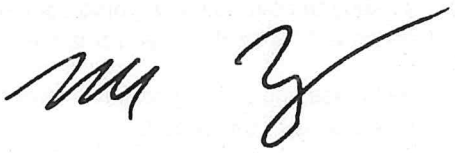
In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish the auditor is aware of that information

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of St Michael's guarantee to contribute an amount not exceeding £2 to the assets of St Michael's in the event of winding up. The Trustees are members of St Michael's, but this only entitles them to voting rights. The Trustees have no beneficial interest in St Michael's.

The Trustees annual report, which includes the strategic report, has been approved by the Trustees on 10 September 2025 and signed on their behalf by:



Mr D Teague – Chair

Opinion

We have audited the financial statements of St Michael's Hospice (Incorporating the Freda Pearce Foundation) (the "charitable company") and its subsidiaries (the "group") for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, Group Balance Sheet, Charity Balance Sheet, Consolidated Statement of Cash Flows 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 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 the charitable company's affairs as at 31 March 2025 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 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 trustee's 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 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 trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the 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.

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 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.

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 our audit

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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:

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 20, 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

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:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102).

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context were the Gambling Commission, CQC Regulations and General Data Protection Regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be recognition of legacy income, the completeness and accuracy of grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and Investments Committee about their own identification and assessment of the risks of irregularities, sample testing on legacy and grant income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: 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 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.

Helen Blundell

Helen Blundell LLB FCA FCIE DChA
Senior Statutory Auditor
For and on behalf of

Crowe U.K. LLP
Statutory Auditor
Fourth Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 12 November 2025

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Financial Activities (incorporating an income and expenditure account)
For the year ended 31 March 2025

	Note	Unrestricted £	Restricted £	2025 Total £	2024 Total £
Income from:					
Donations and legacies	3	3,548,168	133,072	**3,681,240**	2,730,241
Charitable activities	4	2,317,713	167,597	**2,485,310**	2,237,973
Other trading activities	5	6,291,533	-	**6,291,533**	4,853,469
Investments	6	330,040	-	**330,040**	357,245
Other	7	20,981	-	**20,981**	13,690
Total income		12,508,435	300,669	**12,809,104**	10,192,618
Expenditure on:					
Raising funds	9	4,976,299	852	**4,977,151**	3,824,398
Charitable activities	9	7,759,191	25,905	**7,785,096**	7,261,488
Total expenditure	9	12,735,490	26,757	**12,762,247**	11,085,886
Net (loss) / income before net gains / (losses) on investments		(227,055)	273,912	**46,857**	(893,268)
Net gains on property investments	15	-	-	**-**	40,000
Net gains on listed investments	16	70,418	-	**70,418**	157,453
Net income / (loss) for the year		(156,637)	273,912	**117,275**	(695,815)
Transfers between funds	25	252,324	(252,324)	**-**	-
Net movement in funds		95,687	21,588	**117,275**	(695,815)
Reconciliation of funds:					
Total funds brought forward	25	23,695,395	84,522	**23,779,917**	24,475,732
Total funds carried forward	25	23,791,082	106,110	**23,897,192**	23,779,917

The notes on pages 28 to 48 form part of these financial statements.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated and Charity Balance Sheets
As at 31 March 2025

	Note	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Fixed assets					
Tangible fixed assets	14	**13,772,493**	13,802,807	**13,772,493**	13,802,807
Investment properties	15	**740,000**	740,000	**740,000**	740,000
Investments	16	**7,290,929**	8,442,415	**7,290,929**	8,442,415
		21,803,422	22,985,222	**21,803,422**	22,985,222
Current assets					
Stock	19	**19,091**	15,275	**5,749**	1,254
Debtors	20	**1,840,318**	726,760	**2,070,304**	851,029
Cash at bank and in hand		**1,381,417**	1,018,793	**1,129,497**	887,780
		3,240,826	1,760,828	**3,205,550**	1,740,063
Liabilities					
Creditors:amounts due within one year	21	**(1,147,056)**	(966,133)	**(1,112,344)**	(945,932)
Net current assets		**2,093,770**	794,695	**2,093,206**	794,131
Total net assets		**23,897,192**	23,779,917	**23,896,628**	23,779,353
Funds of the Group and Charity:	25				
Restricted income funds		**106,110**	84,522	**106,110**	84,522
Unrestricted funds					
Designated funds		**12,674,181**	13,171,296	**12,674,181**	13,171,296
General funds		**11,116,901**	10,524,099	**11,116,337**	10,523,535
Total unrestricted funds		**23,791,082**	23,695,395	**23,790,518**	23,694,831
Total Group and Charity funds		**23,897,192**	23,779,917	**23,896,628**	23,779,353

The Charity's net income for the year was £117,275 (2023/24: £695,815 net expenditure).

The notes on pages 28 to 48 form part of these financial statements.

Approved and authorised for issue by the Board of Trustees on 10 September 2025 and signed on their behalf by:

Mr D Teague (Chair)

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Cash Flows
For the year ended 31 March 2025

	Note	2025 £	2024 £
Cash flows from operating activities			
Net cash used in operating activities	26	**(715,264)**	(633,358)
Cash flows from investing activities:			
Dividends, interest, and rents from investments		**330,040**	357,245
Proceeds from the sale of fixed assets		**18,000**	825
Purchase of fixed assets		**(492,405)**	(3,288,880)
Proceeds from the sale of investments		**1,657,945**	3,464,006
Purchase of investments		**(444,608)**	(1,659,669)
Movement in investments – cash holdings		**8,566**	(2,683)
Net cash used in investing activities		**1,077,538**	(1,129,156)
Change in cash and cash equivalents in the year		**362,274**	(1,762,514)
Cash and cash equivalents at the beginning of the year		**1,011,683**	2,774,197
Cash and cash equivalents at the end of the year	**27**	**1,373,957**	1,011,683

The notes on pages 28 to 48 form part of these financial statements.

1. Accounting policies

a) Statutory information

St Michael's Hospice (incorporating the Freda Pearce Foundation) is a charitable company limited by guarantee (Company number 01634942 and Charity number 511179) and is incorporated in the United Kingdom. The registered office address and principal place of business is St Michael's Hospice, Bartestree, Hereford, HR1 4HA. This is also the address of its 100% wholly owned subsidiaries.

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

b) 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly owned subsidiaries - SMH Trading Limited and St Michael's Hospice Development Company Limited - on a line-by-line basis. Transactions and balances between the charitable company and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the companies are disclosed in the notes of the charitable company's Balance Sheet. A separate Statement of Financial Activities, or income and expenditure account, for the charitable company itself is not presented as permitted by the exemptions afforded by section 408 of the Companies Act 2006 not to include it. The charitable company has also taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only cashflow and certain financial instrument disclosures.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The Trustees consider that there are no material uncertainties about the group's ability to continue as a going concern following their review of the financial position, reserves levels and future plans. In arriving at their decision, the Trustees have thoroughly reviewed the impact of the current economic and political climate on service demand and delivery and income levels and have taken appropriate mitigating action to minimise risk. The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charitable company 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.

Income from voluntary sources is received by way of donations, gifts, and fundraising events, and is included in full in the Statement of Financial Activities when receivable. Income from gift aid tax reclaims is recognised for all donations made prior to the year-end where valid gift aid declarations are held.

1. Accounting policies (continued)

For legacies, entitlement is taken as the earlier of the date on which either: the charitable company is aware that probate has been granted, the estate has been finalised and the executor has made notification to the charitable company 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 charitable company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charitable company, or the charitable company 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 in note 3.

Income from charitable activities is recognised as services are performed. Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services, and facilities

In accordance with the Charities SORP (FRS 102), the value of services provided by volunteers is not recognised. The Trustees' annual report contains further information about the invaluable contribution provided by volunteers. On receipt, donated gifts, professional services, and donated facilities are recognised based on the value of the gift to the charitable company which is the amount the charitable company 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. Clothing and other goods donated for resale are included in income when they are sold. If an item is significant in value, it would be measured and valued at the year-end.

g) Interest receivable and dividends

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank. Dividends are included when received or declared and receivable.

h) Fund accounting

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for a specific purpose. The notes to the financial statements provide further details. Once the terms and conditions of the restrictions have been met, tangible fixed assets purchased with restricted monies, are transferred to unrestricted funds.

Unrestricted funds are those available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and which have not been designated for any other purpose.

Designated amounts within the unrestricted funds represent the total Net Book Value of the freehold land and buildings and assets in the course of construction held at the balance sheet date and funds designated for the development projects and capital investment. Designated funds may also comprise amounts that have been set aside by the Trustees for particular purposes, notably for the purchase of other assets used within the business.

i) Expenditure and irrecoverable VAT

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. Expenditure is classified under the following activity headings:

Raising funds - this relates to the costs incurred by the charitable company in procuring voluntary contributions to it, as well as the costs of any activities with a fundraising purpose, including charity shop running costs and investment manager fees.

This includes salaries of staff engaged in fundraising activities, direct expenditure, and support costs. The cost of fundraising activities is recognised in the year in which it is incurred although the income derived from the activities may arise in future years.

2. Accounting policies (continued)

Charitable activities - this includes the costs of delivering services, and other educational activities undertaken to further the purposes of the charitable company and their associated support costs.

Irrecoverable VAT is charged against activities on the same basis as the allocation of support costs. Governance costs are included within support costs and relate only to external audit fees.

j) Allocation of support costs

Expenditure is allocated to the activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Inpatient Care	50.0%
In reach (Day Care Services)	2.5%
Supportive & Rehabilitative Care	1.0%
Education & Training	1.0%
Hospice at Home	25.0%
Charitable Activities	79.5%
Raising Funds	20.5%

k) Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

l) Tangible fixed assets

Items are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities based on the use of the related assets in those activities. Assets are reviewed for impairment annually to consider if their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

The depreciation rates in use are as follows:

Freehold buildings	
- Main Structure	50 years
- Roof	10 - 40 years
- Windows and doors	25 years
Leasehold property	Over the period of the lease
Medical and nursing equipment and beds	5 – 10 years
Motor vehicles	3 – 7 years
IT Equipment and development	3 – 5 years
Plant and machinery	15 - 25 years
Fixture, fittings, and equipment	3 – 5 years

Land and buildings are included at cost. Land and assets in the course of construction are not depreciated. In accordance with the Statement of Recommended Practice, freehold buildings have been categorised into those components which have substantially different useful economic lives.

1. Accounting policies (continued)

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the Statement of Financial Activities. The valuation method used to determine fair value is stated in the notes to the financial statements.

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the Balance Sheet date using the closing quoted middle market price.

Any change in fair value will be recognised in the Statement of Financial Activities. Investment gains and losses are combined and shown in the heading "Net gains / (losses) on investments" in the Statement of Financial Activities. The charitable company does not directly acquire put options, derivatives, or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

q) Debtors

Trade debtors, other debtors, accrued income and amounts owed by group entities are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

s) Creditors

Creditors are recognised where the group 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.

t) Financial instruments

The group 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. Listed investments are shown at market value.

1. Accounting policies (continued)

u) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where these estimates and judgements have been made include the following:

i) Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the tangible assets and note l) for the useful lives of each class of asset.

ii) Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, the Trustees consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 20 for the net carrying amount of the debtors and associated impairment provision.

iii) Accrued legacy income

Legacy income is accrued if probate has been granted prior to the year-end, and the estate has been finalised, or the executor has made notification to the charitable company that a distribution will be made, or when a distribution is actually received, mitigating estimation uncertainty as income can be measured reliably.

iv) Dilapidations

The charitable company has estimated the anticipated costs of dilapidations across its retail shops based on the age of the leases and historic costs incurred.

v) Pensions

Defined benefit scheme

The charitable company contributes to the NHS pension scheme for eligible staff. Such contributions are a fixed percentage of salary. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the scheme. 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, it 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 that scheme for the accounting period. The charitable company has no ongoing liability once the standard contributions to the scheme are made.

Defined contribution schemes

Where staff are not eligible to join the NHS pension scheme, they can opt to join a group personal pension plan scheme. St Michael's also contributes to the personal schemes of individual employees. Such contributions are a fixed percentage of salary. In accordance with workplace pension legislation, eligible employees who are not already in a compliant pension scheme are automatically enrolled into a workplace pension scheme. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the schemes.

2. Detailed comparatives for the Statement of Financial Activities

	Note	Unrestricted £	Restricted £	2024 Total £
Income from:				
Donations and legacies	3	2,712,968	17,273	**2,730,241**
Charitable activities	4	2,237,973	-	**2,237,973**
Other trading activities	5	4,853,469	-	**4,853,469**
Investments	6	357,245	-	**357,245**
Other	7	13,690	-	**13,690**
Total income		10,175,345	17,273	**10,192,618**
Expenditure on:				
Raising funds	9	3,818,510	5,888	**3,824,398**
Charitable activities	9	7,246,287	15,201	**7,261,488**
Total expenditure	9	11,064,797	21,089	**11,085,886**
Net income before net gains on investments		(889,452)	(3,816)	**(893,268)**
Net gains on property investments	15	40,000	-	**40,000**
Net losses on listed investments	16	157,453	-	**157,453**
Net income / (expenditure) for the year		(691,999)	(3,816)	**(695,815)**
Transfers between funds	25	5,071	(5,071)	**-**
Net movement in funds		(686,928)	(8,887)	**(695,815)**
Reconciliation of funds:				
Total funds brought forward	25	24,382,323	93,409	**24,475,732**
Total funds carried forward	25	23,695,395	84,522	**23,779,917**

3. Income from donations and legacies

	Unrestricted £	Restricted £	**2025 Total £**	2024 Total £
Donations	1,117,325	50,000	**1,167,325**	574,915
Trusts and foundation grants	372,257	83,072	**455,329**	228,186
Community fundraising activities	554,293	-	**554,293**	506,419
Legacies	1,504,293	-	**1,504,293**	1,420,721
Total	3,548,168	133,072	**3,681,240**	2,730,241

As at 31 March 2025 the charity had been notified of several legacies, the values of which were uncertain as the executors were awaiting confirmation of other claims on the estate and may also be in the process of realising assets such as residential property. The estimated total of these legacies could be up to £1,659,000. None of these legacies have been accrued in the financial statements.

4. Income from charitable activities

	Unrestricted £	Restricted £	**2025 Total £**	2024 Total
Nursing & medical care	1,081,494	167,597	**1,249,091**	1,001,080
Trusts and foundation grants	-	-	**-**	2,700
Hospice at Home	1,173,251	-	**1,173,251**	1,166,253
Other care services	3,840	-	**3,840**	2,014
Education and training	59,128	-	**59,128**	65,926
Total	2,317,713	167,597	**2,485,310**	2,237,973

£2,146,528 (2023/24: £2,092,201) was received from NHS Herefordshire and Worcestershire. £37,900 (2023/24: £30,392) was received from Powys Local Health Board. £70,317 (2023/24: £44,740) was received from NHS Wales. £24,900 (2023/24: £24,900) was received from Health Education England towards Registered Nurse Degree Apprenticeships. £16,760 (2023/24: £26,935) was received from the Hereford and Worcester acute hospitals for the provision of training and room hire for study days. £3,840 (2023/24: £3,398) was received from Taurus Healthcare for use of the Mobile Hospice Support Vehicle.

On 19th December 2024, Department of Health and Social Care Ministers announced that Government was supporting the hospice sector by providing a £100 million capital funding boost for adult and children's hospices in England. This Hospice Capital Grant funding, administered and disseminated to hospices via Hospice UK, is to support hospices to improve or maintain their physical estate. £167,597 was receipted during the year and expended on eligible capital investment schemes.

There were no unfulfilled conditions or other contingencies attached to these income receipts.

5. Income from other trading activities

	Unrestricted £	Restricted £	**2025 Total £**	2024 Total £
Fundraising events	447,387	-	**447,387**	316,856
Lottery	404,787	-	**404,787**	406,802
Retail shops	5,383,708	-	**5,383,708**	4,083,290
Other	55,651	-	**55,651**	46,521
Total	6,291,533	-	**6,291,533**	4,853,469

6. Income from investments

	Unrestricted £	Restricted £	2025 Total £	2024 Total £
Bank interest received	21,930	-	**21,930**	25,882
Investment interest & dividends	278,659	-	**278,659**	299,613
Rental income	29,451	-	**29,451**	31,750
Total	330,040	-	**330,040**	357,245

7. Other Income

	Unrestricted £	Restricted £	2025 Total £	2024 Total £
Crematorium Fees	2,542	-	**2,542**	7,954
Disposal of fixed assets	11,915	-	**11,915**	-
Other	6,524	-	**6,524**	5,736
Total	20,981	-	**20,981**	13,690

8. Net income for the year

This is stated after charging:			2025 £	2024 £
Depreciation			**532,023**	466,490
Net profit on disposal of fixed assets			**4,405**	300
Operating lease rentals:	-	property	**314,622**	349,678
	-	other	**42,587**	47,591
Auditor's remuneration:	-	audit	**18,500**	17,975
	-	other services	**4,380**	2,500
Interest receivable			**21,930**	25,882

9. Analysis of expenditure

		Charitable Activities								
	Cost of raising funds	Inpatient Care	In reach / Day Care	Supportive & Rehab Care	Hospice at Home & Community	Education & Training	Governance costs	Support costs	**2025 Total**	2024 Total
	£	£	£	£	£	£	£	£	**£**	£
Staff costs (Note 10)	2,731,155	2,812,828	349,044	468,673	1,432,163	10,650	-	960,908	**8,765,421**	7,613,917
Medical Consultants	-	102,001	32,938	-	-	-	-	-	**134,939**	116,583
Other Staff Costs	11,847	60,650	281	129,764	14,979	548	-	64,463	**282,532**	288,776
Retail Purchases	90,890	-	-	-	-	-	-	-	**90,890**	65,617
Lottery Prizes	83,540	-	-	-	-	-	-	-	**83,540**	83,100
Events	134,318	-	-	-	-	-	-	-	**134,318**	84,445
Community	80,941	-	-	-	-	-	-	-	**80,941**	37,685
Investment Management Fees	18,563	-	-	-	-	-	-	-	**18,563**	13,546
Education	509	11,876	85	85	4,242	170	-	-	**16,967**	24,297
Communications	9,908	7,431	619	619	4,954	1,239	-	-	**24,770**	31,449
Premises & Equipment	590,029	45,725	97	97	197	29	-	194,153	**830,327**	846,487
Transport & Travel	85,353	656	615	2,813	55,801	10	-	12,479	**157,727**	142,923
Telephones & Computers	66,525	29,713	6,181	6,792	31,658	486	-	290,956	**432,311**	368,057
Catering & Cleaning	209,601	148,439	1,068	1,068	1,068	-	-	24,181	**385,425**	243,993
Professional Fees	53,095	-	-	5,773	-	-	18,500	23,037	**100,405**	85,631
Depreciation	152,409	31,796	2,122	1,847	13,870	65	-	329,914	**532,023**	466,490
Medical & Nursing Supplies	-	232,118	-	433	1,044	-	-	-	**233,595**	219,291
Other Supplies & Services	224,465	17,110	1,832	10,305	5,122	222	-	198,497	**457,553**	353,599
	4,543,148	3,500,343	394,882	628,269	1,565,098	13,419	18,500	2,098,588	**12,762,247**	11,085,886
Support costs	430,210	1,049,295	52,465	20,985	524,647	20,986	-	(2,098,588)	-	-
Governance costs	3,793	9,249	463	185	4,625	185	(18,500)	-	-	-
Total expenditure 2025	**4,977,151**	**4,558,887**	**447,810**	**649,439**	**2,094,370**	**34,590**	-	-	**12,762,247**	-
Total expenditure 2024	3,824,398	4,277,514	374,967	635,357	1,941,948	31,702	-	-	-	11,085,886

10. Staff costs and numbers

Staff costs were as follows:

	2025 £	2024 £
Salaries and wages	**7,478,001**	6,480,741
Redundancy and termination costs	**63,502**	68,966
Social security costs	**636,003**	540,542
Pension contributions – defined benefit scheme	**227,574**	214,548
Pension contributions – defined contribution schemes	**393,950**	346,281
	8,799,030	7,651,078
Less: Recharged to capital	**(33,609)**	(37,161)
Note 9	**8,765,421**	7,613,917

The following number of employees received employee benefits (excluding employer national insurance and pension costs) during the year between:

	2025 No.	2024 No.
£60,000 - £69,999	**2**	2
£70,000 - £79,999	**4**	2
£80,000 - £89,999	**-**	-
£90,000 - £99,999	**1**	1

The charitable company considers its key management personnel during the year to comprise the Trustees and the Strategic Management Team - who are the Chief Executive and three other key directors. The total cost (including employer national insurance costs and pension contributions) of the key management personnel who served during the year was £376,530 (2023/24: £290,320). With the exception of travel expenses for Dr P Downey of £120 (2023/24: £nil), the Trustees were not paid nor received any other benefits or employment with St Michael's in the year (2023/24: £nil).

11. Staff numbers

The average number of employees (head count based on number of staff employed) and whole-time equivalents (WTE) during the year were as follows:

	2025 Head Count	2025 WTE	2024 Head Count	2024 WTE
Inpatient Care	**91**	**63**	96	61
In reach / Day Care Services	**18**	**10**	17	8
Supportive & Rehabilitative Care	**18**	**11**	16	11
Hospice at Home	**39**	**31**	36	29
Externally provided education and training	**1**	**1**	1	1
Support	**31**	**23**	26	20
Raising funds	**123**	**72**	94	60
	321	**211**	286	190

12. Related party transactions

During the year, the charitable company entered into transactions for the purchase of services as described below:

One family member of a Trustee who served during the year (Mrs J Winney) was employed by St Michael's on standard employment terms and conditions – their total remuneration (including employer national insurance costs and pension contributions) was £17,383 (2023/24: £14,802).

During the year, a management charge was made by the charitable company to SMH Trading Limited of £284,216 excluding VAT (2023/24: £139,279). At the end of the year gift aid of £16,356 (2023/24: £6,283) was payable by SMH Trading Limited to the charitable company. The total year-end balance owed to the charitable company was £231,180 (2023/24: £124,479).

13. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

14. Tangible fixed assets – Group and Charity

	Freehold land & buildings £	Assets in the course of construction £	Leasehold property £	Medical & nursing equipment & beds £	Fixtures, fittings & equipment £	Information technology £	Plant & machinery £	Motor vehicles £	Total £
Cost									
At the start of the year	14,239,882	169,971	321,566	290,556	786,745	232,369	1,392,008	222,237	**17,655,334**
Additions in year	151,361	40,885	6,839	70,888	99,318	65,576	80,439	-	**515,306**
Transfers in year	108,931	(169,971)	-	-	61,040	-	-	-	-
Disposals in year	-	-	(78,836)	-	(12,294)	(40,647)	-	(93,322)	**(225,099)**
At the end of the year	14,500,174	40,885	249,569	361,444	934,809	257,298	1,472,447	128,915	**17,945,541**
Depreciation									
At the start of the year	1,979,787	-	236,231	184,699	650,851	153,854	466,091	181,014	**3,852,527**
Charge for the year	308,768	-	38,247	19,915	47,147	25,849	75,232	16,865	**532,023**
Disposals in year	-	-	(77,958)	-	(12,293)	(38,825)	-	(82,426)	**(211,502)**
At the end of the year	2,288,555	-	196,520	204,614	685,705	140,878	541,323	115,453	**4,173,048**
Net book value									
At the end of the year	**12,211,619**	**40,885**	**53,049**	**156,830**	**249,104**	**116,420**	**931,124**	**13,462**	**13,772,493**
At the start of the year	12,260,095	169,971	85,335	105,857	135,894	78,515	925,917	41,223	13,802,807

Land with a value of £1,129,789 (2023/24: £1,451,289) is included within Freehold Land and Buildings and is not depreciated. All the above assets are used for charitable purposes.

15. Investments Properties – Group and Charity

	2025 £	2024 £
Fair value at the start of the year	**740,000**	700,000
Revaluation during the year	**-**	40,000
Fair Value at the end of the year	**740,000**	740,000

The properties were last valued on an open market valuation basis on 26th March 2025 by Alister Walshe FNAEA FNAVA of Stooke, Hill & Walshe. Being a previous related party, and now Life Patron, the Board of Trustees have approved the valuation.

16. Investments – Group and Charity

	2025 £	2024 £
Fair value at the start of the year	**8,419,332**	10,066,216
Transfers	**-**	-
Additions at cost	**444,608**	1,659,669
Disposal proceeds	**(1,657,945)**	(3,464,006)
Net gain / (loss) on change in fair value	**70,418**	157,453
	7,276,413	8,419,332
Investments - cash holdings	**14,516**	23,083
Fair value at the end of the year	**7,290,929**	8,442,415

Investments comprise:	2025 £	2024 £
UK Fixed Interest	**4,258,304**	3,955,650
International Fixed Income	**-**	-
Equities	**1,142,074**	1,100,847
Alternative Investments	**719,544**	751,840
Cash Funds	**1,170,996**	2,634,067
	7,290,918	8,442,404
Investment in subsidiary undertakings incorporated in the UK	**1**	1
Investment in Hospice Quality Partnership	**10**	10
	7,290,929	8,442,415

17. Subsidiary undertakings

The charitable company owns the whole of the issued ordinary share capital of SMH Trading Limited, a company registered in England, company number 06545386. St Michael's uses the subsidiary for non-primary purpose trading activities.

All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustee Ms P A Greenwood who served during the year was also a director of the subsidiary. This appointment ceased on retirement from her Trustee role, with Trustee E Drummond taking up the appointment. Available profits are gift aided to the charitable company within 9 months of the year-end.

The table below shows a summary of the subsidiary's results.

	2025	2024
	£	£
Turnover	**489,396**	244,748
Cost of sales	**(183,787)**	(94,985)
Gross profit	**305,609**	149,763
Distribution costs	**(113,075)**	(55,412)
Administrative expenses	**(171,141)**	(83,867)
Other operating expenditure	**(5,037)**	(4,201)
Operating profit	**16,356**	6,283
Taxation	**-**	-
Profit after taxation	**16,356**	6,283
Retained earnings at the start of the year	**563**	563
Profit for the year	**16,356**	6,283
Gift aid donation	**(16,356)**	(6,283)
Retained earnings at the end of the year	**563**	563
The aggregate of the assets, liabilities and funds was:		
Assets	**266,456**	145,244
Liabilities	**(265,892)**	(144,680)
	564	564
Funds:		
Share capital	**1**	1
Retained profits	**563**	563
	564	564

Distribution costs and administrative expenses totalling £284,216 (2023/24: £139,279) represent a management charge from the parent entity. Amounts owed to the parent undertaking are shown in note 20. Transactions between the parent entity and trading subsidiary are included in note 12.

17. Subsidiary undertakings (continued)

The charitable company also owns the whole of the issued ordinary share capital of St Michael's Hospice Development Company Limited, a company registered in England, company number 07039211. St Michael's used the subsidiary for the redevelopment of the hospice buildings and surroundings.

All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustee Mr D Teague who served during the year is also a director of the subsidiary. Available profits are covenanted to the charitable company as appropriate within 9 months of the year-end. The company is dormant and did not have any trading activity in either the current year or the prior year.

A summary of the results of the subsidiary is shown below:

	2025 £	2024 £
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Other operating expenditure	-	-
Operating profit / (loss)	-	-
Taxation	-	-
Profit / (Loss) after taxation	-	-
Retained (losses) / earnings at the start of the year	-	-
Profit / (Loss) for the year	-	-
Gift aid donation	-	-
Retained profit / (losses) at the end of the year	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	1	1
Liabilities	-	-
	1	1
Funds:		
Share capital	1	1
Retained losses	-	-
	1	1

St Michael's Hospice Development Company Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A.

18. Parent charity

The parent charity's gross income and results for the year are disclosed as follows:

	2025	2024
	£	£
Gross income and gains / (losses) on investments	**12,690,698**	10,290,885
Gross expenditure	**12,573,423**	10,986,700
Net income / (expenditure)	**117,275**	(695,815)

19. Stock

	Group		Charity	
	2025	2024	**2025**	2024
	£	£	**£**	£
Goods for resale	**19,091**	15,275	**5,749**	1,254
	19,091	15,275	**5,749**	1,254

20. Debtors

	Group		Charity	
	2025	2024	**2025**	2024
	£	£	**£**	£
Trade debtors	**81,395**	92,260	**80,201**	92,260
Amounts owed by group undertaking	**-**	-	**231,180**	124,479
Other debtors	**131,098**	127,190	**131,098**	126,980
Prepayments	**236,289**	218,683	**236,289**	218,683
Accrued income	**1,391,536**	288,627	**1,391,536**	288,627
	1,840,318	726,760	**2,070,304**	851,029

Trade debtors are stated after impairment provision totalling £nil (2023/24: £nil). Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. The carrying values of these are shown above and in note 21 below.

21. Creditors: amounts due within one year

	Group		Charity	
	2025	2024	**2025**	2024
	£	£	**£**	£
Bank overdraft	**7,460**	7,110	**7,460**	7,110
Trade creditors	**219,978**	272,257	**216,180**	266,752
Taxation and social security	**153,458**	134,702	**153,458**	134,702
Other creditors	**183,988**	114,430	**159,139**	103,490
Accruals	**324,157**	207,551	**318,092**	203,795
Deferred income	**258,015**	230,083	**258,015**	230,083
	1,147,056	966,133	**1,112,344**	945,932

22. Deferred income

Deferred income comprises advance ticket sales for the lottery, fundraising income for events that did not occur until after the balance sheet date and a legacy deferred for legal reasons. Except for the legacy of £128,500 (2023/24: £128,500), all the deferred income of the previous year was released in the current year.

	Group		Charity	
	2025	2024	**2025**	2024
	£	£	**£**	£
Balance at the beginning of the year	**230,083**	225,516	230,083	225,516
Amount released to income in the year	**(101,583)**	(97,016)	(101,583)	(97,016)
Amount deferred in the year	**129,515**	101,583	129,515	101,583
Balance at the end of the year	**258,015**	230,083	**258,015**	230,083

23. NHS pension scheme

The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS employees and certain employees of other approved organisations allowed under the direction of the Secretary of State in England and Wales. St Michael's is an approved organisation.

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2025, is based on valuation data as at 31 March 2023, updated to 31 March 2025 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 latest assessment of the liabilities of the scheme is contained in the Statement by the Actuary, which forms part of the annual NHS Pension Scheme Annual Report and Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

23. NHS pension scheme (continued)

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (considering recent demographic experience), and to recommend the contribution rate payable by employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 to 23.7% of pensionable pay. The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

The 2024 actuarial valuation is currently being prepared and will be published before new contribution rates are implemented from April 2027.

All pension charges are charged to unrestricted funds in line with the fund out of which the wages and salaries are paid. The amount charged to the Statement of Financial Activities in the year was £227,574 (2023/24: £214,548). Employee and employer contributions outstanding as at 31 March 2025 was £29,944 (2023/24: £29,784).

24. Analysis of group net assets between funds (current year)

	General unrestricted	Designated	Restricted	Total funds
	£	£	£	£
Tangible fixed assets	1,560,874	12,211,619	-	**13,772,493**
Investments	8,030,929	-	-	**8,030,929**
Net current assets	1,525,098	462,562	106,110	**2,093,770**
Net assets at the end of the year	**11,116,901**	**12,674,181**	**106,110**	**23,897,192**

24a Analysis of group net assets between funds (prior year 2024)

	General unrestricted	Designated	Restricted	Total funds
	£	£	£	£
Tangible fixed assets	1,542,712	12,260,095	-	13,802,807
Investments	9,182,415	-	-	9,182,415
Net current (liabilities) / assets	(201,028)	911,201	84,522	794,695
Net assets at the end of the year	**10,524,099**	**13,171,296**	**84,522**	**23,779,917**

25. Movements in group funds (current year)

	At 1 April 2024 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	At 31 March 2025 £
Restricted funds:						
Patient care	70,385	118,072	(23,251)	(69,727)	-	95,479
Funds for other specific items	14,137	182,597	(3,506)	(182,597)	-	10,631
Total restricted funds	**84,522**	**300,669**	**(26,757)**	**(252,324)**	**-**	**106,110**
Unrestricted funds:						
Designated funds						
Property fund	12,260,095	-	(308,768)	260,292	-	12,211,619
Capital investment fund	107,211	-	-	(107,211)	-	-
Development fund	803,990	-	(241,331)	(100,097)	-	462,562
Total designated funds	**13,171,296**	**-**	**(550,099)**	**52,984**	**-**	**12,674,181**
General funds	10,524,099	12,508,435	(12,185,391)	199,340	70,418	**11,116,901**
Total unrestricted funds	23,695,395	12,508,435	(12,735,490)	252,324	70,418	**23,791,082**
Total funds	23,779,917	12,809,104	(12,762,247)	-	70,418	**23,897,192**

Transfers represent the release of restricted and designated funds as they are expended on capital items or released back to general funds.

Purpose of restricted funds - Restricted funds totalling £106,110 (2023/24: £84,522) comprise:

i **Patient Care** - In addition to £70,385 (2023/24: £78,981) at the start of the year restricted for care purposes an additional £118,072 (2023/24: £15,584) was received during the year via grant-making trusts and individual donations. £23,251 (2023/24: £19,109) was expended for these purposes during the year. A further £69,727 was expended on capital items and released to general funds.

ii **Funds for other specific items** - In addition to £14,137 (2023/24: £14,428) at the start of the year, £nil (2023/24: £1,689) was received from individual donations. £3,506 (2023/24: £1,980) was expended during the year. A further £15,000 from Worcestershire County Council's Marches Energy Grant, and £167,597 of Hospice Capital Grant, disseminated via Hospice UK. £182,597 was receipted, expended on capital items and released to general funds.

Purpose of designated funds - Designated funds totalling £12,674,181 (2023/24: £13,171,296) comprise:

i The property fund - This equates to the net book value of the freehold land and buildings. £308,768 (2023/24: £275,500) of depreciation was charged in the year. The transfer of £260,291 represents freehold property capital expenditure at the Whitestone retail unit.

ii The capital investment fund – With no immediate plans for expenditure, the £107,211 held at the start of the year has been released back to general funds.

iii The development fund - £803,990 (2023/24: £921,274) was held at the start of the year to support workforce and care service development initiatives. £241,331 was expended for these purposes during the year. With alternative funding secured for planned capital spend, £100,097 was released back to general funds.

25a. Movements in group funds (prior year 2024)

	At 1 April 2023 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	At 31 March 2024 £
Restricted funds:						
Patient care	78,981	15,584	(19,109)	(5,071)	-	**70,385**
Funds for other specific items	14,428	1,689	(1,980)	-	-	**14,137**
Total restricted funds	93,409	17,273	(21,089)	(5,071)	-	**84,522**
Unrestricted funds:						
Designated funds						
Property fund	9,670,431	-	(275,500)	2,865,164	-	**12,260,095**
Capital investment fund	107,211	-	-	-	-	**107,211**
Development fund	921,274	-	(91,584)	(25,700)	-	**803,990**
Total designated funds	10,698,916	-	(367,084)	2,839,464	-	**13,171,296**
General funds	13,683,407	10,175,345	(10,697,713)	(2,834,393)	197,453	**10,524,099**
Total unrestricted funds	24,382,323	10,175,345	(11,064,797)	5,071	197,453	**23,695,395**
Total funds	24,475,732	10,192,618	(11,085,886)	-	197,453	**23,779,917**

26. Reconciliation of net income to net cash flow from operating activities

	2025 £	2024 £
Net income / (expenditure) for the reporting period (as per Consolidated Statement of Financial Activities)	**117,275**	(695,815)
Depreciation	**532,023**	466,490
Gains on investments	**(70,418)**	(197,453)
Dividends, interest and rent from investments	**(330,040)**	(357,245)
Profit on disposal of fixed assets	**(11,914)**	(825)
Loss on disposal of fixed assets	**7,511**	972
(Increase) / Decrease in stocks	**(3,816)**	329
(Increase) / Decrease in debtors	**(1,113,558)**	82,084
Increase in creditors	**157,673**	68,105
Net cash provided by operating activities	(715,264)	(633,358)

27. Analysis of cash and cash equivalents

	At 1 April 2024 £	Cash flows £	At 31 March 2025 £
Cash at bank and in hand	1,018,793	362,624	1,381,417
Bank overdrafts	(7,110)	(350)	(7,460)
Increase in the year	1,011,683	362,274	1,373,957

28. Operating lease commitments

The group's and charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2025	2024	2025	2024
	£	£	£	£
Less than one year	**286,523**	277,579	**25,270**	26,155
Later than one to five years	**1,019,817**	728,360	**41,543**	26,929
Over five years	**423,121**	545,771	**-**	-
	1,729,461	1,551,710	**66,813**	53,084

29. Capital commitments

At the balance sheet date, there were no capital commitments (2023/24: £nil).

30. Financial Instruments

Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. Listed investments are shown at market value. Financial assets include cash at bank and in hand, trade and other debtors and accrued income. Financial liabilities include bank overdrafts, trade and other creditors and accruals. The carrying values of these are shown in notes 16, 20, 21 and 27.

31. Legal status of charity

St Michael's is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £2.

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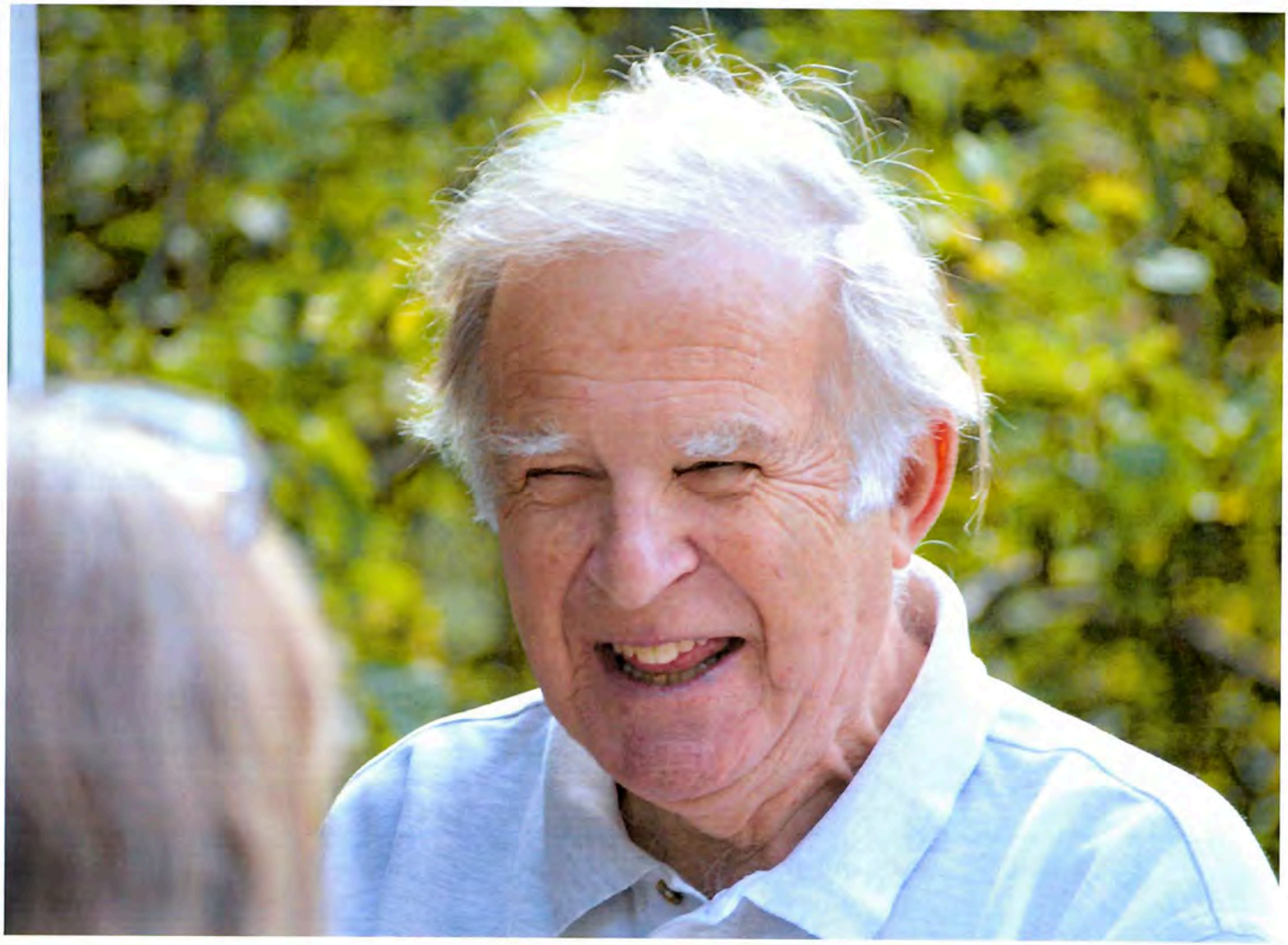
ST MICHAEL'S HOSPICE (INCORPORATING THE FREDA PEARCE FOUNDATION)

England & Wales - Charity number 511179

Accounts

St Michael's Hospice

incorporating the
Freda Pearce Foundation



Dr R G Miller

Annual Report and Consolidated Financial Statements
For the year ended 31st March 2024

Company Registration Number: 01634942 (England and Wales)
Charity Registration Number: 511179

st-michaels-hospice.org.uk
twitter.com/stmichaelshosp
facebook.com/stmichaelshospicehereford

St Michael's Hospice

Now and always: Caring to make a difference

Our service is completely free of charge

St Michael's Hospice provides its care, free of charge, to patients, their families, and carers. This care is made possible by supporters taking part in fundraising events, playing our lottery, shopping at our retail outlets, making charitable donations, leaving gifts in their wills, or giving freely of their time to volunteer.

If you would like to support St Michael's, you can find out more about what we do and ways you can help by visiting our website.

To share your comments or suggestions with us, please contact:

Quality and Compliance Team
St Michael's Hospice
Bartestree
Hereford
HR1 4HA

✉ **quality@smhospicehereford.org**

St Michael's Hospice (incorporating the Freda Pearce Foundation)

For the year ended 31 March 2024

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St Michael's Hospice (incorporating the Freda Pearce Foundation)
For the year ended 31 March 2024
Reference and Administrative Information

Charity Name	St Michael's Hospice (incorporating The Freda Pearce Foundation)
Charity Number	511179
Company Number	01634942
Address of Registered Office	St Michael's Hospice Bartestree Hereford, HR1 4HA
Country of Registration	England and Wales
Country of Incorporation	United Kingdom
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: Mr D R Teague, Chair Revd Preb K B Garlick (resigned 6th December 2023) Ms P A Greenwood Mrs C J Winney Mr E D Drummond Mr I D A Entwisle Mr C A Akle Dr P F Downey
Associate Trustees	Mr G James (appointed 6th June 2024) Mrs D Holloway (appointed 6th June 2024) Mrs R Kirk (appointed 17th July 2024)
Life Patrons	Dr R G Miller (deceased 23rd January 2024) Dr J J Kramer BEM Mr A J Walshe
Chief Executive Officer	Mr M L Keel (retired 31st March 2024) Mr M J D Fellows (appointed 1st April 2024)
Strategic Management Team	Mrs E J Cotton, Finance and Facilities Director Mrs R S Jones, Income Generation, Marketing and Communications Director Mr B Paul, Quality and Care Strategy Director (resigned 27th September 2023) Mrs Lisa O'Neil, People Director (appointed 6th June 2024)
Company Secretary	Mr M L Keel (retired 31st March 2024) Mr M J D Fellows (appointed 1st April 2024)
Bankers	The Royal Bank of Scotland PLC Drummond House 1 Redheughs Avenue Edinburgh EH12 9JN Barclays Bank PLC 54 High Street Worcester Worcestershire WR1 2QQ
Independent Auditor	Crowe U.K. LLP Statutory Auditor Fourth Floor St James House St James Square Cheltenham GL50 3PR

The Trustees of St Michael's Hospice ('St Michael's') present their report and the audited financial statements for the year ended 31 March 2024. Reference and administrative information set out on page 4 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their financial statements in accordance with FRS 102.

The Trustees of St Michael's are charity Trustees for the purpose of the Charities Act and are Directors of St Michael's and Directors for the purposes of the Companies Act. The Trustees form the Trustee Board of St Michael's. Although the Strategic Management Team's (SMT) job titles include the word 'Director', these people are not Directors within the meaning of the Companies Act.

The Trustee Board is responsible under St Michael's governing document for controlling the management and administration of St Michael's within the law. It is ultimately responsible for everything St Michael's does and how it does it. The overriding duty is to act in good faith within charity law and to make sure St Michael's pursues its aims (as set out in the governing document); uses its assets only to pursue those aims; and acts for its community. It does this by:

- Safeguarding and promoting the values and mission of St Michael's;
- Determining the strategy and structure of St Michael's;
- Ensuring St Michael's operates in an effective, responsible, and accountable manner, securing future sustainability;
- Ensuring the effective functioning of the Board of Trustees;
- Ensuring the organisation meets all statutory requirements.

The Trustee Board is made up of unremunerated volunteers. During the year, the Trustee Board met six times for their regular general meetings, twice in extraordinary meetings for special business and once for a Strategic Planning Day. In addition to these, there were sixteen subcommittee meetings. The Trustee Board is made up of members according to an analysis that identifies skills, experience and qualities needed for the good governance of St Michael's. Trustees routinely review the composition of the Board, considering the need for the right blend of skills, knowledge, experience, and diversity. Just as importantly the Trustees need to fit together to work constructively and effectively as a Board and with the management team. The Board recognises the importance of achieving the right balance on the Board between new blood and stability.

Trustee annual appraisals include whether longer serving Trustees remain fresh and up to date, relevant and have not lost their drive to perform at the highest level.

A new level of Associate Trustee has been created to compliment the Board and to assist in the process of Trustee succession. Associate Trustees are expected to attend Board meetings and the relevant Committee meetings. They do not have voting rights. The intention is that this role will be a way of introducing those who are keen to provide their skills and experience to St Michael's, but who do not have the time or wish to initially become trustees. Three Associate Trustees have been appointed.

Trustees serve for terms of 3 years before retiring. They can be appointed for three successive terms. On completion of a third term they can be reappointed only in exceptional circumstances. The Board considers these situations on a case-by-case basis.

Related Parties and Relationships with other Organisations

St Michael's is the parent undertaking of a group consisting of:

- SMH Trading Limited - St Michael's uses this subsidiary for non-primary purpose trading activities.
- St Michael's Hospice Development Company Limited - St Michael's used this subsidiary for redeveloping the hospice buildings and surroundings. This company is dormant.

Both subsidiaries are English registered companies and Gift Aid all available profits to St Michael's where applicable.

Operating Structure and Charity Governance Code

The Board retains ultimate operational responsibility and sets the aims, policies, and objectives of St Michael's together with performance monitoring. It has however devolved authority for its strategic implementation, attainment, performance and day-to-day running to the Chief Executive Officer and his senior management team who are also responsible for St Michael's meeting all its statutory and contractual obligations.

St Michael's Governance Manual describes these arrangements and was updated in 2024 to reflect the inclusion of the Associate Trustee role. A full review will be carried out in 2025 with reference being paid to the Charity Governance Code and Charity Commission guidance. St Michael's has a comprehensive range of operational policies and procedures that it maintains in line with the requirements of the Care Quality Commission, which regulates the clinical activity of St Michael's, and the Gambling Commission that regulates the Lottery and the Fundraising Regulator.

Objectives and Activities

Objectives

The Founders set up St Michael's on 12 May 1982 as the Freda Pearce Foundation. St Michael's is governed by its original Memorandum and Articles of Association, which St Michael's has subsequently amended by special resolutions on 02 November 1998, 02 October 2002, 15 April 2009, 07 November 2012, 28 September 2017 and 25 March 2020. St Michael's changed its name to St Michael's Hospice (incorporating the Freda Pearce Foundation) on 02 November 1998.

The Articles, as amended, state the objects of St Michael's are to promote the relief of sickness in people over the age of 18 years who are Herefordshire residents or living in the immediate surrounding counties.

*Our **mission** is to make sure palliative and end of life care is available to all who can benefit from it, regardless of gender, diagnosis, social group or setting. This includes supporting those people close to the dying person throughout the pre- and post-bereavement stages too.*

St Michael's knows it cannot do all of this on its own and so works with communities, groups, and organisations to support them and help them understand the importance of good palliative care and how they can play their part to ensure there is a spectrum of services to meet patient and family needs.

St Michael's also recognises it must help change people's perception and understanding of end-of-life care as well as their readiness to talk about it – not only their own plans but their families and friends too.

St Michael's encourages patients (with their families where appropriate) to produce a plan that describes their needs and preferences as they come to the end of their life. This helps ensure they receive the right care, in the right place, delivered by the right people.

*Our **vision** is that everyone in Herefordshire and the surrounding areas who needs and wants palliative care has timely access to it, delivered in a way that suits them.*

Principal Activities

St Michael's fulfils its purpose through its principal activity of providing adult hospice care to the people of Herefordshire and immediate surrounding areas as follows:

1. Adult inpatient palliative medical and nursing care in a twenty-bed purpose-built unit (sixteen beds in use during this reporting period).

2. Adult outpatient palliative medical and nursing care in Day Services and appropriate therapy (physiotherapy, occupational, music, art and complementary).

3. Hospice at Home Service, which includes 24-hour telephone advice, care co-ordination service, urgent care team and planned home care packages. St Michael's provides this care in people's homes or places they regard as home (e.g. nursing and residential homes).

4. The provision of education and training. St Michael's seeks to influence and guide the quality of palliative care in other settings and given by other providers through its education and training programmes thereby sharing the experience, expertise and knowledge St Michael's has built up from 40 years of working in palliative care. St Michael's also ensures its own staff and volunteers have opportunities to develop their skills, knowledge, and competence as these have a direct bearing on the quality of support St Michael's can provide.

5. Underpinning the main services is the Supportive Care service, which social workers, bereavement care workers, spiritual workers and counsellors deliver. They offer this to all patients and families who access the Inpatient Unit, Day services and Hospice at Home services. These services provide the vital social and psychological elements of support that characterises holistic care and to which St Michael's aspires. The holistic approach not only considers the patient's condition, life, and circumstances, but also supports and cares for the patient's family and friends. The Supportive and Rehabilitative Care service also collaborates with another charity called Hope Support, to provide care and support to children who are close to our patients.

Support for Principal Activities

The facilities teams (catering, housekeeping and maintenance) provide essential support for the principal activities. The management and administration team provide the necessary governance, oversight and operational management plus finance, human resources (HR), information technology (IT) and administrative support. The fundraising and retail teams maintain the necessary income needed by St Michael's to deliver its services, as recurrent statutory funding (from Health and Social Care sources – the NHS) remains inadequate.

St Michael's has over 800 volunteers who provide regular support to all service areas. Many more provide ad- hoc support at events etc. or volunteer via their workplaces, communities, and other organisations for the benefit of St Michael's. The contribution these people make is vital to St Michael's success and survival. These volunteers support 286 employed staff (including bank staff) to provide the quality care service and the required support services for patients and their families to meet and go beyond regulatory requirements.

Public Benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing St Michael's objectives and in planning its future activities.

The Trustees consider how planned activities will contribute to the objectives that have been set; reporting the success of each key activity and the benefits St Michael's has brought to those groups of people that it is set up to help, and the wider public benefit. The Trustees regularly review the objectives and activities of St Michael's ensuring they remain focused on its stated purposes.

The Trustees continue to recognise three strategic intentions underpinned by four key areas in which St Michael's must continue to develop and excel to successfully deliver the objectives and activities.

The Strategic Report that follows sets out our ongoing strategy and looks at what St Michael's has achieved, and the outcomes of its work, in the reporting period.

Strategic Report

*Our ongoing **strategy** is to have a multi-faceted approach that focuses on ensuring our long-term sustainability and ability to operate in the new health economy; as well as initiatives to do more, in partnership with other organisations, to give patients greater choice; ensure they receive the best support available free of charge; and to significantly enhance our engagement in our communities.*

Strategic Intentions

Communicate with and support more people.
Working with others, we will increase accessibility, availability and quality of palliative care for more people.

Influence, educate and work with others to improve care.
We will work with key decision makers, other providers and the community to heighten awareness of death and dying issues and improve care wherever it is provided through education and research.

Be a sustainable and well-led organisation.
We will ensure we generate enough income to deliver our vision and innovate as an organisation to make us more effective and efficient.

Areas to develop and excel

- People Management
- Income Generation and Marketing
- Communication
- Information and Data Management

Our Year In Numbers

The estimated value of our volunteer contribution is over £2.2 million

Our Hospice at Home service supported 806 people making 11,561 visits

The Santa's Grotto, held in our Hospice grounds, attracted 4,994 people in 2023/24, **up 227%**

We had 297 admissions, up 2.4% on last year with the average length of stay reducing to 18 days

Our shops delivered a profit margin of 35%

We have supported and cared for 2,353 people in 2023/24, **up 6.3%**

On average 101 new patients per month were referred to our services throughout 2023/24

Over £823,000 income was generated by Events & Community fundraising

189 people were supported by Day Services, an increase of **8.6%**

In 2023/24 we once again achieved **'One Star'** status as a good organisation to work for

Our lottery has 5,315 members

Achievements and Performance 2023/24

St Michael's has once again delivered more services to more people during the last year. St Michael's, like others, has been challenged by inflation and increased costs especially in fuel, utilities, wages and medical supplies. It is the people of St Michael's that makes the charity what it is, and the unwavering fortitude, resourcefulness, ingenuity and dedication of volunteers and staff continues to ensure vital care and support is provided to those who need it and at the highest quality in spite of these challenges.

The Income Generation team continues to find ways in which to grow income in order to balance the increasing costs, a significant achievement under difficult economic circumstances. We continue to work with the NHS Herefordshire and Worcestershire Integrated Care Board (ICB) and our hospice colleagues in Worcestershire to implement a fairer, more consistent and sustainable funding stream for Hospices in Herefordshire and Worcestershire.

Strategic Intention One: Communicate with and support more people

St Michael's has supported and cared for 2,353 people in 2023/24 (2022/23: 2,214). Referrals to our services remained high, averaging 101 new patients per month throughout the year.

We know that people want to receive their care in many different places and settings and not always at or by St Michael's. We want to ensure that people, wherever they are, receive high-quality palliative care. For those who chose hospice services for their end of life and palliative care, St Michael's saw increasing demand, with patients having increasingly complex diagnoses.

The Inpatient Unit (IPU) received 358 requests for admission, which resulted in 264 people having 297 admissions (some people were admitted more than once). This is an increase of 2.4% on 2022/23, with a slight reduction in the average length of stay increasing our capacity to admit.

	2023/24		2022/23		2021/22		2020/21		2019/20	
Inpatient Unit Activity	%		No.	%	No.	%	No.	%	No.	
Admissions	297		290		306		273		281	
Admitted From:										
Home	155	52%	166	58%	181	59%	191	70%	201	72%
Hospital	130	44%	120	41%	121	40%	79	29%	67	24%
Other	12	4%	4	1%	4	1%	3	1%	13	4%
Total	297	100%	290	100%	306	100%	273	100%	281	100%
Location at end of stay:										
Died	201	68%	214	74%	214	70%	171	65%	190	67%
Home	73	24%	63	22%	79	26%	89	30%	72	26%
Hospital	-	-	1	-	-	-	1	-	-	-
Other	23	8%	12	4%	13	4%	12	5%	19	7%
Total	297	100%	290	100%	306	100%	273	100%	281	100%
Average Length of admission	18		19		16		19		19	
Occupancy (target 90%)	90%		92%		82%		89%		91%	
Hospice at Home Activity										
Number of People Supported	806		836		604		716		758	
Number of Visits Made	11,561		12,296		10,116		10,198		10,520	

The average length of each stay in the inpatient unit was 18 days (2022/23: 19 days). We are seeing some issues of delayed discharge because of a lack of services for discharged patients. Not all referrals result in admission. There are various reasons why this might happen (the person's condition changes; they decide to receive home care instead; or they deteriorate suddenly and die before the admission can be arranged), but in all cases St Michael's will support the person with services suitable to their situation.

Overall occupancy of the inpatient unit achieved our target for the year at 90% compared to 92% last year. This continuing high occupancy coupled with the increasing complexity of patients (such as greater multimorbidity and challenging symptoms) has led to an increase in the intensity of work across nursing and medical services. The hard work and dedication of our workforce continues to ensure that people benefit from the best possible care.

The Outpatient Medical Clinics continue with 122 patients having a medical outpatient appointment compared to 137 the previous year and 250 pre-pandemic. As resource allows St Michael's will look to support more non-malignant clinics.

Day Services groups remain as popular as ever, with reach enhanced by the continuing use of telephone and video appointments. The number of people supported face-to-face by Day Services during the reporting period was 189. This compares with 174 people in 2022/23.

The three core services being offered are Day Hospice (DH); Living Well Support (LW); and Fatigue and Breathlessness Support (FAB). 2023/24 saw the successful launch of our new Bathing Service which benefits from a user-friendly hydraulic bathtub, allowing patients to relax and feel refreshed with an increased sense of wellbeing.

Our Dementia Services expanded during the year with the expertise of our specialist Dementia and Wellbeing Services Sister. There are now support groups available for Dementia patients and those caring for people with dementia, as well as personalised assistance and access to the wider Supportive Care services provided.

We continued to expand our Supportive Care reach into the community this year. We launched our New Days bereavement choir open to anyone bereaved in Herefordshire. We also initiated a project taking Art Therapy into Care Homes in Herefordshire, a specialist intervention that helps support patients psychologically and emotionally.

The NHS commissioned Hospice at Home service supported 806 patients during the year. This is an important service for those people who would prefer to receive their care at home in familiar surroundings and close to their family. This is a slight reduction on 2022/23 predominantly driven by patient eligibility criteria of the commissioned service which is beyond our control.

Our Nursing Home Sister continues to support residential and care homes in an advisory capacity, signposting those as appropriate to educational opportunities in the drive to widen the delivery of expert palliative care. 344 people have benefitted, and countless hospital admissions have been avoided. This role has been instrumental in the Palliative Champions Programme, supporting changes in practice to improve patient care and outcomes in line with evidence-based care.

The Co-ordination Hub is the single-entry point for all St Michael's services. It not only receives referrals but also provides advice, which gives patients, families, carers and professionals access to senior nurses and co-ordinators from 07.00hrs-22.00hrs every day. Outside of these hours, advice and support is delivered by the senior nurses on the Inpatient Unit with access to medical support as required. An additional function of the Co-ordination Hub is to support patients on the Inpatient Unit waiting list when a bed is not immediately available. This support ranges from home visiting to telephone advice.

St Michael's Hospice continues to support the Compassionate Communities movement through the induction of, and delivery of training to, local coordinators enabling them to have the skills and the confidence to continue with their programmes of empowering communities to support each other before and after death.

Strategic Intention Two: Influence, educate and work with others to improve care

St Michael's educational programmes ensure staff and volunteers both at St Michael's and in other partner organisations are competent and confident in the delivery of high-quality palliative care. The programme also supports more wider organisational development with management training, customer service courses and leadership skills acquisition. We continue to collaborate with our hospice colleagues in Worcestershire to deliver education and training together to increase capacity and widen the impact across the ICB area. We are also in the process of engaging with the Hospice UK 'Volunteer to Career' programme.

Project Echo continues at St Michael's, and has been expanded to create 'communities of practice' to engage, support and educate health care professionals across a variety of care settings. We have also created 'Palliative Champions' through ECHO delivery and on-going support targeting nursing and residential care settings across Herefordshire. St Michael's continues to use this platform to engage more with care homes and GPs.

We have further developed our use of 'Bluestream' e-learning platform, which enables staff and volunteers to receive most of their training more flexibly and electronically, whilst recording completion levels. This ensures we meet our regulatory requirements set by the Care Quality Commission and we can easily evidence this.

Strategic Intention Three: Be a sustainable and well-led organisation

St Michael's continually seeks ways to increase its efficiency and effectiveness through monitoring and benchmarking its suppliers and continuing to cut out waste. St Michael's is an active member of the Hospice Quality Partnership (HQP), an organisation set up by UK hospices to achieve best value through joint procurement and contracting.

St Michael's has a diverse range of income streams, so it is not reliant on any one source of funds. These include many different types of fundraising (donations, legacies, events, community, trusts, lottery, corporate); retail income from our shop portfolio; investment income; property rental; and some NHS income which remains inadequate.

We have developed our management and leadership structure to ensure decision-making and responsibility is as close to the point of delivery as possible. We support managers, supervisors, and leaders in all areas to seek ways to improve the things we do and ensure our supporters, staff and volunteers flourish in a positive and nurturing environment, which in turn delivers the best care to our patients and families.

St Michael's finances continue to hold up despite a difficult economic environment. A continuation of the efforts made by staff, Trustees, and volunteers to maximise income, control costs, and secure efficiencies without compromising services will continue to support financial sustainability.

Areas that underpin our three strategic intentions

1. People Management

St Michael's is reliant on having enough of the right people (volunteers and paid staff) to deliver its objectives and activities; finding the best people is becoming harder as demographic changes occur and there is a smaller pool from which to recruit professional staff. We have continued our focus on improving our Human Resource function to speed up systems and processes and automate as many as possible to free up staff and volunteers to concentrate on their core roles. The annual organisation-wide staff survey operated by Best Companies gives us a confidential and impartial review of our staff engagement. In 2023/24 we once again achieved 'One Star' status as a good organisation to work for.

During the year we had 286 (2022/23: 258) staff, equivalent to 190 (2022/23: 173) whole time equivalent posts. 166 (2022/23: 157) work directly in clinical and care areas and associated parts of the service.

The Trustees wish to record their thanks to all St Michael's volunteers and staff, past and present, in all departments, who are essential to providing high-quality care for patients. The staff and volunteers are the guardians of St Michael's excellent reputation and good standing, attributes which are vital and must remain at the highest level.

2 Income Generation and Marketing

Income Generation and Marketing plans were under continuous review to ensure every opportunity was taken to safeguard income, reduce costs and deliver excellent supporter and customer care throughout the year. During the year the Head of Retail retired, and we welcomed Lesley Wilkinson to the role, bringing a wealth of retail expertise and knowledge.

The cost-of-living crisis continued to have an impact upon supporters' disposable incomes and their willingness to ask others for sponsorship, which continues to affect mass-participation event income. Despite these increasing pressures Events and Community Fundraising achieved gross income of £823,275 (2022/23: £790,020), the second increase in a year and moving towards pre-pandemic levels. The fifth member of the Events and Community team joined in May, and this has supported an increase in volunteer engagement, allowing more time for our fundraisers to get out and about in the community. Ensuring we continue to be a visual presence in the community is vital to our funding, engaging with and inspiring the public to take on their own fundraising activities. In 2023/24 'In aid of fundraising' generated £221,046, £21,046 over budget.

We were proud to celebrate the much deserved Thank You given to Mike Pullin by the One Show. Mike and the Hospice Angels have generated over £43,000 in 2023/24 with their cumulative target (including gift aid) reaching almost £700,000 in 20 years.

Challenge fundraising continues to grow. We saw the first of our overseas treks return from the Sahara in October. The team of 11, joined by our Therapy Lead, raised £26,120 and we are pleased that the next two treks (The Camino Way 2024 and Kilimanjaro 2025) already have secured enough places to operate.

It is always a pleasure to welcome supporters to events hosted at the hospice and the on-site Plant Fair continued to grow with visitor numbers of around 1,700 over the two days, with a net contribution of £15,785. In March the Celebration weekend, consisting of three individual events, contributed a further £3,784 net.

The Christmas activities were once again a highlight of the year with all three ticketed events (Grotto, Santa run and Artisan market) selling out. The grotto increased attendance from 2,200 in 2022/23 to 4,994 in 2023/24 which helped the overall net income from all the Christmas activities, including the tree collections, achieve £63,822 against the net budget of 44,501.

St Michael's is always appreciative of companies that choose to support through a variety of initiatives including volunteering and getting involved in fundraising. Radnor Hills donated £7,500 as a partner again this year and HCC continued to sponsor RUN Hereford at £3,500. Total income generated from companies exceeded budget at over £59,000.

Trusts and Foundation grants secured this year amounted to £228,000, slightly down against budget due to a competitive environment and some funding streams being withdrawn after applications were submitted. Lottery income was supported by the introduction of single play lottery tickets in the shops, which assisted during a year of no canvassing due to rising agency costs.

A 3-year Fundraising strategy has been agreed by the board and will be a continued focus for the team to ensure a diversified fundraising portfolio. The upcoming 40th year anniversary will also give an opportunity for further fundraising and raising awareness of the work of the St Michael's.

The commitment to grow our retail portfolio continued with the opening of a third store in Ross-on-Wye, a new Hereford city-centre site in the ex-Iceland premises and new territories embraced with a shop opening in Monmouth. Retail income for the year was an exceptional £4,083,290 (2022/23: £3,555,827).

It was with great sadness that the lease at the Holmer Road Home and Living store came to an end, with the search for a new site becoming an urgent priority to both re-house the Holmer Road team and of course replace the vital income generated by one of our most profitable sites.

In September we completed on the acquisition of the new Whitestone site, the Donation Centre opened to the public in February and the shop and café which opened in May 2024. Whitestone boasts extensive land with over 80 parking spaces so is well suited to be our main Distribution centre for all the shops going forward, as well as our ambitions for an Upcycling hub and Learning Centre too.

A new site was found in Hay-on-Wye, which was welcome news for the committed group of volunteers based there who used to run the old shop. The shop opened in April 2024, after some refurbishment work.

Our Hospice Lottery and Raffles contributed £328,413 gross income (2022/23: £387,855). It continues to be a challenging environment with some players cancelling subscriptions due to tightening their finances. During the year we saw 290 new players with 333 new plays; unfortunately, we have been unable to recruit an internal canvasser. Most of these sign-ups will be the result of email and social media marketing. The team have focussed on launching single-play lottery in the shops over the last twelve months – this will continue to ensure growth is achieved from all shops. We will also carry out a telephone campaign in 2024/25 to all supporters with phone consent with a lottery ask. Raffles remain an important income stream for St Michael's with an income of £69,666 being generated during 2023/24 from the two raffles.

We generated £7,954,645 (2022/23: £8,054,941) from voluntary and other income sources (excluding income directly related to our charitable activities). The cost of raising funds, including the reallocation of support cost, was £3,824,398 (2022/23: £3,012,667).

For every £1 raised, 52p goes on delivering and improving our care and support for people living with life-limiting illness, and 48p goes on generating further income. We are disappointed that this ratio has reduced year on year having been impacted by increased costs. These predominantly relate to increased expenditure on staff and associated costs within Retail, which has also had a knock-on impact on the overall profit margin of our retail portfolio.

Increasing costs pressure from rising inflation and delays in the opening of new retail plans resulted in net expenditure of £695,815 for the year. In 2024/25 St Michael's is budgeting for a surplus of £247,000 pre depreciation (a deficit of £297,000 including depreciation). With the continuing growth and strength of the retail portfolio, surpluses are forecast into the future.

Communication

Our Marketing and Communications Team keeps St Michael's in the forefront of people's minds, from the promotion of events to stories which highlight how people living with a life- limiting illness have been cared for and supported by St Michael's.

During the year the Marketing and Communications Team introduced a new-look newsletter with a greater number of pages to keep supporters fully informed on the work of St Michael's and how to get involved. Capturing powerful images continues to be key to support hospice news and stories. The team, now consisting of four, manages the marketing for all fundraising activities, as well as supporting campaigns to grow volunteers and promote our care.

A key achievement during the year was developing the new website, which went live ready for the promotion of our 40th year in 2024. The logo has been refreshed with accessibility needs in mind and a new brandmark developed for the 40th anniversary.

Our social media engagement metrics paint a picture of significant growth and performance across all accounts over the year. From an increased volume in posts, to higher engagement rates and enhanced reactions and likes, our efforts are resonating with our audience and driving meaningful interactions. As we continue to refine our content strategy and foster deeper connections with our community, we remain committed to sustaining this momentum and delivering value through our social media channels.

Supporter communications, via either e-mail or post, followed a stewardship approach keeping people informed on how St Michael's was adapting and continuing to deliver its services. Thanks to this work, the community is far more aware of the breadth of services St Michael's provides; how we are funded; and how more people can benefit from our services, not just at the end of life.

The quality and visibility of our branding, patient literature, St Michael's website, hospice services and external communication continues to ensure people remain inspired by the work carried out by St Michael's. The introduction of a new brochure to highlight the care and support available, and how to get involved has been a great addition.

4. Responsible Fundraising

St Michael's is registered with the Fundraising Regulator and is a member of the Institute of Fundraising, the National Association of Hospice Fundraisers, the Hospice Lotteries Association, and the Charity Retail Association, and is committed to adhering to the Code of Fundraising Practice. We have had no adjudications.

We continue to focus on our Data Protection procedures and communication preferences with all our supporters and feel well placed to communicate with donors appropriately.

We ask supporters their preferences as to how we communicate with them. We give them the option to let us know if they wish to change their preferences or no longer wish to hear from us, and always respect their wishes. We do not sell or exchange lists of data with any other charities or companies.

We review compliance through non-financial audit, mystery shoppers, surveys, monitoring feedback and at our Income Generation and Marketing Committee and take corrective action when required to ensure that all St Michael's fundraisers and those who work on our behalf are aware of and adhering to our high standards.

If we encounter someone showing signs of distress, confusion, or vulnerability our fundraisers will politely refuse any donation offered in such circumstances. In the unlikely event of a donation being received in such circumstances, we will refund the donation. The fundraising team follow the guidelines of the Chartered Institute of Fundraising's 'Treating Donors Fairly' guide. The number of complaints received during the year regarding fundraising was one (2022/23: nil).

5. Information and Data Management

With the ability to collect vast amounts of data and information easily these days, St Michael's needs to be able to analyse and use this data to increase our effectiveness and understanding of our work. Much of our work uses computers and so we have a strategy to develop and secure these systems appropriately and to best effect.

St Michael's achieved Cyber Essential Plus accreditation (Certificate Number: 46b9d4c6-508c-4966-b3a6-ad158987df9d) in May 2023 and is seeking reaccreditation in 2024/25.

s172(1) Statement

Section 172 of the Companies Act 2006 requires Trustees to act in a way they consider, in good faith, would be most likely to promote the success of St Michael's for the benefit of its stakeholders as a whole.

In doing so Trustees must have regard (amongst other matters) to:

- The likely consequences of any decision it makes in the long term;
- The interests of volunteers and staff who are vital to the successful delivery of St Michael's services, operations and activities;
- The need to foster business relationships with other providers (NHS, Social Care and private sector), suppliers and others;
- The impact of St Michael's operations on the community and the environment;
- The need for St Michael's to maintain its high reputation for the way it conducts itself: and
- The need to act fairly, respectfully and ethically in all its activities.

In fulfilling this role, St Michael's seeks to empower its volunteers and staff to work together to reach the best possible decisions, in the best possible way and at the best possible time, operating always within the Structure, Governance and Management framework shown on page 18.

St Michael's depends on the trust and confidence of its stakeholders to operate effectively and sustainably in the long term and, as such, engagement with stakeholders informs the basis of the Trustee Board's strategic planning and decision-making processes.

The Trustees Annual report highlights our commitment to engaging with our main stakeholder groups, including our patients and their families, our volunteers and staff, our supporters, our health and social care partners, our suppliers, and our wider community. This engagement is primarily through the provision of our care services, fundraising, volunteering, education, partnership working and employment.

The trust and confidence that St Michael's depends upon is built on its reputation for high standards of business conduct, which is based on a range of policies and processes that promote corporate responsibility for, and ethical behaviour towards, our stakeholders. These include policies on fundraising, receipt of gifts, safeguarding of vulnerable people, bullying and harassment, and whistleblowing. These policies are reviewed periodically to ensure they remain relevant and effective.

Volunteer and Staff Engagement

By recognising our workforce is our most valuable asset, personal development of our people is a key pillar of our strategy. St Michael's invests in training, coaching, and skills acquisition, and aims to be a responsible employer with regards to the pay and benefits of staff. The health and wellbeing and safety of our volunteers and staff is one of the primary considerations in the way we do business.

Community and Environment

St Michael's has sustainability and environmental responsibility firmly embedded in its culture and strategies. Sustainability runs through all aspects of our operations and activities, from energy-saving, recycling and resource-sharing policies in our offices to supporting our voluntary sector partners in our community through sharing our expertise and capabilities. The Board and Executive team are committed to formalising our many areas of best practice into a structured approach to embedding sustainability which will include capturing and communicating the value of our efforts in this area.

Culture and Values

St Michael's culture is characterised by clear responsibility, mutual respect, trust and professionalism. St Michael's is focused on people, with patients and their families, volunteers and staff being at its heart.

St Michael's embraces diversity, flexibility, sustainability and continuous improvement.

Streamlined Energy and Carbon Reporting

Under the Energy and Carbon Reporting Regulations 2018 St Michael's is required to report on its key environmental impacts. A summary of the Carbon emissions of St Michael's activities are as follows:

	2023/24
Consumption (kWh)	
- Gas	562,925
- Electricity	596,242
Consumption (miles)	
- Volunteers and staff	60,764
- Hospice at Home	81,824
- Other	79,689
Emissions (tCO2e)	
- Gas	103
- Electricity	123
- Transport fuel - volunteers and staff	16
- Transport fuel - Hospice at Home	19
- Transport fuel - Other	32
Total emissions	**293**
Intensity ratio – total tCO2e per head count (per note 11)	**1.02**

Methodology

The key environmental impacts for St Michael's are electricity and gas usage at its Bartestree site and across its retail portfolio, and the use of vehicles for the delivery of care and support as well as for the collection and delivery of retail donated goods and servicing of the retail units. Energy usage has been calculated using opening and closing mileage and meter readings. The UK Government Greenhouse Gas Conversion factors for Company Reporting 2024 have been used to provide the required conversion rates.

Future Plans

St Michael's continually reviews opportunities to increase energy efficiency and is currently taking the following steps to reduce its carbon emissions:

- Changing light bulbs to LED
- Enhanced recycling initiatives
- Increasing solar panel arrays
- Increasing EV charging facilities

Financial Review

The consolidated financial statements that follow later in this report comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows, and related notes, which include the results of the group companies. The result for the year was a deficit of £695,815 (2022/23: £241,844 surplus).

Total expenditure for the year increased by 16.9% to £11,085,886 (2022/23: £9,482,334); 68% of this relates to increased staffing costs, with a further 26% relating to increased fundraising and other trading activities. 65.5% was spent on charitable activities.

Total income for the year reduced by 0.3% to £10,192,618 (2022/23: £10,224,920).

There follows a brief overview of the financial management that has fed into these reports.

Investment Policy and Returns

Because of the uncertainty of fundraising income streams, it is necessary to ensure that funds are always readily available for use to ensure that levels of care are not adversely affected in the event of any short-term income reduction. The Trustees have decided to maintain a lower-risk investment strategy to protect reserves, and therefore services, rather than seeking higher return investments which increase the risk profile. Performance is measured against agreed inflation and market indices.

In the current economic crisis, maintaining pace with inflation remains exceptionally hard. With net gains of £197,453 (2022/23: £500,742 net losses), and total return of £457,066 (2022/23: minus £327,148), the overall return on the portfolio was 9.48%.

Reserves Policy

The Trustees have reviewed the reliability of future income streams, the commitment to future expenditure and risks faced as a Charity. St Michael's has determined that it needs reserves for the following reasons:

- To fund shortfalls in income (whether statutory, retail, lottery, donations, legacies, or other fundraising activities) when it does not reach expected levels. St Michael's is dependent on fundraised income as well as statutory funding which remains low in comparison. The fundraised income is subject to fluctuation as economic conditions change and statutory funding could be affected by government policy and the financial position of NHS and local authority commissioners;
- To fund unexpected expenditure, for example when legislation changes, or unplanned events occur. This could also be for unexpected building maintenance costs and to provide a degree of flexibility for innovation;
- To fund working capital. The greatest cost is salaries and therefore the timing of cash outflows is relatively fixed whereas both fundraised and statutory income fluctuate in terms of cash inflow over the year;
- To fund future developments to ensure we continue to meet the needs of our community.

At the end of March 2024, the cash reserves, including easily realisable assets, within general funds reduced to £8,981,387 (2022/23: £12,408,363), an amount which equates to 8.8 months of budgeted 2024/25 operating costs, marginally below our reserve policy of 9 months. With the expectation of future surpluses, reserves levels will be restored.

The net book values of freehold land and buildings are held in a designated reserve called the Property Fund, totalling £12,260,096 at 31 March 2024 (2022/23: £9,670,431). By designating these funds, the Trustees aim to give a clear presentation of the free reserves available to St Michael's to meet its continuing operational commitments. At the year-end, restricted reserves totalled £84,522 (2022/23: £93,409). At the year-end, the designated capital investment fund totalled £107,211 (2022/23: £107,211) and the designated development fund totalled £803,990 (2022/23: £921,274).

The level of reserves is monitored regularly by the Finance & Investments Committee and St Michael's reserves policy is reviewed annually by the Trustees when the budgets are approved. This will ensure that appropriate steps are in place to maintain reserves at the appropriate levels.

Principal Risks and Uncertainties

Over the course of 2023/24 year, the Trustees did not identify any new major risks that are thought to have a catastrophic effect on service delivery, income generation or compliance with regulations. They continue to consider the following material risks:

- Unpredictability of the legacy income stream, which currently represents 13.9% (2022/23: 17.2%) of all income.
- A risk to donations because of the economic and political climate and competition for funds.
- Uncertainty over the NHS contribution due to austerity measures and economic climate.
- Demand for hospice services outstripping capacity both in terms of volume and skill.
- An ageing workforce and volunteer cohort.
- Challenges in recruitment, particularly in nursing nationally and locally.
- Failure in the provision of the service.

St Michael's continues to mitigate these risks through the training and development of staff, the careful management of expenditure, stewardship and diversification of income streams, maintaining appropriate reserve levels and raising the profile of St Michael's invaluable services.

Going Concern

The Trustees have reviewed financial forecasts into 2028 and have paid special consideration to reviewing the risks to St Michael's services and finances as a result of the current economic and political climate. The Trustees are confident that St Michael's will continue as a going concern for the foreseeable future.

Future Plans

St Michael's will continue its current strategy while monitoring the risks to its implementation. As the needs of our patients, community, workforce and allied professionals continue to change and evolve we will continue to keep all our services under review as each develops and impacts the others so that patients and families receive the high-quality care they need, in the way they want it and at the place of their choosing. We will continue to work closely with the Integrated Care Boards (ICB) for Herefordshire and Worcestershire to ensure that St Michael's interests and operations in Herefordshire are heard at the ICB level, including continuing to work closely with our colleagues in the other hospices.

During 2024/25 we will continue to focus on ensuring we have the right staff and volunteers with the right skills in the right place at the right time to ensure our patients and their families remain at the heart of everything we do.

Our volunteers remain vital to our future, and we will continue to seek and embrace new and innovative ways to enhance and grow this invaluable resource.
We will continue to place St Michael's as a leader in hospice education service provision both locally and beyond, ensuring that our education offering reflects not only the needs of our workforce, but also the changing needs and priorities of the wider community. This will include continuing and increasing the provision of education for patients, carers, local health care providers and specialists, embracing new technologies and offering more opportunities and ways for people to engage with St Michael's for their personal and professional development.

We will explore ways of further moving our services closer to the people that need them, using resources such as the Mobile Hospice Support Vehicle to provide a hub-and-spoke model of care, community hospitals and other venues such as the Talk Community Hub. We will continue to train and use volunteers in innovative ways to deliver support in their own communities. This is already taking place with bereavement support but has the potential for much wider scope including monitoring of patients. We will continue to recognise the vital work volunteers play in our service delivery and seek to make full use of volunteers as the first choice for community service delivery wherever and whenever appropriate.

As our organisation expands through increased fundraising, additional retail outlets, and home-delivered services, it is essential to maintain strong connections and clear communication within St Michael's. This ensures that our team can work efficiently and serve as knowledgeable ambassadors for St Michael's. We will enhance our communication channels to ensure every donor and supporter recognises the significant impact they have on the lives of people in Herefordshire and the surrounding areas. We will make greater use of our social media presence and webpage to provide support, and educational and promotional materials for service-users and the wider population.

Thanks to the generosity of our community, St Michael's continues to provide the best possible palliative care and support for local people and their families. The Trustee Board would like to extend a heartfelt thank you to all the supporters who make this possible.

Structure, Governance and Management

Trustees

Trustees are unremunerated volunteers. All Trustees give their time voluntarily and receive no benefits from St Michael's. Any expenses reclaimed from St Michael's are set out in note 10 to the financial statements, of which there were none. When there are Trustee vacancies, the Trustees Board consider the skills mix and diversity of the continuing Trustees to determine the person specifications needed in new Trustees. Recruitment is an open competitive process involving public advertising, networking, and head-hunting as appropriate.

St Michael's provides potential Trustee candidates with information about the organisation and about the role of Trustee, including the role description and expectation of the Trustee Board, and the length of tenure of appointment. The Board of Trustees make appointments.

Every Trustee must sign a Trustee Commitment and Disclosure Form to act as a Trustee of St Michael's before he or she is eligible to become a Trustee, including a declaration of interest form, which is renewed each year. On appointment or election as a Trustee, a Trustee becomes a member of St Michael's. Trustees hold membership of St Michael's only during their Trustee Term of Office. Retirement, resignation or removal as a Trustee ends their membership of St Michael's.

It is St Michael's policy and practice to provide Trustee Board Members with appropriate training to undertake their role and to ensure that new Trustee Board Members receive an induction to St Michael's and to the role of a Charity Trustee and Company Director. New Trustees attend a corporate induction day, and we look to provide them with a mentor Trustee to provide specific support over the first 12 months of their Trustee Term. Trustees are elected initially for a three-year term and are appraised annually.

The Trustee Board delegate day-to-day responsibility to the Chief Executive, who in turn delegates some management functions to the Strategic Management Team (SMT). The Schedule of Delegation is set out in the Governance Manual. The Trustee Board has four sub-committees that meet quarterly and are responsible for reviewing St Michael's activities in their respective areas of expertise in more detail than full Board meetings can achieve. These are:

- Clinical Governance & Care Committee;
- People & Facilities Committee;
- Finance & Investment Committee;
- Income Generation, Marketing & Communications Committee.

Committee membership consists of at least two Trustees and a member of SMT. A Trustee chairs the meetings and presents a report at The Trustee Board, which meets every six to eight weeks.

One of St Michael's founders Doctor Richard Miller (pictured front cover, and above at the opening of St Michael's in 1984) died on 23rd January 2024. It was Richard who had the vision some 45 years ago to create a hospice to fill the vast gap in end-of-life care in Herefordshire. He was tireless in setting the foundations for St Michael's, whilst continuing to work as a local GP. The photo of Richard releasing the dove at the opening of our hospice building at Bartestree continues to be our symbol. He remained as a Trustee until he retired in December 2015, continuing to provide us with his great knowledge and experience. Richard is remembered with great fondness and is sadly missed. The work that St Michael's does today Is a fitting testament to Richard and his fellow founders who had the fortitude and bravery to create something very special.

Mike Keel, Chief Executive, announced his retirement during 2023/24 and left the Charity on 31st March 2024 after eight and half years' service. The Trustee Board extend their thanks and appreciation to Mike for the outstanding contribution he has made to St Michael's and wish him well in his retirement.

The Trustee Board welcomed Matt Fellows, as Chief Executive (Designate) on 1st March 2024 to undergo his induction and handover before taking over full duties on 1st April 2024.

Remuneration Policy for Key Management Personnel

The aim of St Michael's pay policy is to offer fair pay to attract and keep appropriately qualified staff to lead, manage, support, and deliver St Michael's aims. Trustees are ultimately responsible for setting the Chief Executive's remuneration level and agreeing the annual cost of living award.

The Chief Executive sets grading levels for the Strategic Management Team with Trustee oversight (except medical staff who are on the NHS scheme). The Strategic Management Team sets grading levels for all other staff.

When deciding the Chief Executive and Senior Staff salary levels, consideration is given to:

- the purpose, aims and values of St Michael's, and its beneficiaries' needs;
- how pay is linked to the skills, experiences and competencies St Michael's needs from its senior staff and the scope of their roles and how St Michael's can maintain the ability to recruit and retain suitably qualified and experienced management;
- St Michael's current business plan and how implementing it may affect the number of senior staff St Michael's needs to employ or recruit, and the nature of these roles;
- St Michael's ability to pay, including:
    - the benefit to St Michael's that such positions will bring,
    - the cost to St Michael's of increasing remuneration levels.

St Michael's regularly benchmarks its salary against other similar organisations and, in the case of clinical staff, with the NHS and local authority in Herefordshire.

Policy for Employment of Disabled Persons

St Michael's fully and fairly considers all applications for recruitment to contracted or volunteer roles made by disabled persons and gives regard to their aptitude and abilities. Opportunities for training, career development and promotion are considered in the same way for those employed or volunteering. Should an employee or volunteer become disabled, St Michael's arranges appropriate training and support to enable continued employment at St Michael's where possible.

Employee Information

St Michael's is committed to providing staff and volunteers with information on matters of concern to them. Employee engagement is important for St Michael's. We do this through various methods as well as the annual Best Companies Staff Survey mentioned above.

We have a Joint Staff Consultative Group (and equivalent Volunteer Group), where organisational proposals that might impact staff and volunteers are discussed and feedback is actively sought to ensure any changes are managed effectively and we get it right first time, every time.

We hold regular staff meetings and informal gatherings to encourage staff and volunteer engagement. The Trustees carry out regular planned visits to meet and talk with volunteers and staff, as do the management team.

Our internal intranet keeps staff informed of what is happening at St Michael's and provides opportunity for feedback. We encourage staff to share their successes via this platform too.

The Chief Executive broadcasts regular video updates to all volunteers and staff to share successes across the organisation and key information that might impact people; this includes the impact of external factors (like national economic challenges or political changes) as well as St Michael's own performance and forecasts. This is as well as the current systems of noticeboards; staff emails; newsletters; staff meetings; digital communications; and volunteer events.

During 2023/24 we have continued to market benchmarking salaries and have reviewed the benefits offered by St Michael's to incentivise and reward staff. Following feedback from staff a Death in Service Benefit was introduced for those staff not in the NHS Pension Scheme (which already includes this benefit), and staff can obtain eye test vouchers and various discount schemes with local suppliers.

A lot of work has been done during 2023/24 to re-engage with our volunteers, many of whom had to isolate or avoid coming into St Michael's during the pandemic. We are proud to have retained most of our volunteers and grown this workforce further.

The Trustees wish to record their thanks to the many volunteers without whom St Michael's would be unable to maintain the quality of service and deliver all the support at the low cost we achieve. The estimated value of the volunteer contribution to St Michael's is more than £2.2 million per annum.

Pension Held as Custodian Trustees on Behalf of Others

Within deferred income is £128,500 held as a cash investment which provides a lifelong annuity to an individual. St Michael's and a GP surgery are joint beneficiaries of the residual capital.

Statement of Trustees Responsibilities

The Trustees (who are also directors of the company 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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 St Michael's 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 the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and group 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
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish the auditor is aware of that information

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of St Michael's guarantee to contribute an amount not exceeding £2 to the assets of St Michael's in the event of winding up. The Trustees are members of St Michael's, but this only entitles them to voting rights. The Trustees have no beneficial interest in St Michael's.

The Trustees annual report, which includes the strategic report, has been approved by the Trustees on 17 July 2024 and signed on their behalf by:

Mr D Teague – Chair

Opinion

We have audited the financial statements of St Michael's Hospice (Incorporating the Freda Pearce Foundation) (the "charitable company") and its subsidiaries (the "group") for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, Group Balance Sheet, Charity Balance Sheet, Consolidated Statement of Cash Flows 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 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 the charitable company's affairs as at 31 March 2024 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 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 trustee's 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 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 trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the 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.

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 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.

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 our audit

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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:

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

Responsibilities of Trustees

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

In preparing the financial statements, the trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

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:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102).

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context were the Gambling Commission, CQC Regulations and General Data Protection Regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be recognition of legacy income, the completeness and accuracy of grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and Investments Committee about their own identification and assessment of the risks of irregularities, sample testing on legacy and grant income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: 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 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.

Helen Blundell

Helen Blundell LLB FCA FCIE DChA
Senior Statutory Auditor
For and on behalf of

Crowe U.K. LLP
Statutory Auditor
Fourth Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 2 September 2024

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Financial Activities (incorporating an income and expenditure account)
For the year ended 31 March 2024

	Note	Unrestricted £	Restricted £	2024 Total £	2023 Total £
Income from:					
Donations and legacies	3	2,712,968	17,273	**2,730,241**	3,571,843
Charitable activities	4	2,237,973	-	**2,237,973**	2,169,979
Other trading activities	5	4,853,469	-	**4,853,469**	4,250,594
Investments	6	357,245	-	**357,245**	214,298
Other	7	13,690	-	**13,690**	18,206
Total income		10,175,345	17,273	**10,192,618**	10,224,920
Expenditure on:					
Raising funds	9	3,818,510	5,888	**3,824,398**	3,012,667
Charitable activities	9	7,246,287	15,201	**7,261,488**	6,469,667
Total expenditure	9	11,064,797	21,089	**11,085,886**	9,482,334
Net (loss) / income before net gains / (losses) on investments		(889,452)	(3,816)	**(893,268)**	742,586
Net gains on property investments	15	40,000	-	**40,000**	-
Net gains / (losses) on listed investments	16	157,453	-	**157,453**	(500,742)
Net (loss) / income for the year		(691,999)	(3,816)	**(695,815)**	241,844
Transfers between funds	25	5,071	(5,071)	**-**	-
Net movement in funds		(686,928)	(8,887)	(695,815)	241,844
Reconciliation of funds:					
Total funds brought forward	25	24,382,323	93,409	**24,475,732**	24,233,888
Total funds carried forward	25	23,695,395	84,522	**23,779,917**	24,475,732

The notes on pages 27 to 47 form part of these financial statements.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated and Charity Balance Sheets
As at 31 March 2024

	Note	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Fixed assets					
Tangible fixed assets	14	**13,802,807**	10,945,475	**13,802,807**	10,945,475
Investment properties	15	**740,000**	700,000	**740,000**	700,000
Investments	16	**8,442,415**	10,086,616	**8,442,415**	10,086,616
		22,985,222	21,732,091	**22,985,222**	21,732,091
Current assets					
Stock	19	**15,275**	15,604	1,254	-
Debtors	20	**726,760**	808,844	851,029	969,272
Cash at bank and in hand		**1,018,793**	2,781,482	887,780	2,615,867
		1,760,828	3,605,930	**1,740,063**	3,585,139
Liabilities					
Creditors: amounts due within one year	21	**(966,133)**	(862,289)	**(945,932)**	(842,062)
Net current assets		**794,695**	2,743,641	**794,131**	2,743,077
Total net assets		**23,779,917**	24,475,732	**23,779,353**	24,475,168
Funds of the Group and Charity:	25				
Restricted income funds		**84,522**	93,409	**84,522**	93,409
Unrestricted funds					
Designated funds		**13,171,296**	10,698,916	**13,171,296**	10,698,916
General funds		**10,524,099**	13,683,407	**10,523,535**	13,682,843
Total unrestricted funds		**23,695,395**	24,382,323	**23,694,831**	24,381,759
Total Group and Charity funds		**23,779,917**	24,475,732	**23,779,353**	24,475,168

The Charity's net expenditure for the year was £695,815 (2022/23: £241,844 net income).

The notes on pages 27 to 47 form part of these financial statements.

Approved and authorised for issue by the Board of Trustees on 17 July 2024 and signed on their behalf by:

Mr D Teague (Chair)

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Cash Flows
For the year ended 31 March 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Net cash used in operating activities	26	**(633,358)**	2,188,690
Cash flows from investing activities:			
Dividends, interest, and rents from investments		**357,245**	214,298
Proceeds from the sale of fixed assets		**825**	612
Purchase of fixed assets		**(3,288,880)**	(320,944)
Proceeds from the sale of investments		**3,464,006**	929,988
Purchase of investments		**(1,659,669)**	(2,598,555)
Movement in investments – cash holdings		**(2,683)**	(4,277)
Net cash used in investing activities		**(1,129,156)**	(1,778,878)
Change in cash and cash equivalents in the year		**(1,762,514)**	409,812
Cash and cash equivalents at the beginning of the year		**2,774,197**	2,364,385
Cash and cash equivalents at the end of the year	**27**	**1,011,683**	2,774,197

The notes on pages 27 to 47 form part of these financial statements.

1. Accounting policies

a) Statutory information

St Michael's Hospice (incorporating the Freda Pearce Foundation) is a charitable company limited by guarantee (Company number 01634942 and Charity number 511179) and is incorporated in the United Kingdom. The registered office address and principal place of business is St Michael's Hospice, Bartestree, Hereford, HR1 4HA. This is also the address of its 100% wholly owned subsidiaries.

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

b) 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly owned subsidiaries - SMH Trading Limited and St Michael's Hospice Development Company Limited - on a line-by-line basis. Transactions and balances between the charitable company and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the companies are disclosed in the notes of the charitable company's Balance Sheet. A separate Statement of Financial Activities, or income and expenditure account, for the charitable company itself is not presented as permitted by the exemptions afforded by section 408 of the Companies Act 2006 not to include it. The charitable company has also taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only cashflow and certain financial instrument disclosures.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The Trustees consider that there are no material uncertainties about the group's ability to continue as a going concern following their review of the financial position, reserves levels and future plans. In arriving at their decision, the Trustees have thoroughly reviewed the impact of the current economic and political climate on service demand and delivery and income levels and have taken appropriate mitigating action to minimise risk. The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charitable company 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.

Income from voluntary sources is received by way of donations, gifts, and fundraising events, and is included in full in the Statement of Financial Activities when receivable. Income from gift aid tax reclaims is recognised for all donations made prior to the year-end where valid gift aid declarations are held.

1. Accounting policies (continued)

For legacies, entitlement is taken as the earlier of the date on which either: the charitable company is aware that probate has been granted, the estate has been finalised and the executor has made notification to the charitable company 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 charitable company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charitable company, or the charitable company 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 in note 3.

Income from charitable activities is recognised as services are performed. Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services, and facilities

In accordance with the Charities SORP (FRS 102), the value of services provided by volunteers is not recognised. The Trustees' annual report contains further information about the invaluable contribution provided by volunteers. On receipt, donated gifts, professional services, and donated facilities are recognised based on the value of the gift to the charitable company which is the amount the charitable company 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. Clothing and other goods donated for resale are included in income when they are sold. If an item is significant in value, it would be measured and valued at the year-end.

g) Interest receivable and dividends

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank. Dividends are included when received or declared and receivable.

h) Fund accounting

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for a specific purpose. The notes to the financial statements provide further details. Once the terms and conditions of the restrictions have been met, tangible fixed assets purchased with restricted monies, are transferred to unrestricted funds.

Unrestricted funds are those available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and which have not been designated for any other purpose.

Designated amounts within the unrestricted funds represent the total Net Book Value of the freehold land and buildings and assets in the course of construction held at the balance sheet date and funds designated for the development projects and capital investment. Designated funds may also comprise amounts that have been set aside by the Trustees for particular purposes, notably for the purchase of other assets used within the business.

i) Expenditure and irrecoverable VAT

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. Expenditure is classified under the following activity headings:

Raising funds - this relates to the costs incurred by the charitable company in procuring voluntary contributions to it, as well as the costs of any activities with a fundraising purpose, including charity shop running costs and investment manager fees.

This includes salaries of staff engaged in fundraising activities, direct expenditure, and support costs. The cost of fundraising activities is recognised in the year in which it is incurred although the income derived from the activities may arise in future years.

2. Accounting policies (continued)

Charitable activities - this includes the costs of delivering services, and other educational activities undertaken to further the purposes of the charitable company and their associated support costs.

Irrecoverable VAT is charged against activities on the same basis as the allocation of support costs. Governance costs are included within support costs and relate only to external audit fees.

j) Allocation of support costs

Expenditure is allocated to the activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Inpatient Care	50.0%
In reach (Day Care Services)	2.5%
Supportive & Rehabilitative Care	1.0%
Education & Training	1.0%
Hospice at Home	25.0%
Charitable Activities	79.5%
Raising Funds	20.5%

k) Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

l) Tangible fixed assets

Items are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities based on the use of the related assets in those activities. Assets are reviewed for impairment annually to consider if their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

The depreciation rates in use are as follows:

Freehold buildings	
- Main Structure	50 years
- Roof	10 - 40 years
- Windows and doors	25 years
Leasehold property	Over the period of the lease
Medical and nursing equipment and beds	5 – 10 years
Motor vehicles	3 – 7 years
IT Equipment and development	3 – 5 years
Plant and machinery	15 - 25 years
Fixture, fittings, and equipment	3 – 5 years

Land and buildings are included at cost. Land and assets in the course of construction are not depreciated. In accordance with the Statement of Recommended Practice, freehold buildings have been categorised into those components which have substantially different useful economic lives.

1. Accounting policies (continued)

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the Statement of Financial Activities. The valuation method used to determine fair value is stated in the notes to the financial statements.

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the Balance Sheet date using the closing quoted middle market price.

Any change in fair value will be recognised in the Statement of Financial Activities. Investment gains and losses are combined and shown in the heading "Net gains / (losses) on investments" in the Statement of Financial Activities. The charitable company does not directly acquire put options, derivatives, or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

q) Debtors

Trade debtors, other debtors, accrued income and amounts owed by group entities are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

s) Creditors

Creditors are recognised where the group 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.

t) Financial instruments

The group 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. Listed investments are shown at market value.

1. Accounting policies (continued)

u) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where these estimates and judgements have been made include the following:

i) Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the tangible assets and note l) for the useful lives of each class of asset.

ii) Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, the Trustees consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 20 for the net carrying amount of the debtors and associated impairment provision.

iii) Accrued legacy income

Legacy income is accrued if probate has been granted prior to the year-end, and the estate has been finalised, or the executor has made notification to the charitable company that a distribution will be made, or when a distribution is actually received, mitigating estimation uncertainty as income can be measured reliably.

iv) Dilapidations

The charitable company has estimated the anticipated costs of dilapidations across its retail shops based on the age of the leases and historic costs incurred.

v) Pensions

Defined benefit scheme

The charitable company contributes to the NHS pension scheme for eligible staff. Such contributions are a fixed percentage of salary. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the scheme. 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, it 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 that scheme for the accounting period. The charitable company has no ongoing liability once the standard contributions to the scheme are made.

Defined contribution schemes

Where staff are not eligible to join the NHS pension scheme, they can opt to join a group personal pension plan scheme. St Michael's also contributes to the personal schemes of individual employees. Such contributions are a fixed percentage of salary. In accordance with workplace pension legislation, eligible employees who are not already in a compliant pension scheme are automatically enrolled into a workplace pension scheme. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the schemes.

2. Detailed comparatives for the Statement of Financial Activities

	Note	Unrestricted £	Restricted £	2023 Total £
Income from:				
Donations and legacies	3	3,552,316	19,527	**3,571,843**
Charitable activities	4	2,159,979	10,000	**2,169,979**
Other trading activities	5	4,250,594	-	**4,250,594**
Investments	6	214,298	-	**214,298**
Other	7	13,812	4,394	**18,206**
Total income		**10,190,999**	**33,921**	**10,224,920**
Expenditure on:				
Raising funds	9	2,999,742	12,925	**3,012,667**
Charitable activities	9	6,431,132	38,535	**6,469,667**
Total expenditure	9	9,430,874	51,460	**9,482,334**
Net income before net gains on investments		760,125	(17,539)	**742,586**
Net gains on property investments	15	-	-	-
Net losses on listed investments	16	(500,742)	-	**(500,742)**
Net income / (expenditure) for the year		259,383	(17,539)	**241,844**
Transfers between funds	25	26,482	(26,482)	-
Net movement in funds		285,865	(44,021)	**241,844**
Reconciliation of funds:				
Total funds brought forward	25	24,096,458	137,430	**24,233,888**
Total funds carried forward	25	24,382,323	93,409	**24,475,732**

3. Income from donations and legacies

	Unrestricted £	Restricted £	**2024 Total £**	2023 Total £
Donations	571,971	2,944	**574,915**	1,108,961
Trusts and foundation grants	214,962	13,224	**228,186**	186,321
Community fundraising activities	505,314	1,105	**506,419**	520,615
Legacies	1,420,721	-	**1,420,721**	1,755,946
Total	2,712,968	17,273	**2,730,241**	3,571,843

As at 31 March 2024 the charity had been notified of several legacies, the values of which were uncertain as the executors were awaiting confirmation of other claims on the estate and may also be in the process of realising assets such as residential property. The estimated total of these legacies could be up to £1,243,000. None of these legacies have been accrued in the financial statements.

4. Income from charitable activities

	Unrestricted £	Restricted £	**2024 Total £**	2023 Total
Nursing & medical care	1,001,080	-	**1,001,080**	947,568
Trusts and foundation grants	2,700	-	**2,700**	10,000
Hospice at Home	1,166,253	-	**1,166,253**	1,145,632
Other care services	2,014	-	**2,014**	-
Education and training	65,926	-	**65,926**	66,779
Total	2,237,973	-	**2,237,973**	2,169,979

£2,092,201 (2022/23: £2,055,807) was received from NHS Herefordshire and Worcestershire. £30,392 (2022/23: £30,392) was received from Powys Local Health Board. £44,740 (2022/23: £7,000) was received from NHS Wales. £nil was received from the Worcestershire Clinical Commissioning Group (2022/23: £865) for the provision of Advanced Communication Skills and Syringe Driver training. £24,900 (2022/23: £24,900) was received from Health Education England towards Registered Nurse Degree Apprenticeships. £26,935 (2022/23: £14,187) was received from the Hereford and Worcester acute hospitals for the provision of training and room hire for study days. £3,398 (2022/23: £nil) was received from Taurus Healthcare for use of the Mobile Hospice Support Vehicle.

There were no unfulfilled conditions or other contingencies attached to these income receipts.

5. Income from other trading activities

	Unrestricted £	Restricted £	**2024 Total £**	2023 Total £
Fundraising events	316,856	-	**316,856**	269,405
Lottery	406,802	-	**406,802**	394,886
Retail shops	4,083,290	-	**4,083,290**	3,555,827
Other	46,521	-	**46,521**	30,476
Total	4,853,469	-	**4,853,469**	4,250,594

6. Income from investments

	Unrestricted £	Restricted £	**2024 Total £**	2023 Total £
Bank interest received	25,882	-	**25,882**	11,143
Investment interest & dividends	299,613	-	**299,613**	173,594
Rental income	31,750	-	**31,750**	29,561
Total	357,245	-	**357,245**	214,298

7. Other Income

	Unrestricted £	Restricted £	**2024 Total £**	2023 Total £
Crematorium Fees	7,954	-	**7,954**	8,200
Disposal of fixed assets	-	-	**-**	612
Other	5,736	-	**5,736**	9,394
Total	13,690	-	**13,690**	18,206

8. Net income for the year

This is stated after charging:		**2023 £**	2022 £
Depreciation		**466,490**	446,676
Net profit on disposal of fixed asset		**-**	300
Net loss on disposal of fixed asset		**972**	-
Operating lease rentals:	- property	**349,678**	273,281
	- other	**47,591**	27,549
Auditor's remuneration:	- audit	**17,975**	15,400
	- other services	**2,500**	2,750
Interest receivable		**25,882**	11,143

9. Analysis of expenditure

		Charitable Activities								
	Cost of raising funds	Inpatient Care	In reach / Day Care	Supportive & Rehab Care	Hospice at Home & Community	Education & Training	Governance costs	Support costs	**2024 Total**	2023 Total
	£	£	£	£	£	£	£	£	**£**	£
Staff costs (Note 10)	2,029,607	2,632,434	313,554	456,110	1,337,253	8,864	-	836,095	7,613,917	6,522,937
Medical Consultants	-	116,583	-	-	-	-	-	-	116,583	61,908
Other Staff Costs	9,873	67,613	240	129,424	13,707	475	-	67,444	288,776	250,643
Retail Purchases	65,617	-	-	-	-	-	-	-	65,617	91,225
Lottery Prizes	83,100	-	-	-	-	-	-	-	83,100	84,722
Events	84,445	-	-	-	-	-	-	-	84,445	58,381
Community	37,685	-	-	-	-	-	-	-	37,685	27,896
Investment Management Fees	13,546	-	-	-	-	-	-	-	13,546	12,805
Education	728	17,010	121	121	6,074	243	-	-	24,297	21,080
Communications	12,580	9,435	786	786	6,290	1,572	-	-	31,449	37,514
Premises & Equipment	579,986	32,984	84	84	84	-	-	233,265	846,487	631,239
Transport & Travel	89,929	3,113	630	3,089	35,950	19	-	10,193	142,923	111,446
Telephones & Computers	51,726	27,989	5,801	6,347	31,006	530	-	244,658	368,057	302,550
Catering & Cleaning	87,202	130,895	914	914	914	-	-	23,154	243,993	225,435
Professional Fees	46,101	-	-	4,456	-	-	17,975	17,099	85,631	91,568
Depreciation	92,891	31,301	2,250	1,910	15,476	85	-	322,577	466,490	446,676
Medical & Nursing Supplies	-	215,638	-	414	3,239	-	-	-	219,291	235,527
Other Supplies & Services	140,957	20,757	1,999	12,268	6,076	479	-	171,063	353,599	268,782
	3,425,973	3,305,752	326,379	615,923	1,456,069	12,267	17,975	1,925,548	11,085,886	9,482,334
Support costs	394,739	962,774	48,139	19,254	481,387	19,255	-	(1,925,548)	-	-
Governance costs	3,686	8,988	449	180	4,492	180	(17,975)	-	-	-
Total expenditure 2024	**3,824,398**	**4,277,514**	**374,967**	**635,357**	**1,941,948**	**31,702**	**-**	**-**	**11,085,886**	-
Total expenditure 2023	3,012,667	3,785,904	280,381	576,107	1,753,850	73,425	-	-	-	9,482,334

10. Staff costs and numbers

Staff costs were as follows:

	2024 £	2023 £
Salaries and wages	**6,480,741**	5,529,118
Redundancy and termination costs	**68,966**	3,947
Social security costs	**540,542**	487,788
Pension contributions – defined benefit scheme	**214,548**	216,034
Pension contributions – defined contribution schemes	**346,281**	286,050
	7,651,078	6,522,937
Less: Recharged to capital	**(37,161)**	-
Note 9	**7,613,917**	6,522,937

The following number of employees received employee benefits (excluding employer national insurance and pension costs) during the year between:

	2024 No.	2023 No.
£60,000 - £69,999	**2**	1
£70,000 - £79,999	**2**	1
£80,000 - £89,999	**-**	1
£90,000 - £99,999	**1**	-

The charitable company considers its key management personnel during the year to comprise the Trustees and the Strategic Management Team - who are the Chief Executive and three other key directors. The total cost (including employer national insurance costs and pension contributions) of the key management personnel who served during the year was £290,320 (2022/23: £234,890). The Trustees were not paid nor received any other benefits or employment with St Michael's in the year (2022/23: £nil).

11. Staff numbers

The average number of employees (head count based on number of staff employed) and whole-time equivalents (WTE) during the year were as follows:

	2024 Head Count	2024 WTE	2023 Head Count	2023 WTE
Inpatient Care	**96**	**61**	88	57
In reach / Day Care Services	**17**	**8**	14	8
Supportive & Rehabilitative Care	**16**	**11**	15	10
Hospice at Home	**36**	**29**	39	28
Externally provided education and training	**1**	**1**	1	1
Support	**26**	**20**	23	19
Raising funds	**94**	**60**	78	50
	286	**190**	258	173

12. Related party transactions

During the year, the charitable company entered into transactions for the purchase of services as described below:

One family member of a Trustee who served during the year (Mrs J Winney) was employed by St Michael's on standard employment terms and conditions – their total remuneration (including employer national insurance costs and pension contributions) was £14,802 (2022/23: £14,999)

During the year, a management charge was made by the charitable company to SMH Trading Limited of £139,279 excluding VAT (2022/23: £165,598). At the end of the year gift aid of £6,283 (2022/23: £9,917) was payable by SMH Trading Limited to the charitable company. The total year-end balance owed to the charitable company was £124,479 (2022/23: £160,638).

13. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

14. Tangible fixed assets – Group and Charity

	Freehold land & buildings £	Assets in the course of construction £	Leasehold property £	Medical & nursing equipment & beds £	Fixtures, fittings & equipment £	Information technology £	Plant & machinery £	Motor vehicles £	Total £
Cost									
At the start of the year	11,374,718	13,800	281,004	265,136	706,439	179,039	1,358,735	222,369	**14,401,240**
Additions in year	2,865,164	169,971	77,845	25,420	92,974	39,530	33,273	20,617	**3,324,794**
Transfers in year	-	(13,800)	-	-	-	13,800	-	-	**-**
Disposals in year	-	-	(37,283)	-	(12,668)	-	-	(20,749)	**(70,700)**
At the end of the year	14,239,882	169,971	321,566	290,556	786,745	232,369	1,392,008	222,237	**17,655,334**
Depreciation									
At the start of the year	1,704,287	-	255,571	167,561	620,550	135,371	394,452	177,973	**3,455,765**
Charge for the year	275,500	-	17,943	17,138	41,997	18,483	71,639	23,790	**466,490**
Disposals in year	-	-	(37,283)	-	(11,696)	-	-	(20,749)	**(69,728)**
At the end of the year	1,979,787	-	236,231	184,699	650,851	153,854	466,091	181,014	**3,852,527**
Net book value									
At the end of the year	**12,260,095**	**169,971**	**85,335**	**105,857**	**135,894**	**78,515**	**925,917**	**41,223**	**13,802,807**
At the start of the year	9,670,431	13,800	25,433	97,575	85,889	43,668	964,283	44,396	10,945,475

Land with a value of £1,451,289 (2022/23: £499,789) is included within Freehold Land and Buildings and is not depreciated. All the above assets are used for charitable purposes.

15. Investments Properties – Group and Charity

	2024 £	2023 £
Fair value at the start of the year	**700,000**	700,000
Revaluation during the year	**40,000**	-
Fair Value at the end of the year	**740,000**	700,000

The properties were last valued on an open market valuation basis on 13th May 2024 by Alister Walshe FNAEA FNAVA of Stooke, Hill & Walshe. Being a previous related party, and now Life Patron, the Board of Trustees have approved the valuation.

16. Investments – Group and Charity

	2024 £	2023 £
Fair value at the start of the year	**10,066,216**	8,898,391
Transfers	**-**	-
Additions at cost	**1,659,669**	2,598,555
Disposal proceeds	**(3,464,006)**	(929,988)
Net gain / (loss) on change in fair value	**157,453**	(500,742)
	8,419,332	10,066,216
Investments - cash holdings	**23,083**	20,400
Fair value at the end of the year	**8,442,415**	10,086,616

Investments comprise:	2024 £	2023 £
UK Fixed Interest	**3,955,650**	4,513,465
International Fixed Income	**-**	101,506
Equities	**1,100,847**	2,051,663
Alternative Investments	**751,840**	1,378,578
Cash Funds	**2,634,067**	2,041,393
	8,442,404	10,086,605
Investment in subsidiary undertakings incorporated in the UK	**1**	1
Investment in Hospice Quality Partnership	**10**	10
	8,442,415	10,086,616

17. Subsidiary undertakings

The charitable company owns the whole of the issued ordinary share capital of SMH Trading Limited, a company registered in England, company number 06545386. St Michael's uses the subsidiary for non-primary purpose trading activities.

All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustee Ms P A Greenwood who served during the year is also a director of the subsidiary. Available profits are gift aided to the charitable company within 9 months of the year-end.

The table below shows a summary of the subsidiary's results.

	2024	2023
	£	£
Turnover	**244,748**	293,974
Cost of sales	**(94,985)**	(115,912)
Gross profit	**149,763**	178,062
Distribution costs	**(55,412)**	(65,883)
Administrative expenses	**(83,867)**	(99,715)
Other operating expenditure	**(4,201)**	(2,547)
Operating profit	**6,283**	9,917
Taxation	**-**	-
Profit after taxation	**6,283**	9,917
Retained earnings at the start of the year	**563**	563
Profit for the year	**6,283**	9,917
Gift aid donation	**(6,283)**	(9,917)
Retained earnings at the end of the year	**563**	563
The aggregate of the assets, liabilities and funds was:		
Assets	**145,244**	181,429
Liabilities	**(144,680)**	(180,865)
	564	564
Funds:		
Share capital	**1**	1
Retained profits	**563**	563
	564	564

Distribution costs and administrative expenses totalling £139,279 (2022/23: £165,598) represent a management charge from the parent entity. Amounts owed to the parent undertaking are shown in note 20. Transactions between the parent entity and trading subsidiary are included in note 12.

17. Subsidiary undertakings (continued)

The charitable company also owns the whole of the issued ordinary share capital of St Michael's Hospice Development Company Limited, a company registered in England, company number 07039211. St Michael's used the subsidiary for the redevelopment of the hospice buildings and surroundings.

All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustee Mr D Teague who served during the year is also a director of the subsidiary. Available profits are covenanted to the charitable company as appropriate within 9 months of the year-end. The company is dormant.

A summary of the results of the subsidiary is shown below:

	2024 £	2023 £
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Other operating expenditure	-	-
Operating profit / (loss)	-	-
Taxation	-	-
Profit / (Loss) after taxation	-	-
Retained (losses) / earnings at the start of the year	-	-
Profit / (Loss) for the year	-	-
Gift aid donation	-	-
Retained profit / (losses) at the end of the year	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	1	1
Liabilities	-	-
	1	1
Funds:		
Share capital	1	1
Retained losses	-	-
	1	1

St Michael's Hospice Development Company Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A.

18. Parent charity

The parent charity's gross income and results for the year are disclosed as follows:

	2024	2023
	£	£
Gross income and gains / (losses) on investments	**10,290,885**	9,605,718
Gross expenditure	**10,986,700**	9,363,874
Net (expenditure) / income	**(695,815)**	241,844

19. Stock

	Group		Charity	
	2024	2023	**2024**	2023
	£	£	£	£
Goods for resale	**15,275**	15,604	**1,254**	-
	15,275	15,604	**1,254**	-

20. Debtors

	Group		Charity	
	2024	2023	**2024**	2023
	£	£	£	£
Trade debtors	92,260	55,910	92,260	55,910
Amounts owed by group undertaking	-	-	124,479	160,638
Other debtors	127,190	93,241	126,980	93,031
Prepayments	218,683	119,336	218,683	119,336
Accrued income	288,627	540,357	288,627	540,357
	726,760	808,844	**851,029**	969,272

Trade debtors are stated after impairment provision totalling £nil (2022/23: £nil). Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. The carrying values of these are shown above and in note 21 below.

21. Creditors: amounts due within one year

	Group		Charity	
	2024	2023	**2024**	2023
	£	£	£	£
Bank overdraft	7,110	7,285	**7,110**	7,285
Trade creditors	272,257	182,955	**266,752**	179,277
Taxation and social security	134,702	113,591	**134,702**	113,591
Other creditors	114,430	105,850	**103,490**	92,924
Accruals	207,551	227,092	**203,795**	223,469
Deferred income	230,083	225,516	**230,083**	225,516
	966,133	862,289	**945,932**	842,062

22. Deferred income

Deferred income comprises advance ticket sales for the lottery, fundraising income for events that did not occur until after the balance sheet date and a legacy deferred for legal reasons. Except for the legacy of £128,500 (2022/23: £128,500), all the deferred income of the previous year was released in the current year.

	Group		Charity	
	2024	2023	**2024**	2023
	£	£	**£**	£
Balance at the beginning of the year	**225,516**	211,746	**225,516**	211,746
Amount released to income in the year	**(97,016)**	(83,246)	**(97,016)**	(83,246)
Amount deferred in the year	**101,583**	97,016	**101,583**	97,016
Balance at the end of the year	**230,083**	225,516	**230,083**	225,516

23. NHS pension scheme

The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS employees and certain employees of other approved organisations allowed under the direction of the Secretary of State in England and Wales. St Michael's is an approved organisation.

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 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 latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

23. NHS pension scheme (continued)

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

All pension charges are charged to unrestricted funds in line with the fund out of which the wages and salaries are paid. The amount charged to the Statement of Financial Activities in the year was £214,548 (2022/23: £216,034). Employee and employer contributions outstanding as at 31 March 2024 was £29,784 (2022/23: £29,841).

24. Analysis of group net assets between funds (current year)

	General unrestricted	Designated	Restricted	**Total funds**
	£	£	£	**£**
Tangible fixed assets	1,542,712	12,260,095	-	**13,802,807**
Investments	9,182,415	-	-	**9,182,415**
Net current (liabilities)/assets	(201,028)	911,201	84,522	**794,695**
Net assets at the end of the year	**10,524,099**	**13,171,296**	**84,522**	**23,779,917**

24a Analysis of group net assets between funds (prior year 2023)

	General unrestricted	Designated	Restricted	**Total funds**
	£	£	£	**£**
Tangible fixed assets	1,275,044	9,670,431	-	**10,945,475**
Investments	10,786,616	-	-	**10,786,616**
Net current assets	1,621,747	1,028,485	93,409	**2,743,641**
Net assets at the end of the year	**13,683,407**	**10,698,916**	**93,409**	**24,475,732**

25. Movements in group funds (current year)

	At 1 April 2023 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	At 31 March 2024 £
Restricted funds:						
Patient care	78,981	15,584	(19,109)	(5,071)	-	**70,385**
Funds for other specific items	14,428	1,689	(1,980)	-	-	**14,137**
Total restricted funds	93,409	17,273	(21,089)	(5,071)	-	**84,522**
Unrestricted funds:						
Designated funds						
Property fund	9,670,431	-	(275,500)	2,865,164	-	**12,260,095**
Capital investment fund	107,211	-	-	-	-	**107,211**
Development fund	921,274	-	(91,584)	(25,700)	-	**803,990**
Total designated funds	10,698,916	-	(367,084)	2,839,464	-	**13,171,296**
General funds	13,683,407	10,175,345	(10,697,713)	(2,834,393)	197,453	**10,524,099**
Total unrestricted funds	24,382,323	10,175,345	(11,064,797)	5,071	197,453	**23,695,395**
Total funds	24,475,732	10,192,618	(11,085,886)	-	197,453	**23,779,917**

Transfers represent the release of restricted and designated funds as they are expended on capital items.

Purpose of restricted funds - Restricted funds totalling £84,522 (2022/23: £93,409) comprise:

i **Patient Care** - In addition to £78,981 (2022/23: £102,589) at the start of the year restricted for care purposes an additional £15,584 (2022/23: £27,490) was received during the year via grant-making trusts and individual donations. £19,109 (2022/23: £25,616) was expended for these purposes during the year. A further £5,071 was expended on capital items and released to general funds.

ii **Funds for other specific items** - In addition to £14,428 (2022/23: £34,841) at the start of the year, a further £1,689 (2022/23: £6,431) was received from individual donations. £1,980 (2022/23: £25,844) was expended on these purposes during the year.

Purpose of designated funds - Designated funds totalling £13,171,296 (2022/23: £10,698,916) comprise:

i The property fund - This equates to the net book value of the freehold land and buildings. £275,500 (2022/23: £256,779) was expended being depreciation charged in the year. The transfer of £2,865,164 represents the freehold purchase of 85 Whitecross Road and Unit 14, Whitestone Business Park.

ii The capital investment fund – £107,211 (2022/23: £180,770) was held at the start of the year and remains at the end of the year.

iii The development fund - £921,274 (2022/23: £1,118,898) was held at the start of the year to support workforce and care service development initiatives. £91,584 was expended for these purposes during the year with a further £25,700 expended on capital items and released to general funds.

25a. Movements in group funds (prior year 2023)

	At 1 April 2022 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	At 31 March 2023 £
Restricted funds:						
Patient care	102,589	27,490	(25,616)	(25,482)	-	**78,981**
Funds for other specific items	34,841	6,431	(25,844)	(1,000)	-	**14,428**
Total restricted funds	137,430	33,921	(51,460)	(26,482)	-	**93,409**
Unrestricted funds:						
Designated funds						
Property fund	9,894,495	-	(256,779)	32,715	-	**9,670,431**
Capital investment fund	180,770	-	(500)	(73,059)	-	**107,211**
Development fund	1,118,898	-	(183,824)	(13,800)	-	**921,274**
Total designated funds	11,194,163	-	(441,103)	(54,144)	-	**10,698,916**
General funds	12,902,295	10,190,999	(8,989,771)	80,626	(500,742)	**13,683,407**
Total unrestricted funds	24,096,458	10,190,999	(9,430,874)	26,482	(500,742)	**24,382,323**
Total funds	24,233,888	10,224,920	(9,482,334)	-	(500,742)	**24,475,732**

26. Reconciliation of net income to net cash flow from operating activities

	2024 £	2023 £
Net (expenditure) / income for the reporting period (as per Consolidated Statement of Financial Activities)	**(695,815)**	241,844
Depreciation	**466,490**	446,676
(Gains) / Losses on investments	**(197,453)**	500,742
Dividends, interest and rent from investments	**(357,245)**	(214,298)
Profit on disposal of fixed assets	**(825)**	(612)
Loss on disposal of fixed assets	**972**	2,355
Decrease in stocks	**329**	1,196
Decrease / (Increase) in debtors	**82,084**	1,226,281
Increase / (Decrease) in creditors	**68,105**	(15,494)
Net cash provided by operating activities	**(633,358)**	2,188,690

27. Analysis of cash and cash equivalents

	At 1 April 2023 £	Cash flows £	At 31 March 2024 £
Cash at bank and in hand	2,781,482	(1,762,689)	1,018,793
Bank overdrafts	(7,285)	175	(7,110)
Decrease in the year	2,774,197	(1,762,514)	1,011,683

28. Operating lease commitments

The group's and charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2024	**2023**	**2024**	**2023**
	£	£	**£**	**£**
Less than one year	**277,579**	302,740	**26,155**	40,365
Later than one to five years	**728,360**	761,991	**26,929**	54,960
Over five years	**545,771**	635,595	**-**	-
	1,551,710	1,700,326	**53,084**	95,325

29. Capital commitments

At the balance sheet date, there were no capital commitments (2022/23: £nil).

30. Financial Instruments

Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. Listed investments are shown at market value. Financial assets include cash at bank and in hand, trade and other debtors and accrued income. Financial liabilities include bank overdrafts, trade and other creditors and accruals. The carrying values of these are shown in notes 16, 20, 21 and 27.

31. Legal status of charity

St Michael's is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £2.

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ST MICHAEL'S HOSPICE (INCORPORATING THE FREDA PEARCE FOUNDATION)

England & Wales - Charity number 511179

Accounts

St Michael's Hospice

incorporating the
Freda Pearce Foundation

Annual Report and Consolidated Financial Statements

For the year ended 31st March 2023

Company Registration Number: 01634942 (England and Wales)
Charity Registration Number: 511179

st-michaels-hospice.org.uk
twitter.com/stmichaelshosp
facebook.com/stmichaelshospicehereford

St Michael's Hospice

Now and always: Caring to make a difference

Our service is completely free of charge

St Michael's Hospice provides its care, free of charge, to patients, their families, and carers. This care is made possible by supporters taking part in fundraising events, playing our lottery, shopping at our retail outlets, making charitable donations, leaving gifts in their wills, or giving freely of their time to volunteer.

If you would like to support St Michael's, you can find out more about what we do and ways you can help by visiting our website.

To share your comments or suggestions with us, please contact:

Quality and Compliance Team
St Michael's Hospice
Bartestree
Hereford
HR1 4HA

✉ **quality@smhospicehereford.org**

St Michael's Hospice (incorporating the Freda Pearce Foundation)

For the year ended 31 March 2023

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St Michael's Hospice (incorporating the Freda Pearce Foundation)
For the year ended 31 March 2023
Reference and Administrative Information

Charity Name	St Michael's Hospice (incorporating The Freda Pearce Foundation)
Charity Number	511179
Company Number	01634942
Address of Registered Office	St Michael's Hospice Bartestree Hereford, HR1 4HA
Country of Registration	England and Wales
Country of Incorporation	United Kingdom
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: Mr D R Teague, Chair Revd Preb K B Garlick Ms P A Greenwood Mr D T Hammond (deceased 2nd September 2022) Mrs C J Winney Mr E D Drummond Mr I D A Entwisle (appointed 15th June 2022) Mr C A Akle (appointed 15th June 2022) Dr P F Downey (appointed 10th October 2022)
Life Patrons	Dr R G Miller Dr J J Kramer Mr A J Walshe
Chief Executive Officer	Mr M L Keel
Strategic Management Team	Mrs E J Cotton, Finance and Facilities Director Mrs R S Jones, Income Generation, Marketing and Communications Director (appointed 12th September 2022) Mr B Paul, Quality and Care Strategy Director (appointed 2nd May 2023)
Company Secretary	Mr M L Keel
Bankers	The Royal Bank of Scotland PLC Drummond House 1 Redheughs Avenue Edinburgh EH12 9JN Barclays Bank PLC 54 High Street Worcester WR1 2QQ
Independent Auditor	Crowe U.K. LLP Statutory Auditor Fourth Floor St James House St James Square Cheltenham GL50 3PR

The Trustees of St Michael's Hospice ('St Michael's') present their report and the audited financial statements for the year ended 31 March 2023. Reference and administrative information set out on page 4 forms part of this report.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their financial statements in accordance with FRS 102.

The Trustees of St Michael's are charity Trustees for the purpose of the Charities Act and are Directors of St Michael's and Directors for the purposes of the Companies Act. The Trustees form the Trustee Board of St Michael's. Although the Strategic Management Team's (SMT) job titles include the word 'Director', these people are not Directors within the meaning of the Companies Act.

The Trustee Board is responsible under St Michael's governing document for controlling the management and administration of St Michael's within the law. It is ultimately responsible for everything St Michael's does and how it does it. The overriding duty is to act in good faith within charity law and to make sure St Michael's pursues its aims (as set out in the governing document); uses its assets only to pursue those aims; and acts for its community.

It does this by:

- Safeguarding and promoting the values and mission of St Michael's;
- Determining the strategy and structure of St Michael's;
- Ensuring St Michael's operates in an effective, responsible, and accountable manner, securing future sustainability;
- Ensuring the effective functioning of the Board of Trustees;
- Ensuring the organisation meets all statutory requirements.

During the year, the Board of Trustees met seven times as a complete Board with subcommittee meetings in between. Board members are unremunerated volunteers.

The Board is made up of members according to an analysis that identifies skills, experience and qualities needed for the good governance of St Michael's.

Related Parties and Relationships with other Organisations

St Michael's is the parent undertaking of a group consisting of:

- SMH Trading Limited - St Michael's uses this subsidiary for non-primary purpose trading activities.
- St Michael's Hospice Development Company Limited - St Michael's uses this subsidiary for redeveloping the hospice buildings and surroundings. This company is dormant.

Both subsidiaries are English registered companies and Gift Aid all available profits to St Michael's where applicable.

Operating Structure and Charity Governance Code

The Board retains ultimate operational responsibility and sets the aims, policies, and objectives of St Michael's together with performance monitoring.

It has however devolved authority for its strategic implementation, attainment, performance and day-to-day running to the Chief Executive Officer and his senior management team who are also responsible for St Michael's meeting all its statutory and contractual obligations.

St Michael's Governance Manual describes these arrangements. The Governance Manual is kept under review by the Trustees with reference to the Charity Governance Code.

St Michael's has a comprehensive range of operational policies and procedures that it maintains in line with the requirements of the Care Quality Commission, which regulates the clinical activity of St Michael's, the Gambling Commission that regulates the Lottery and the Fundraising Regulator.

Objectives and Activities

Objectives

The Founders set up St Michael's on 12 May 1982 as the Freda Pearce Foundation. St Michael's is governed by its original Memorandum and Articles of Association, which St Michael's has subsequently amended by special resolutions on 02 November 1998, 02 October 2002, 15 April 2009, 07 November 2012, 28 September 2017 and 25 March 2020. St Michael's changed its name to St Michael's Hospice (incorporating the Freda Pearce Foundation) on 02 November 1998.

The Articles, as amended, state the objects of St Michael's are to promote the relief of sickness in people over the age of 18 years who are Herefordshire residents or living in the immediate surrounding counties.

*Our **mission** is to make sure palliative and end of life care is available to all who can benefit from it, regardless of gender, diagnosis, social group or setting. This includes supporting those people close to the dying person throughout the pre- and post-bereavement stages too.*

St Michael's knows it cannot do all of this on its own and so works with communities, groups, and organisations to support them and help them understand the importance of good palliative care and how they can play their part to ensure there is a spectrum of services to meet patient and family needs.
St Michael's also recognises it must help change people's perception and understanding of end-of-life care as well as their readiness to talk about it – not only their own plans but their families and friends too. St Michael's encourages patients (with their families where appropriate) to produce a plan that describes their needs and preferences as they come to the end of their life. This helps ensure they receive the right care, in the right place, delivered by the right people. St Michael's provides its services free to patients, carers, and families to ensure accessibility.

*Our **vision** is that everyone in Herefordshire and the surrounding areas who needs and wants palliative care has timely access to it, delivered in a way that suits them.*

Principal Activities

St Michael's fulfils its purpose through its principal activity of providing adult hospice care to the people of Herefordshire and immediate surrounding areas as follows:

1. Adult inpatient palliative medical and nursing care in a twenty-bed purpose-built unit (16 beds in use during this reporting period with negotiations ongoing with the NHS to open the remaining 4).

2. Adult outpatient palliative medical and nursing care in Day Services and appropriate therapy (physiotherapy, occupational, music, art and complementary).

3. Hospice at Home Service, which includes 24-hour telephone advice, care co-ordination service, urgent care team and planned home care packages. St Michael's provides this care in people's homes or places they regard as home (e.g. nursing and residential homes).

4. The provision of education and training. St Michael's seeks to influence and guide the quality of palliative care in other settings and given by other providers through its education and training programmes thereby sharing the experience, expertise and knowledge St Michael's has built up from nearly 40 years of working in palliative care. St Michael's also ensures its own staff and volunteers have opportunities to develop their skills, knowledge, and competence as these have a direct bearing on the quality of support St Michael's can provide.

5. Underpinning the main services is the Supportive and Rehabilitative Care service, which social workers, bereavement care workers, spiritual workers and counsellors deliver. They offer this to all patients and families who access the Inpatient Unit, Day services and Hospice at Home services. These services provide the vital social and psychological elements of support that characterises holistic care and to which St Michael's aspires. The holistic approach not only considers the patient's condition, life, and circumstances, but also supports and cares for the patient's family and friends. The Supportive and Rehabilitative Care service also collaborates with another charity called Hope Support, to provide care and support to children who are close to our patients.

Support for Principal Activities

The facilities teams (catering, housekeeping and maintenance) provide essential support for the principal activities. The management and administration team provide the necessary governance, oversight and operational management plus finance, human resources (HR), information technology (IT) and administrative support. The fundraising and retail teams maintain the necessary income needed by St Michael's to deliver its services, as recurrent statutory funding (from NHS, local authorities, and the Department of Health) remains inadequate.

St Michael's has over 800 volunteers who provide regular support to all service areas. Many more provide ad- hoc support at events etc. or volunteer via their workplaces, communities, and other organisations for the benefit of St Michael's. The contribution these people make is vital to St Michael's success and survival. These volunteers support 258 employed staff (including bank staff) to provide the quality care service and the required support services for patients and their families to meet and go beyond regulatory requirements.

Public Benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing St Michael's objectives and in planning its future activities.

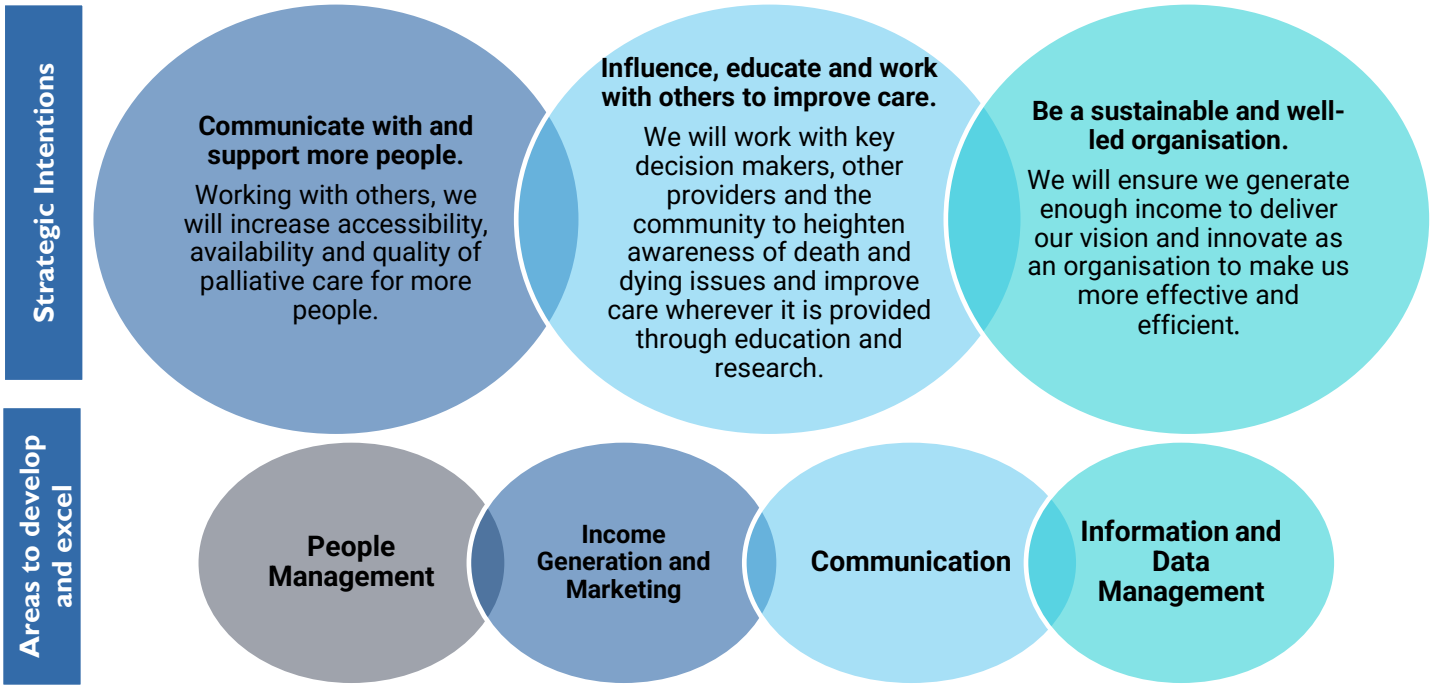
The Trustees consider how planned activities will contribute to the objectives that have been set; reporting the success of each key activity and the benefits St Michael's has brought to those groups of people that it is set up to help, and the wider public benefit. The Trustees regularly review the objectives and activities of St Michael's ensuring they remain focused on its stated purposes.

The Trustees continue to recognise three strategic intentions underpinned by four key areas in which St Michael's must continue to develop and excel to successfully deliver the objectives and activities.

The Strategic Report that follows sets out our ongoing strategy and looks at what St Michael's has achieved, and the outcomes of its work, in the reporting period.

Strategic Report

*Our ongoing **strategy** is to have a multi-faceted approach that focuses on ensuring its long-term sustainability and ability to operate in the new health economy; as well as initiatives to do more, in partnership with other organisations, to give patients greater choice; ensure they receive the best support available free of charge; and to significantly enhance our engagement in our communities.*



Our Year In Numbers

The estimated value of our volunteer contribution is over **£2 million**

Our Hospice at Home service supported **836** people making **12,296** visits

The Santa's Grotto, held in our Hospice grounds, sold-out in just **5 hours** with **2,200** people attending

We had **290** admissions, down 5% on last year with the average length of stay increasing to **19** days

We have supported and cared for **2,214** people in 2022/23, **up 7.8%**, with more people supported at home

Our shops delivered a profit margin of **43%**

Numbers signed up to our e-newsletter rose by **77%**

Over **£790,000** income was generated by Events & Community fundraising

174 people were supported by Day Services, an increase of **38%**

In 2022/23 we achieved **'One Star'** status & inclusion in the Times Top Charities to Work For list

Our lottery has **5,533** members

Achievements and Performance 2022/23

St Michael's has once again delivered more services to more people during the last year. This has been achieved against a backdrop of world and economic uncertainty and upheaval.

The Trustees remain proud of the immense fortitude, resourcefulness, ingenuity and dedication shown by the volunteers and staff. It is the people of St Michael's that makes the charity what it is, and this ensures St Michael's continues to provide its vital care and support to those who need it and at the highest quality.

The Income Generation team has worked tirelessly to restore our income streams after the pandemic and has achieved impressive results under difficult circumstances.

We continue to work with the NHS Integrated Care Board (ICB) and our hospice colleagues in Worcestershire to implement a fairer, more consistent and sustainable funding stream for Hospices in Herefordshire and Worcestershire.

Strategic Intention One: Communicate with and support more people

St Michael's has supported and cared for 2,214 people in 2022/23 (2021/22: 2,053).

We know that people want to receive their care in many different places and settings and not always at or by St Michael's. We want to ensure that people, wherever they are, receive high-quality palliative care.

For those who chose hospice services for their end of life and palliative care, St Michael's saw increasing demand, with patients having increasingly complex diagnoses.

The **Inpatient Unit** (IPU) received 403 requests for admission, which resulted in 267 people having 290 admissions (some people were admitted more than once). This is a slight decrease of 5% on 2021/22 and reflects the fact that our patients are having slightly longer stays and this reduces capacity to admit.

	2022/23		2021/22		2020/21		2019/20		2018/19	
Inpatient Unit Activity	**%**		**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	
Admissions	**290**		**306**		**273**		**281**		**343**	
Admitted From:										
Home	**166**	58%	181	59%	191	70%	201	72%	251	73%
Hospital	**120**	41%	121	40%	79	29%	67	24%	88	25%
Other	**4**	1%	4	1%	3	1%	13	4%	4	2%
Total	**290**	**100%**	**306**	**100%**	**273**	**100%**	**281**	**100%**	**343**	**100%**
Location at end of stay:										
Died	**214**	74%	214	70%	171	65%	190	67%	197	57%
Home	**63**	22%	79	26%	89	30%	72	26%	146	43%
Hospital	**1**	-	-	-	1	-	-	-	-	-
Other	**12**	4%	13	4%	12	5%	19	7%	-	-
Total	**290**	**100%**	**306**	**100%**	**273**	**100%**	**281**	**100%**	**343**	**100%**
Average Length of admission	**19**		**16**		**19**		**19**		**17**	
Occupancy (target 90%)	**92%**		**82%**		**89%**		**91%**		**80%**	
Hospice at Home Activity										
Number of People Supported	**836**		604		716		758		554	
Number of Visits Made	**12,296**		10,116		10,198		10,520		9,609	

The average length of each stay in the inpatient unit was 19 days (2021/22: 16 days) and is because of the increased complexity and sickness of patients now presenting who need to stay with us longer to resolve their issues. We are seeing some issues of delayed discharge because of a lack of services for discharged patients. Not all referrals result in admission. There are various reasons why this might happen (the person's condition changes; they decide to receive home care instead; or they deteriorate suddenly and die before the admission can be arranged), but in all cases St Michael's supported the person with services suitable to their situation.

Overall occupancy of the inpatient unit exceeded our 90% target for the year at 92% compared to 82% last year. This is a tremendous achievement and is due to the hard work and dedication of our workforce to ensure our resources are used to maximum benefit for the people who need them.

Day Services has now recovered most pre-pandemic activities. The use of telephone and video appointments, developed during the pandemic, has continued and remains a feature of some of our support during the year. The number of people supported face-to-face by Day Services during the reporting period was 174. This compares with 126 people in 2021/22. The three core services being offered are Day Hospice (DH); Living Well Support (LW); and Fatigue and Breathlessness Support (FAB). 2022/23 saw the re-opening of our Wellbeing Services, with preparations underway to launch a new Bathing Service in 2023/24.

We continued to grow our Supportive and Rehabilitative Care team this year and are now reaching more people in the community. We increased our Bereavement Support service using an NHS Grant in response to a growing need caused by the pandemic. We expect to continue this service into 2023/24 and broaden its remit to more bereaved people so that our expertise and experience is available to others.

The **Outpatient Medical Clinics** continue although capacity in the medical team has been reduced and so only 137 patients had a medical outpatient appointment compared to 92 the previous year and 250 pre-pandemic. With new medical staff starting in 2023/24 we expect this to recover.

The NHS commissioned **Hospice at Home service** continues to evolve and grow with 836 people supported. This is an important service for those people who would prefer to receive their care at home in familiar surroundings and close to their family.

Activity increased this year with the addition of a Nursing Home Sister, supporting care home staff to deliver expert palliative care. 346 people have benefitted, and countless avoidable hospital admissions have been averted.

The Co-ordination Hub is the single-entry point for all St Michael's services. It not only receives referrals but also provides advice, which gives patients, families, carers and professionals access to senior nurses and co-ordinators from 07.00hrs-22.00hrs every day. Outside of these hours, advice and support is delivered by the senior nurses on the Inpatient Unit with access to medical support as required. An additional function of the Co-ordination Hub is to support patients on the Inpatient Unit waiting list when a bed is not immediately available. This support ranges from home visiting to telephone advice.

The Hospice at Home team continue to provide the brokerage function for finding agency care packages for people who qualify for funded care. This created increased work for the team, but the benefits to patients and families was most evident with quicker discharge from hospital and more responsive care packages provided.

The Compassionate Communities development work is picking up again with more volunteers receiving training and more locations setting up their own groups.

Strategic Intention Two: Influence, educate and work with others to improve care

Our Mobile Hospice Support Vehicle has returned to St Michael's after being loaned to the Herefordshire NHS to use as a COVID testing and vaccination station. This was hugely successful and increased awareness of St Michael's services all over the County. We intend to build on this new relationship with the NHS and local GP's to support them and St Michael's in the delivery of health care to rural areas and isolated communities.

St Michael's educational programmes ensure staff and volunteers both at St Michael's and in other partner organisations are competent and confident in the delivery of high-quality palliative care. The programme also supports more wider organisational development with management training, customer service courses and leadership skills acquisition. Work has begun to collaborate with our hospice colleagues in Worcestershire to deliver education and training together to increase capacity and widen the impact this has within the ICB area. We are also part of a West Midlands Hospice Collaborative seeking to set up an Education and Training Academy to raise the level at which education can be provided by partnering with higher education establishments.

Project Echo continues at St Michael's. This is a world-wide initiative that aims to democratise care by making specialist expertise available closer to the patient. St Michael's is using this project to engage more with care homes and GPs. An NHS Grant has funded the project and we are implementing it with our hospice colleagues in Worcestershire. We continue to develop our e-learning platform, which enables staff and volunteers to receive most of their training more flexibly and electronically. This ensures we meet our regulatory requirements set by the Care Quality Commission and we can easily evidence this.

Strategic Intention Three: Be a sustainable and well-led organisation

St Michael's continually seeks ways to increase its efficiency and effectiveness through monitoring and benchmarking its suppliers and continuing to cut out waste. St Michael's is an active member of the Hospice Quality Partnership (HQP), an organisation set up by UK hospices to achieve best value through joint procurement and contracting.

St Michael's has a diverse range of income streams, so it is not reliant on any one source of funds. These include many different types of fundraising (donations, legacies, events, community, trusts, lottery, corporate); retail income from our shop portfolio; investment income; property rental; and some NHS income.

We have developed our management and leadership structure to ensure decision-making and responsibility is as close to the point of delivery as possible. We support managers, supervisors, and leaders in all areas to seek ways to improve the things we do and ensure our supporters, staff and volunteers flourish in a positive and nurturing environment, which in turn delivers the best care to our patients and families.

St Michael's finances continue to hold up despite a difficult economic environment. A continuation of the efforts made by staff, Trustees, and volunteers to maximise income, control costs, and secure efficiencies without compromising services will continue to support financial sustainability.

Areas that underpin our three strategic intentions

1. People Management

St Michael's is reliant on having enough of the right people (volunteers and paid staff) to deliver its objectives and activities; finding the best people is becoming harder as demographic changes occur and there is a smaller pool from which to recruit professional staff. We have continued our focus on improving our Human Resource function to speed up systems and processes and automate as many as possible to free up staff and volunteers to concentrate on their core roles. The annual organisation-wide staff survey operated by Best Companies gives us a confidential and impartial review of our staff engagement. In 2022/23 we achieved 'One Star' status and inclusion in the Times Top Charities to Work For list.

During the year we had 258 (2021/22: 241) staff, equivalent to 173 (2021/22: 161) whole time equivalent posts. 157 (2021/22: 146) work directly in clinical and care areas and associated parts of the service.

The Trustees wish to record their thanks to all St Michael's volunteers and staff, past and present, in all departments, who are essential to providing high-quality care for patients. The staff and volunteers are the guardians of St Michael's excellent reputation and good standing, attributes which are vital and must remain at the highest level.

2. *Income Generation and Marketing*

Income Generation and Marketing plans were under continuous review to ensure every opportunity was taken to safeguard income, reduce costs and deliver excellent supporter and customer care throughout the year. September 2022 saw the welcome arrival of the new Income Generation, Marketing and Communications Director, Rachel Jones, with over 15 years' experience within the hospice sector.

This year saw the return of face-to-face fundraising, as post-Covid fears over attending community and mass-participation events started to diminish. However, a new threat to fundraising arose with the cost-of-living crisis impacting upon supporters' disposable incomes and their ability to donate or feel able to ask others for sponsorship.

Despite these increasing pressures Events and Community Fundraising achieved gross income of £790,020 (2021/22: £632,140), an increase of 25% despite staff shortages, and lower sponsorship levels at some of our flagship mass participation events such as RUN Hereford, Paint Runner and Rudolph Run, with the net position against budget at year end standing at a deficit of £22,071. A highlight from the year included a fundraising donation from Ian Rivers of £100,000 from his challenge of rowing the Atlantic solo and unaided. This boosted the 'In aid of fundraising' gross income to £299,060 against a budget of £200,000.

We also saw a return to challenge activity throughout the year. The Summer skydive proved so popular a Santa Skydive was introduced to the portfolio. The result was an overall net contribution of £19,474 against a budget of £3,000.

It is always a pleasure to welcome supporters to events hosted at the hospice and the on-site Plant Fair continued to grow with visitor numbers of around 1,200 over the two days, with a net contribution of £12,936. In September, we were able to formally open the redesigned hospice gardens with the help of special guests Monty Don and John Cunningham; this raised an additional £5,563 net.

The Christmas activities grew again with the introduction of a Christmas brochure in Messenger and social media marketing. The ever-popular Grotto sold out in just 5 hours with 623 families booking, an attendance of 1,153 children and estimated total attendance (including adults) of 2,200.

The introduction of the Artisan Market was warmly received and gave an opportunity to thank volunteers during an invitation only pre-launch event.

The Santa Run was just 7 participants short of a sell-out event (300), and the Christmas Tree Collection service saw just over 1,100 bookings. In total these Christmas Activities brought in £46,535 net against a budget of £22,819.

St Michael's is always appreciative to companies that choose to support through a variety of initiatives including volunteering and getting involved in fundraising. Radnor Hills donated £7,500 as a partner again this year and M&M Direct sponsored the Sue Parry event for £5,500, resulting in this annual community event contributing £6,679 net this year.

Trusts and Foundation grants secured this year amounted to £196,321, slightly down against budget due to competition increasing for funding. We were also hugely grateful to receive a donation of £500,000 during the year in recognition of the care and support received by a family.

With people tightening their spending due to the economic climate, this brought opportunities to our retail operation offering affordable pre-loved goods.

The increasing trend to shop sustainably is changing attitudes towards using charity shops. It is great to see younger generations also proactively seeking out our shops, in the hope of finding well priced items as well as helping the environment through preventing unwanted goods going to landfill. Donations for stock have continued to be plentiful, with the capacity for some stores to open for donations on additional days in the future. One of the biggest challenges for retail has been encouraging volunteers back after the pandemic, with many retail volunteers not wanting to return, resulting in the hospice carrying out recruitment drives for new volunteers.

Retail income for the year was an exceptional £3,555,827 (2021/22: £2,987,159), with the four Home and Living stores bringing in £2,411,336, an extra £221,766 over their targeted income.

A focus for the year has also been to grow our online trading with sales achieving £96,299 and plans to double this in the coming year.

The shops also increase the profile of St Michael's within each community, which is of vital importance. We continued to search for opportunities to extend our retail sites and by the year end we committed to two new units; a third site in Ross-on-Wye and a further shop in Monmouth which are both now open. A retail strategy has been written and within this we will seek to find additional or replacement sites, with a particular focus on larger stores.

Our Hospice Lottery and Raffles contributed £394,886 gross income (2021/22: £387,855). It is a challenging environment with some players cancelling subscriptions due to tightening their finances. During the year we saw 615 new players with 709 new plays; face-to-face canvassing signed 71% of these players. Focus for the lottery in the future will be on introducing single-play lottery tickets in the shops and revisiting canvassing options as agency costs have increased. Raffles remain an important income stream for the hospice with £63,320 income being generated this year from the two raffles.

We generated £8,054,941 (2021/22: £6,870,979) from voluntary and other income sources (excluding income directly related to our charitable activities). The cost of raising funds, including the reallocation of support cost, was £3,012,667 (2021/22: £2,741,170). Increased costs predominantly relate to increased staff related expenditure within Retail. For every £1 raised, 63p goes on delivering and improving our care and support for people living with life-limiting illness, and 37p goes on generating further income.

With strong financial management to control costs, and income totalling £1,755,946 from those choosing to leave a lasting legacy to St Michael's through Gifts in Wills, net income before net losses on investments was £742,586.

3. *Communication*

Our Marketing and Communications Team keeps St Michael's in the forefront of people's minds, from the promotion of events to stories which highlight how people living with a life- limiting illness have been cared for and supported by St Michael's.

During the year the Marketing and Communications Team introduced a new-look newsletter with a greater number of pages to keep supporters fully informed on the work of St Michael's and how to get involved. Capturing powerful images continues to be key to support hospice news and stories. The team, which now includes a Digital Marketing Executive, managed the marketing for all fundraising activities, as well as supporting campaigns to grow volunteers and promote our care.

The brand personality was further developed through the consistent and timely use of social media promotion which continues to gain momentum with increased engagement across all channels. Digital campaigns have furthered this, with a fresh, colourful, and upbeat approach to our graphics. More video and reel content has been introduced, helping us to reach younger markets and this approach has increased our engagement and reach.

Regular e-communications have shown greater engagement with the community and supported awareness of upcoming events and uptake, with a 77% increase in e-newsletter sign ups. The open rate has also risen by 11% and click rates have increased by 2%, which are both now well above industry standard.

Supporter communications followed a stewardship approach keeping people informed on how St Michael's was adapting and continuing to deliver its services. Thanks to this work, the community is far more aware of the breadth of services St Michael's provides; how we are funded; and how more people can benefit from our services, not just at the end of life.

The quality and visibility of our branding, patient literature, St Michael's website, hospice services and external communication continues to ensure people remain inspired by the work carried out by St Michael's. Over the coming year priorities will be revisiting our logo to ensure it is accessible for paper and digital copy, and we will be launching a new website.

4. *Responsible Fundraising*

St Michael's is registered with the Fundraising Regulator and is a member of the Institute of Fundraising, the National Association of Hospice Fundraisers, the Hospice Lotteries Association, and the Charity Retail Association, and is committed to adhering to the Code of Fundraising Practice. We have had no adjudications.

We continue to focus on our Data Protection procedures and communication preferences with all our supporters and feel well placed to communicate with donors appropriately.

We ask supporters their preferences as to how we communicate with them. We give them the option to let us know if they wish to change their preferences or no longer wish to hear from us, and always respect their wishes. We do not sell or exchange lists of data with any other charities or companies.

We review compliance through non-financial audit, mystery shoppers, surveys, monitoring feedback and at our Income Generation and Marketing Committee and take corrective action when required to ensure that all St Michael's fundraisers and those who work on our behalf are aware of and adhering to our high standards.

If we encounter someone showing signs of distress, confusion, or vulnerability our fundraisers will politely refuse any donation offered in such circumstances. In the unlikely event of a donation being received in such circumstances, we will refund the donation. The fundraising team follow the guidelines of the Chartered Institute of Fundraising's 'Treating Donors Fairly' guide. The number of complaints received during the year regarding fundraising was one (2021/22: nil).

5. *Information and Data Management*

With the ability to collect vast amounts of data and information easily these days, St Michael's needs to be able to analyse and use this data to increase our effectiveness and understanding of our work. Much of our work uses computers and so we have a strategy to develop and secure these systems appropriately and to best effect.

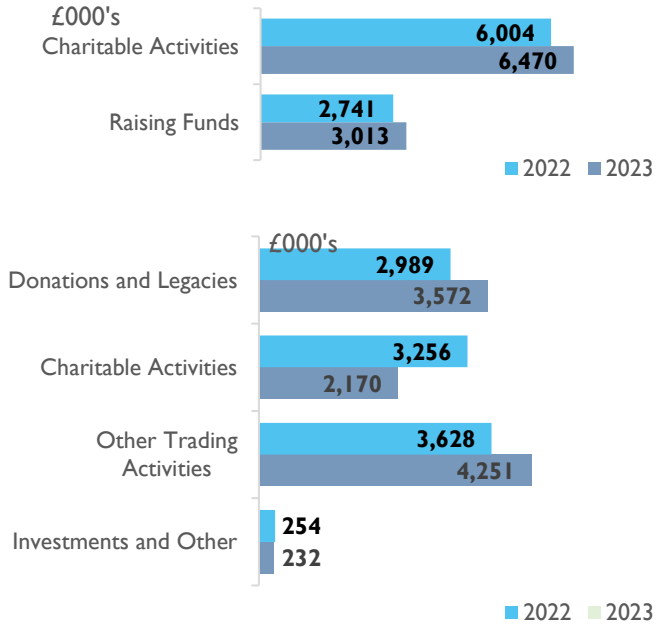
St Michael's has achieved Cyber Essential Plus accreditation (Certificate Number: 46b9d4c6-508c-4966-b3a6-ad158987df9d).

Financial Review

The consolidated financial statements that follow later in this report comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows, and related notes, which include the results of the group companies. The result for the year was a surplus of £241,844 (2021/22: £1,424,501 surplus).

Total expenditure for the year increased by 8.4% to £9,482,334 (2021/22: £8,744,676); 83% of this relates to increased staffing costs, with a further 10% relating to increased fundraising and other trading activities. 68% was spent on charitable activities.

Total income for the year increased by 1.0% to £10,224,920 (2021/22: £10,127,050).



There follows a brief overview of the financial management that has fed into these reports.

Investment Policy and Returns

Because of the uncertainty of fundraising income streams, it is necessary to ensure that funds are always readily available for use to ensure that levels of care are not adversely affected in the event of any short-term income reduction. The Trustees have decided to maintain a low-risk investment strategy to protect reserves, and therefore services, rather than seeking higher return investments which increase the risk profile. Performance is measured against agreed inflation and market indices.

In the current economic crisis, maintaining pace with inflation remains exceptionally hard. With net losses of £500,742 (2021/22: £7,127 gains), and total return of minus £327,148 (2021/22: plus £147,443) performance fell short of target.

Reserves Policy

The Trustees have reviewed the reliability of future income streams, the commitment to future expenditure and risks faced as a Charity. St Michael's has determined that it needs reserves for the following reasons:

- To fund shortfalls in income (whether statutory, retail, lottery, donations, legacies, or other fundraising activities) when it does not reach expected levels. St Michael's is dependent on fundraised income as well as statutory funding which is currently low. The fundraised income is subject to fluctuation as economic conditions change and statutory funding could be affected by government policy and the financial position of NHS and local authority commissioners;
- To fund unexpected expenditure, for example when legislation changes, or unplanned events occur. This could also be for unexpected building maintenance costs and to provide a degree of flexibility for innovation;
- To fund working capital. The greatest cost is salaries and therefore the timing of cash outflows is relatively fixed whereas both fundraised and statutory income fluctuate in terms of cash inflow over the year;
- To fund future developments to ensure we continue to meet the needs of our community.

At the end of March 2023, the free cash reserves within general funds increased to £12,408,363 (2021/22: £11,619,057), an amount which equates to 13.7 months of budgeted 2023/24 operating costs, exceeding our reserve policy of 9 months. This level of reserves helps St Michael's to continue to provide all of its services in difficult times such as we experienced during the COVID-19 crisis, and the uncertain political and economic times ahead with rising cost inflation.

The net book values of freehold land and buildings are held in a designated reserve called the Property Fund, totalling £9,670,431 at 31 March 2023 (2021/22: £9,894,495). By designating these funds, the Trustees aim to give a clear presentation of the free reserves available to St Michael's to meet its continuing operational commitments. At the year-end, restricted reserves totalled £93,409 (2021/22: £137,430). At the year-end, the designated capital investment fund totalled £107,211 (2021/22: £180,770) and the designated development fund totalled £921,274 (2021/22: £1,118,898).

The level of reserves is monitored regularly by the Finance & Investments Committee and St Michael's reserves policy is reviewed annually by the Trustees when the budgets are approved. This will ensure that appropriate steps are in place to maintain reserves at the required levels.

Principal Risks and Uncertainties

Over the course of this year, the Trustees did not identify any new major risks that are thought to have a catastrophic effect on service delivery, income generation or compliance with regulations. They continue to consider the following material risks:

- Unpredictability of the legacy income stream, which currently represents 17.2% (2021/22: 16.1%) of all income.
- A risk to donations because of the economic and political climate and competition for funds.
- Uncertainty over the NHS contribution due to austerity measures and economic climate.
- Demand for hospice services outstripping capacity both in terms of volume and skill.
- An ageing workforce and volunteer cohort.
- Challenges in recruitment, particularly in nursing nationally and locally.
- Failure in the provision of the service.

St Michael's continues to mitigate these risks through careful management of expenditure, stewardship and diversification of income streams, maintaining appropriate reserve levels and raising the profile of St Michael's invaluable services.

Going Concern

The Trustees have reviewed financial forecasts into 2027 and have paid special consideration to reviewing the risks to St Michael's services and finances as a result of the current economic and political climate. The Trustees are confident that St Michael's will continue as a going concern for the foreseeable future.

Future Plans

St Michael's will continue its current strategy while monitoring the risks to its implementation. The needs of our patients continue to change and evolve. We will continue to maximise the use of our facilities for the benefit of our patients and families. We will continue to keep all our services under review as each develops and impacts the others so that patients and families receive the high-quality care they need, in the way they want it and at the place of their choosing. With the introduction of the Integrated Care Boards (ICB) for Herefordshire and Worcestershire, St Michael's continues to ensure its interests and operations in Herefordshire are heard at the ICB level, including continuing to work closely with our colleagues in the other hospices.

An outcome of the pandemic is that Central Government recognises the vital contribution of hospices and will be working to achieve a fair payment scheme to guide local commissioners in their negotiations with their hospices to ensure a better deal.

During 2023/24 we will continue to focus on enhancing and growing our volunteer teams, which will be more challenging than ever before, but who remain vital to our future.

We will continue to move closer to our communities. The Mobile Hospice Support Vehicle will contribute to this enormously by travelling round the villages and far reaches telling people about St Michael's services and offering support locally. Combined with the Compassionate Communities work we have started this will give more support to more people too. By developing our education programmes and embracing new technologies, we will offer more opportunities and ways for people to engage with St Michael's for their personal and professional development, especially in care and residential homes where most palliative and end of life care will be delivered in the future.

As the organisation grows and becomes more spread (through more fundraising, retail outlets and services delivered in homes) we need to ensure we keep people in touch with St Michael's and fully informed and briefed so they can not only work effectively but also act as expert ambassadors for St Michael's. We will develop our communication channels more, so we ensure each donor and supporter understands the important contribution they make to people's lives in Herefordshire and the surrounding areas.

Finally, St Michael's experienced a great deal of learning and accelerated development during the pandemic, delivering services in new ways which take advantage of technologies that have become commonplace. We are committed to retaining as much of this as possible and developing the new links and collaborations that have been forged where this supports our strategic aims.

Thanks to the generosity of our community, St Michael's continues to provide the best possible palliative care and support for local people and their families. The Board of Trustees would like to extend a heartfelt thank you to all the supporters who make this possible.

Structure, Governance and Management

Trustees

Trustees are unremunerated volunteers. All Trustees give their time voluntarily and receive no benefits from St Michael's. Any expenses reclaimed from St Michael's are set out in note 10 to the financial statements, of which there were none. When there are Trustee vacancies, the Board consider the skills mix and diversity of the continuing Trustees to determine the person specifications needed in new Trustees. Recruitment is an open competitive process involving public advertising, networking, and head-hunting as appropriate.

St Michael's provides potential Trustee candidates with information about the organisation and about the role of Trustee, including the role description and expectation of Trustees and the length of tenure of appointment. The Board of Trustees make appointments.

Every Trustee must sign a Trustee Commitment and Disclosure Form to act as a Trustee of St Michael's before he or she is eligible to become a Trustee, including a declaration of interest form, which is renewed each year. On appointment or election as a Trustee, a Trustee becomes a member of St Michael's. Trustees hold membership of St Michael's only during their Trusteeship and retirement, resignation or removal as a Trustee ends their membership of St Michael's.

It is St Michael's policy and practice to provide Trustees with appropriate training to undertake their role and to ensure that new Trustees receive an induction to St Michael's and to the role of a Charity Trustee and Company Director. New Trustees attend a corporate induction day, and we look to provide them with a mentor Trustee to provide specific support over the first 12 months of their Trusteeship. Trustees are elected initially for a three-year term and are appraised annually.

The Trustees delegate day-to-day responsibility to the Chief Executive, who in turn delegates some management functions to the Strategic Management Team (SMT). The Schedule of Delegation is set out in the Governance Manual. The Trustees have four sub-committees that meet quarterly and are responsible for reviewing St Michael's activities in their respective areas of expertise in more detail than full Board meetings can achieve. These are:

- Clinical Governance & Care Committee;
- People & Facilities Committee;
- Finance & Investment Committee;
- Income Generation, Marketing & Communications Committee.

Each committee has at least two Trustees and a member of SMT as its members. A Trustee chairs the meetings and presents a report at the Board of Trustees, which meets every six to eight weeks.

Volunteers and Staff were shocked and saddened to be told of the sudden death of one of our Trustees, David Hammond, in September 2022. David was elected a Trustee in 2013 and more recently was appointed the Chair of the Finance and Investments Committee. David did much for his community and St Michaels. The experience and energy he brought to the Board were invaluable in ensuring St Michael's advanced as it has.

Remuneration Policy for Key Management Personnel

The aim of St Michael's pay policy is to offer fair pay to attract and keep appropriately qualified staff to lead, manage, support, and deliver St Michael's aims. Trustees are ultimately responsible for setting the Chief Executive's remuneration level and agreeing the annual cost of living award.

The Chief Executive sets grading levels for the Strategic Management Team with Trustee oversight (except medical staff who are on the NHS scheme). The Strategic Management Team sets grading levels for all other staff.

When deciding the Chief Executive and Senior Staff salary levels, consideration is given to:

- the purpose, aims and values of St Michael's, and its beneficiaries' needs;
- how pay is linked to the skills, experiences and competencies St Michael's needs from its senior staff and the scope of their roles and how St Michael's can maintain the ability to recruit and retain suitably qualified and experienced management;
- St Michael's current business plan and how implementing it may affect the number of senior staff St Michael's needs to employ or recruit, and the nature of these roles;
- St Michael's ability to pay, including:
    - the benefit to St Michael's that such positions will bring,
    - the cost to St Michael's of increasing remuneration levels.

St Michael's regularly benchmarks its salary against other similar organisations and, in the case of clinical staff, with the NHS and local authority in Herefordshire.

Policy for Employment of Disabled Persons

St Michael's fully and fairly considers all applications for recruitment to contracted or volunteer roles made by disabled persons and gives regard to their aptitude and abilities. Opportunities for training, career development and promotion are considered in the same way for those employed or volunteering. Should an employee or volunteer become disabled, St Michael's arranges appropriate training and support to enable continued employment at St Michael's where possible.

Employee Information

St Michael's is committed to providing staff and volunteers with information on matters of concern to them. Employee engagement is important for St Michael's. We do this through various methods as well as the annual Best Companies Staff Survey mentioned above.

We have a Joint Staff Consultative Group (and equivalent Volunteer Group), where organisational proposals that might impact staff and volunteers are discussed and feedback is actively sought to ensure any changes are managed effectively and we get it right first time, every time.

We hold regular staff meetings and informal gatherings to encourage staff and volunteer engagement. The Trustees carry out regular planned visits to meet and talk with volunteers and staff, as do the management team. Our internal intranet keeps staff informed of what is happening at St Michael's and provides opportunity for feedback. We encourage staff to share their successes via this platform too.

The Chief Executive broadcasts regular video updates to all volunteers and staff to share successes across the organisation and key information that might impact people; this includes the impact of external factors (like national economic challenges or political changes) as well as St Michael's own performance and forecasts. This is as well as the current systems of noticeboards; staff emails; newsletters; staff meetings; digital communications; and volunteer events.

During this reporting period we have reviewed our Staff Remuneration package through a Job Evaluation process including the market benchmarking of salaries, and have reviewed the benefits offered by St Michael's to incentivise and reward staff. All salaries and job roles were checked and re-aligned where necessary. Following feedback from staff a Death in Service Benefit was introduced for those staff not in the NHS Pension Scheme (which already includes this benefit), and eye test vouchers and various discount schemes with local suppliers can be obtained.

A lot of work has been done this reporting period to re-engage with our volunteers, many of whom had to isolate or avoid coming into St Michael's during the pandemic. We are proud to have retained most of our volunteers and grown the workforce further.

The Trustees wish to record their thanks to the many volunteers without whom St Michael's would be unable to maintain the quality of service and deliver all the support at the low cost we achieve. The estimated value of the volunteer contribution to St Michael's is more than £2 million per annum.

Funds Held as Custodian Trustees on Behalf of Others

Within deferred income is £128,500 held as a cash investment which provides a lifelong annuity to an individual. St Michael's and a GP surgery are joint beneficiaries of the residual capital.

Statement of Trustees Responsibilities

The Trustees (who are also directors of the company 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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 St Michael's 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group 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
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish the auditor is aware of that information

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of St Michael's guarantee to contribute an amount not exceeding £2 to the assets of St Michael's in the event of winding up. The Trustees are members of St Michael's, but this only entitles them to voting rights. The Trustees have no beneficial interest in St Michael's.

The Trustees annual report, which includes the strategic report, has been approved by the Trustees on 26 July 2023 and signed on their behalf by:

Mr D Teague – Chair

Opinion

We have audited the financial statements of St Michael's Hospice (Incorporating the Freda Pearce Foundation) (the "charitable company") and its subsidiaries (the "group") for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, Group Balance Sheet, Charity Balance Sheet, Consolidated Statement of Cash Flows 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 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 the charitable company's affairs as at 31 March 2023 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 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 trustee's 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 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 trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the 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.

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 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.

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 our audit

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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:

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

Responsibilities of Trustees

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

In preparing the financial statements, the trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

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:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102).

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context were the Gambling Commission, CQC Regulations and General Data Protection Regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be recognition of legacy income, the completeness and accuracy of grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and Investments Committee about their own identification and assessment of the risks of irregularities, sample testing on legacy and grant income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: 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 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.

Guy Biggin
Senior Statutory Auditor
For and on behalf of

Crowe U.K. LLP
Statutory Auditor
Fourth Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 4 September 2023

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Financial Activities (incorporating an income and expenditure account)
For the year ended 31 March 2023

	Note	Unrestricted £	Restricted £	2023 Total £	2022 Total £
Income from:					
Donations and legacies	3	3,552,316	19,527	**3,571,843**	2,988,561
Charitable activities	4	2,159,979	10,000	**2,169,979**	3,256,071
Other trading activities	5	4,250,594	-	**4,250,594**	3,628,456
Investments	6	214,298	-	**214,298**	169,366
Other	7	13,812	4,394	**18,206**	84,596
Total income		10,190,999	33,921	**10,224,920**	10,127,050
Expenditure on:					
Raising funds	9	2,999,742	12,925	**3,012,667**	2,741,170
Charitable activities	9	6,431,132	38,535	**6,469,667**	6,003,506
Total expenditure	9	9,430,874	51,460	**9,482,334**	8,744,676
Net income before net (losses) / gains on investments		760,125	(17,539)	**742,586**	1,382,374
Net gains on property investments	15	-	-	**-**	35,000
Net (losses) / gains on listed investments	16	(500,742)	-	**(500,742)**	7,127
Net income for the year		259,383	(17,539)	**241,844**	1,424,501
Transfers between funds	25	26,482	(26,482)	**-**	-
Net movement in funds		285,865	(44,021)	**241,844**	1,424,501
Reconciliation of funds:					
Total funds brought forward	25	24,096,458	137,430	**24,233,888**	22,809,387
Total funds carried forward	25	24,382,323	93,409	**24,475,732**	24,233,888

The notes on pages 26 to 46 form part of these financial statements.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated and Charity Balance Sheets
As at 31 March 2023

	Note	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Fixed assets					
Tangible fixed assets	14	**10,945,475**	11,177,733	**10,945,475**	11,177,733
Investment properties	15	**700,000**	700,000	**700,000**	700,000
Investments	16	**10,086,616**	8,914,515	**10,086,616**	8,914,515
		21,732,091	20,792,248	**21,732,091**	20,792,248
Current assets					
Stock	19	**15,604**	16,801	**-**	2,178
Debtors	20	**808,844**	2,035,124	**969,272**	2,147,150
Cash at bank and in hand		**2,781,482**	2,370,110	**2,615,867**	2,255,981
		3,605,930	4,422,035	**3,585,139**	4,405,309
Liabilities					
Creditors: amounts due within one year	21	**(862,289)**	(980,395)	**(842,062)**	(964,233)
Net current assets		**2,743,641**	3,441,640	**2,743,077**	3,441,076
Total net assets		**24,475,732**	24,233,888	**24,475,168**	24,233,324
Funds of the Group and Charity:	25				
Restricted income funds		**93,409**	137,430	**93,409**	137,430
Unrestricted funds					
Designated funds		**10,698,916**	11,194,163	**10,698,916**	11,194,163
General funds		**13,683,407**	12,902,295	**13,682,843**	12,901,731
Total unrestricted funds		**24,382,323**	24,096,458	**24,381,759**	24,095,894
Total Group and Charity funds		**24,475,732**	24,233,888	**24,475,168**	24,233,324

The Charity's net income for the year was £241,844 (2021/22: £1,424,356).

The notes on pages 26 to 46 form part of these financial statements.

Approved and authorised for issue by the Board of Trustees on 26 July 2023 and signed on their behalf by:

Mr D Teague (Chair)

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Cash Flows
For the year ended 31 March 2023

	Note	**2023** **£**	2022 £
Cash flows from operating activities			
Net cash used in operating activities	26	**2,188,690**	1,170,205
Cash flows from investing activities:			
Dividends, interest, and rents from investments		**214,298**	169,366
Proceeds from the sale of fixed assets		**612**	300
Purchase of fixed assets		**(320,944)**	(201,101)
Proceeds from the sale of investments		**929,988**	1,368,020
Purchase of investments		**(2,598,555)**	(1,515,654)
Movement in investments – cash holdings		**(4,277)**	8,068
Net cash used in investing activities		**(1,778,878)**	(171,001)
Change in cash and cash equivalents in the year		**409,812**	999,204
Cash and cash equivalents at the beginning of the year		**2,364,385**	1,365,181
Cash and cash equivalents at the end of the year	**27**	**2,774,197**	2,364,385

The notes on pages 26 to 46 form part of these financial statements.

1. Accounting policies

a) Statutory information

St Michael's Hospice (incorporating the Freda Pearce Foundation) is a charitable company limited by guarantee (Company number 01634942 and Charity number 511179) and is incorporated in the United Kingdom. The registered office address and principal place of business is St Michael's Hospice, Bartestree, Hereford, HR1 4HA. This is also the address of its 100% wholly owned subsidiaries.

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

b) 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly owned subsidiaries - SMH Trading Limited and St Michael's Hospice Development Company Limited - on a line-by-line basis. Transactions and balances between the charitable company and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the companies are disclosed in the notes of the charitable company's Balance Sheet. A separate Statement of Financial Activities, or income and expenditure account, for the charitable company itself is not presented as permitted by the exemptions afforded by section 408 of the Companies Act 2006 not to include it. The charitable company has also taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only cashflow and certain financial instrument disclosures.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The Trustees consider that there are no material uncertainties about the group's ability to continue as a going concern following their review of the financial position, reserves levels and future plans. In arriving at their decision, the Trustees have thoroughly reviewed the impact of the current economic and political climate on service demand and delivery and income levels and have taken appropriate mitigating action to minimise risk. The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charitable company 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.

Income from voluntary sources is received by way of donations, gifts, and fundraising events, and is included in full in the Statement of Financial Activities when receivable. Income from gift aid tax reclaims is recognised for all donations made prior to the year-end where valid gift aid declarations are held.

1. Accounting policies (continued)

For legacies, entitlement is taken as the earlier of the date on which either: the charitable company is aware that probate has been granted, the estate has been finalised and the executor has made notification to the charitable company 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 charitable company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charitable company, or the charitable company 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 in note 3.

Income from charitable activities is recognised as services are performed. Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services, and facilities

In accordance with the Charities SORP (FRS 102), the value of services provided by volunteers is not recognised. The Trustees' annual report contains further information about the invaluable contribution provided by volunteers. On receipt, donated gifts, professional services, and donated facilities are recognised based on the value of the gift to the charitable company which is the amount the charitable company 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. Clothing and other goods donated for resale are included in income when they are sold. If an item is significant in value, it would be measured and valued at the year-end.

g) Interest receivable and dividends

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank. Dividends are included when received or declared and receivable.

h) Fund accounting

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for a specific purpose. The notes to the financial statements provide further details. Once the terms and conditions of the restrictions have been met, tangible fixed assets purchased with restricted monies, are transferred to unrestricted funds.

Unrestricted funds are those available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and which have not been designated for any other purpose.

Designated amounts within the unrestricted funds represent the total Net Book Value of the freehold land and buildings and assets in the course of construction held at the balance sheet date and funds designated for the development projects and capital investment. Designated funds may also comprise amounts that have been set aside by the Trustees for particular purposes, notably for the purchase of other assets used within the business.

i) Expenditure and irrecoverable VAT

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. Expenditure is classified under the following activity headings:

Raising funds - this relates to the costs incurred by the charitable company in procuring voluntary contributions to it, as well as the costs of any activities with a fundraising purpose, including charity shop running costs and investment manager fees.

This includes salaries of staff engaged in fundraising activities, direct expenditure, and support costs. The cost of fundraising activities is recognised in the year in which it is incurred although the income derived from the activities may arise in future years.

1. Accounting policies (continued)

Charitable activities - this includes the costs of delivering services, and other educational activities undertaken to further the purposes of the charitable company and their associated support costs.

Irrecoverable VAT is charged against activities on the same basis as the allocation of support costs. Governance costs are included within support costs and relate only to external audit fees.

j) Allocation of support costs

Expenditure is allocated to the activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Inpatient Care	50.0%
In reach (Day Care Services)	2.5%
Supportive & Rehabilitative Care	1.0%
Education & Training	1.0%
Hospice at Home	25.0%
Charitable Activities	79.5%
Raising Funds	20.5%

k) Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

l) Tangible fixed assets

Items are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities based on the use of the related assets in those activities. Assets are reviewed for impairment annually to consider if their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

The depreciation rates in use are as follows:

Freehold buildings	
- Main Structure	50 years
- Roof	10 - 40 years
- Windows and doors	25 years
Leasehold property	Over the period of the lease
Medical and nursing equipment and beds	5 – 10 years
Motor vehicles	3 – 7 years
IT Equipment and development	3 – 5 years
Plant and machinery	15 - 25 years
Fixture, fittings, and equipment	3 – 5 years

Land and buildings are included at cost. Land and assets in the course of construction are not depreciated. In accordance with the Statement of Recommended Practice, freehold buildings have been categorised into those components which have substantially different useful economic lives.

1. Accounting policies (continued)

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the Statement of Financial Activities. The valuation method used to determine fair value is stated in the notes to the financial statements.

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the Balance Sheet date using the closing quoted middle market price.

Any change in fair value will be recognised in the Statement of Financial Activities. Investment gains and losses are combined and shown in the heading "Net gains / (losses) on investments" in the Statement of Financial Activities. The charitable company does not directly acquire put options, derivatives, or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

q) Debtors

Trade debtors, other debtors, accrued income and amounts owed by group entities are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

s) Creditors

Creditors are recognised where the group 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.

t) Financial instruments

The group 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. Listed investments are shown at market value.

1. Accounting policies (continued)

u) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where these estimates and judgements have been made include the following:

i) Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the tangible assets and note l) for the useful lives of each class of asset.

ii) Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, the Trustees consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 20 for the net carrying amount of the debtors and associated impairment provision.

iii) Accrued legacy income

Legacy income is accrued if probate has been granted prior to the year-end, and the estate has been finalised, or the executor has made notification to the charitable company that a distribution will be made, or when a distribution is actually received, mitigating estimation uncertainty as income can be measured reliably.

v) Pensions

Defined benefit scheme

The charitable company contributes to the NHS pension scheme for eligible staff. Such contributions are a fixed percentage of salary. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the scheme. 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, it 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 that scheme for the accounting period. The charitable company has no ongoing liability once the standard contributions to the scheme are made.

Defined contribution schemes

Where staff are not eligible to join the NHS pension scheme, they can opt to join a group personal pension plan scheme. St Michael's also contributes to the personal schemes of individual employees. Such contributions are a fixed percentage of salary. In accordance with workplace pension legislation, eligible employees who are not already in a compliant pension scheme are automatically enrolled into a workplace pension scheme. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the schemes.

2. Detailed comparatives for the Statement of Financial Activities

	Note	Unrestricted £	Restricted £	2022 Total £
Income from:				
Donations and legacies	3	2,944,113	44,448	**2,988,561**
Charitable activities	4	2,103,571	1,152,500	**3,256,071**
Other trading activities	5	3,628,186	270	**3,628,456**
Investments	6	169,366	-	**169,366**
Other	7	84,596	-	**84,596**
Total income		8,929,832	1,197,218	**10,127,050**
Expenditure on:				
Raising funds	9	2,739,827	1,343	**2,741,170**
Charitable activities	9	4,870,130	1,133,376	**6,003,506**
Total expenditure	9	7,609,957	1,134,719	**8,744,676**
Net income before net gains on investments		1,319,875	62,499	**1,382,374**
Net gains on property investments	15	35,000	-	**35,000**
Net gains on listed investments	16	7,127	-	**7,127**
Net income for the year		1,362,002	62,499	**1,424,501**
Transfers between funds	25	29,556	(29,556)	**-**
Net movement in funds		1,391,558	32,943	**1,424,501**
Reconciliation of funds:				
Total funds brought forward	25	22,704,900	104,487	**22,809,387**
Total funds carried forward	25	24,096,458	137,430	**24,233,888**

3. Income from donations and legacies

	Unrestricted £	Restricted £	**2023 Total £**	2022 Total £
Donations	1,104,391	4,570	**1,108,961**	715,068
Trusts and foundation grants	185,321	1,000	**186,321**	238,922
Community fundraising activities	506,658	13,957	**520,615**	402,776
Legacies	1,755,946	-	**1,755,946**	1,631,795
Total	3,552,316	19,527	**3,571,843**	2,988,561

As at 31 March 2023 the charity had been notified of several legacies, the values of which were uncertain as the executors were awaiting confirmation of other claims on the estate and may also be in the process of realising assets such as residential property. The estimated total of these legacies could be up to £2,110,000. None of these legacies have been accrued in the financial statements.

4. Income from charitable activities

	Unrestricted £	Restricted £	**2023 Total £**	2022 Total
Nursing & medical care	799,431	-	**799,431**	774,770
Trusts and foundation grants	-	10,000	**10,000**	36,000
Hospice at Home	1,145,632	-	**1,145,632**	1,118,781
NHS England	-	-	**-**	1,116,500
Other care services	-	-	**-**	3,964
Pharmacy supplies	148,137	-	**148,137**	144,665
Education and training	66,779	-	**66,779**	61,391
Total	2,159,979	10,000	**2,169,979**	3,256,071

£2,055,807 (2021/22: £2,012,383) was received from NHS Herefordshire and Worcestershire. £30,392 (2021/22: £29,796) was received from Powys Local Health Board. £7,000 (2021/22: £nil) was received from NHS Wales. £nil was received from NHS England (2021/22: £1,116,500). NHS England awarded funding to allow St Michael's to make available bed capacity and community support from December 2021 to March 2022 to provide support to people with complex needs in the context of the COVID-19 situation. £865 was received from the Worcestershire Clinical Commissioning Group (2021/22: £4,400) for the provision of Advanced Communication Skills and Syringe Driver training. £24,900 (2021/22: £24,900) was received from Health Education England towards Registered Nurse Degree Apprenticeships. £14,187 (2021/22: £13,800) was received from the Hereford and Worcester acute hospitals for the provision of training and room hire for study days.

There were no unfulfilled conditions or other contingencies attached to these income receipts.

5. Income from other trading activities

	Unrestricted £	Restricted £	**2023 Total £**	2022 Total £
Fundraising events	269,405	-	**269,405**	229,364
Lottery	394,886	-	**394,886**	387,855
Retail shops	3,555,827	-	**3,555,827**	2,987,159
Other	30,476	-	**30,476**	24,078
Total	4,250,594	-	**4,250,594**	3,628,456

6. Income from investments

	Unrestricted £	Restricted £	**2023 Total £**	2022 Total £
Bank interest received	11,143	-	**11,143**	200
Investment interest & dividends	173,594	-	**173,594**	140,316
Rental income	29,561	-	**29,561**	28,850
Total	214,298	-	**214,298**	169,366

7. Other Income

	Unrestricted £	Restricted £	**2023 Total £**	2022 Total £
Government Grants – Coronavirus Job Retention Scheme	-	-	**-**	6,095
Government Grants – Retail Support	-	-	**-**	63,337
Crematorium Fees	8,200	-	**8,200**	8,364
Disposal of fixed assets	612	-	**612**	300
Other	5,000	4,394	**9,394**	6,500
Total	13,812	4,394	**18,206**	84,596

8. Net income for the year

This is stated after charging:			**2023 £**	2022 £
Depreciation			**446,676**	469,397
Net profit on disposal of fixed asset			**612**	300
Net loss on disposal of fixed asset			**2,355**	-
Operating lease rentals:	-	property	**273,281**	274,147
	-	other	**27,549**	18,628
Auditor's remuneration:	-	audit	**15,400**	14,050
	-	other services	**2,750**	1,960
Interest receivable			**11,143**	200

9. Analysis of expenditure

		Charitable Activities								
	Cost of raising funds	Inpatient Care	In reach / Day Care	Supportive & Rehab Care	Hospice at Home & Community	Education & Training	Governance costs	Support costs	**2023 Total**	2022 Total
	£	£	£	£	£	£	£	£	**£**	£
Staff costs (Note 10)	1,551,375	2,341,408	221,886	417,758	1,203,204	43,777	-	743,529	**6,522,937**	5,908,323
Medical Consultants	-	61,908	-	-	-	-	-	-	**61,908**	198,774
Other Staff Costs	4,678	42,046	269	119,860	11,426	9,302	-	63,062	**250,643**	231,896
Retail Purchases	91,225	-	-	-	-	-	-	-	**91,225**	74,586
Lottery Prizes	84,722	-	-	-	-	-	-	-	**84,722**	82,871
Events	58,381	-	-	-	-	-	-	-	**58,381**	48,370
Community	27,896	-	-	-	-	-	-	-	**27,896**	22,178
Investment Management Fees	12,805	-	-	-	-	-	-	-	**12,805**	11,337
Education	632	14,757	105	105	5,270	211	-	-	**21,080**	16,216
Communications	15,005	11,254	938	938	7,503	1,876	-	-	**37,514**	12,880
Premises & Equipment	399,823	27,861	4,058	39	55	400	-	199,003	**631,239**	573,120
Transport & Travel	59,969	1,639	82	2,228	42,271	164	-	5,093	**111,446**	86,634
Telephones & Computers	49,559	25,683	5,457	6,186	31,390	337	-	183,938	**302,550**	313,862
Catering & Cleaning	78,346	118,282	854	854	854	-	-	26,245	**225,435**	194,131
Professional Fees	48,686	4,080	44	4,658	44	-	15,400	18,656	**91,568**	72,218
Depreciation	71,683	31,262	892	1,458	17,091	145	-	324,145	**446,676**	469,397
Medical & Nursing Supplies	-	232,701	-	218	2,608	-	-	-	**235,527**	197,947
Other Supplies & Services	107,169	17,629	3,026	4,698	4,437	105	-	131,718	**268,782**	229,936
	2,661,954	2,930,510	237,611	559,000	1,326,153	56,317	15,400	1,695,389	**9,482,334**	8,744,676
Support costs	347,556	847,694	42,385	16,953	423,847	16,954	-	(1,695,389)	**-**	-
Governance costs	3,157	7,700	385	154	3,850	154	(15,400)	-	**-**	-
Total expenditure 2023	**3,012,667**	**3,785,904**	**280,381**	**576,107**	**1,753,850**	**73,425**	**-**	**-**	**9,482,334**	-
Total expenditure 2022	2,741,170	3,549,770	312,740	544,167	1,552,773	44,056	-	-	-	8,744,676

10. Staff costs and numbers

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	**5,529,118**	5,088,605
Redundancy and termination costs	**3,947**	-
Social security costs	**487,788**	391,494
Pension contributions – defined benefit scheme	**216,034**	182,919
Pension contributions – defined contribution schemes	**286,050**	245,305
	6,522,937	5,908,323

The following number of employees received employee benefits (excluding employer national insurance and pension costs) during the year between:

	2023 No.	2022 No.
£60,000 - £69,999	**1**	3
£70,000 - £79,999	**1**	-
£80,000 - £89,999	**1**	1

The charitable company considers its key management personnel during the year to comprise the Trustees and the Strategic Management Team - who are the Chief Executive and three other key directors. The total cost (including employer national insurance costs and pension contributions) of the key management personnel who served during the year was £234,890 (2021/22: £397,481). The Trustees were not paid nor received any other benefits or employment with St Michael's in the year (2021/22: £nil).

11. Staff numbers

The average number of employees (head count based on number of staff employed) and whole-time equivalents (WTE) during the year were as follows:

	2023 Head Count	**2023 WTE**	2022 Head Count	2022 WTE
Inpatient Care	**88**	**57**	84	53
In reach / Day Care Services	**14**	**8**	14	8
Supportive & Rehabilitative Care	**15**	**10**	14	10
Hospice at Home	**39**	**28**	33	24
Externally provided education and training	**1**	**1**	1	1
Support	**23**	**19**	25	19
Raising funds	**78**	**50**	70	46
	258	**173**	241	161

12. Related party transactions

During the year, the charitable company entered into transactions for the purchase of services as described below:

One family member of a Trustee who served during the year (Mrs J Winney) was employed by St Michael's on standard employment terms and conditions – their total remuneration (including employer national insurance costs and pension contributions) was £14,999 (2021/22: £6,334)

During the year, a management charge was made by the charitable company to SMH Trading Limited of £165,598 excluding VAT (2021/22: £135,950). At the end of the year gift aid of £9,917 (2021/22: £8,083) was payable by SMH Trading Limited to the charitable company. The total year-end balance owed to the charitable company was £160,638 (2021/22: £112,026).

13. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

14. Tangible fixed assets – Group and Charity

	Freehold land & buildings £	Assets in the course of construction £	Leasehold property £	Medical & nursing equipment & beds £	Fixtures, fittings & equipment £	Information technology £	Plant & machinery £	Motor vehicles £	Total £
Cost									
At the start of the year	11,342,003	101,827	273,158	234,204	660,243	171,934	1,195,040	231,301	**14,209,710**
Additions in year	32,715	13,800	7,846	30,932	48,921	12,891	61,868	7,800	**216,773**
Transfers in year	-	(101,827)	-	-	-	-	101,827	-	**-**
Disposals in year	-	-	-	-	(2,725)	(5,786)	-	(16,732)	**(25,243)**
At the end of the year	11,374,718	13,800	281,004	265,136	706,439	179,039	1,358,735	222,369	**14,401,240**
Depreciation									
At the start of the year	1,447,508	-	233,941	152,729	581,019	121,682	324,283	170,815	**3,031,977**
Charge for the year	256,779	-	21,630	14,832	41,348	18,028	70,169	23,890	**446,676**
Disposals in year	-	-	-	-	(1,817)	(4,339)	-	(16,732)	**(22,888)**
At the end of the year	1,704,287	-	255,571	167,561	620,550	135,371	394,452	177,973	**3,455,765**
Net book value									
At the end of the year	**9,670,431**	**13,800**	**25,433**	**97,575**	**85,889**	**43,668**	**964,283**	**44,396**	**10,945,475**
At the start of the year	9,894,495	101,827	39,217	81,475	79,224	50,252	870,757	60,486	11,177,733

Land with a value of £499,789 (2021/22: £499,789) is included within Freehold Land and Buildings and is not depreciated. All the above assets are used for charitable purposes.

15. Investments Properties – Group and Charity

	2023 £	2022 £
Fair value at the start of the year	**700,000**	665,000
Revaluation during the year	**-**	35,000
Fair Value at the end of the year	**700,000**	700,000

The properties were last valued on an open market valuation basis on 4th April 2023 by Alister Walshe FNAEA FNAVA of Stooke, Hill & Walshe. Being a previous related party, and now Life Patron, the Board of Trustees have approved the valuation.

16. Investments – Group and Charity

	2023 £	2022 £
Fair value at the start of the year	**8,898,391**	8,743,630
Transfers	**-**	-
Additions at cost	**2,598,555**	1,515,654
Disposal proceeds	**(929,988)**	(1,368,020)
Net (loss) / gain on change in fair value	**(500,742)**	7,127
	10,066,216	8,898,391
Investments - cash holdings	**20,400**	16,124
Fair value at the end of the year	**10,086,616**	8,914,515

Investments comprise:	2023 £	2022 £
UK Fixed Interest	**4,513,465**	3,959,952
International Fixed Income	**101,506**	405,068
Equities	**2,051,663**	2,107,884
Alternative Investments	**1,378,578**	1,454,772
Cash Funds	**2,041,393**	986,828
	10,086,605	8,914,504
Investment in subsidiary undertakings incorporated in the UK	**1**	1
Investment in Hospice Quality Partnership	**10**	10
	10,086,616	8,914,515

17. Subsidiary undertakings

The charitable company owns the whole of the issued ordinary share capital of SMH Trading Limited, a company registered in England, company number 06545386. St Michael's uses the subsidiary for non-primary purpose trading activities.

All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustee Ms P A Greenwood who served during the year is also a director of the subsidiary. Available profits are gift aided to the charitable company within 9 months of the year-end.

The table below shows a summary of the subsidiary's results.

	2023	2022
	£	£
Turnover	**293,974**	235,086
Cost of sales	**(115,912)**	(88,903)
Gross profit	**178,062**	146,183
Distribution costs	**(65,883)**	(54,088)
Administrative expenses	**(99,715)**	(81,862)
Other operating expenditure	**(2,547)**	(2,150)
Operating profit	**9,917**	8,083
Taxation	**-**	-
Profit after taxation	**9,917**	8,083
Retained earnings at the start of the year	**563**	563
Profit for the year	**9,917**	8,083
Gift aid donation	**(9,917)**	(8,083)
Retained earnings at the end of the year	**563**	563
The aggregate of the assets, liabilities and funds was:		
Assets	**181,429**	128,752
Liabilities	**(180,865)**	(128,188)
	564	564
Funds:		
Share capital	**1**	1
Retained profits	**563**	563
	564	564

Distribution costs and administrative expenses totalling £165,598 (2021/22: £135,950) represent a management charge from the parent entity. Amounts owed to the parent undertaking are shown in note 20.

17. Subsidiary undertakings (continued)

The charitable company also owns the whole of the issued ordinary share capital of St Michael's Hospice Development Company Limited, a company registered in England, company number 07039211.
St Michael's used the subsidiary for the redevelopment of the hospice buildings and surroundings.

All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustee Mr D Teague who served during the year is also a director of the subsidiary. Available profits are covenanted to the charitable company as appropriate within 9 months of the year-end. The company is to become dormant.

A summary of the results of the subsidiary is shown below:

	2023	2022
	£	£
Turnover	**-**	-
Cost of sales	**-**	-
Gross profit	**-**	-
Other operating expenditure	**-**	145
Operating profit / (loss)	**-**	145
Taxation	**-**	-
Profit / (Loss) after taxation	**-**	145
Retained (losses) / earnings at the start of the year	**-**	(145)
Profit / (Loss) for the year	**-**	145
Gift aid donation	**-**	-
Retained profit / (losses) at the end of the year	**-**	-
The aggregate of the assets, liabilities and funds was:		
Assets	**1**	1
Liabilities	**-**	-
	1	1
Funds:		
Share capital	**1**	1
Retained losses	**-**	-
	1	1

St Michael's Hospice Development Company Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A.

18. Parent charity

The parent charity's gross income and results for the year are disclosed as follows:

	2023	2022
	£	£
Gross income and gains / (losses) on investments	**9,605,718**	10,078,125
Gross expenditure	**9,363,874**	8,653,769
Net income	**241,844**	1,424,356

19. Stock

	Group		Charity	
	2023	2022	**2023**	2022
	£	£	**£**	£
Goods for resale	**15,604**	16,801	**-**	**2,178**
	15,604	16,801	**-**	**2,178**

20. Debtors

	Group		Charity	
	2023	2022	**2023**	2022
	£	£	**£**	£
Trade debtors	**55,910**	46,176	**55,910**	46,176
Amounts owed by group undertaking	**-**	-	**160,638**	112,026
Other debtors	**93,241**	102,551	**93,031**	102,551
Prepayments	**119,336**	96,206	**119,336**	96,206
Accrued income	**540,357**	1,790,191	**540,357**	1,790,191
	808,844	2,035,124	**969,272**	2,147,150

Trade debtors are stated after impairment provision totalling £nil (2021/22: £nil). Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. The carrying values of these are shown above and in note 21 below.

21. Creditors: amounts due within one year

	Group		Charity	
	2023	2022	**2023**	2022
	£	£	**£**	£
Bank overdraft	**7,285**	5,725	**7,285**	5,725
Trade creditors	**182,955**	234,357	**179,277**	227,953
Taxation and social security	**113,591**	99,099	**113,591**	99,099
Other creditors	**105,850**	93,790	**92,924**	86,859
Accruals	**227,092**	335,678	**223,469**	332,851
Deferred income	**225,516**	211,746	**225,516**	211,746
	862,289	980,395	**842,062**	964,233

22. Deferred income

Deferred income comprises advance ticket sales for the lottery, fundraising income for events that did not occur until after the balance sheet date and a legacy deferred for legal reasons. Except for the legacy of £128,500 (2021/22: £128,500), all the deferred income of the previous year was released in the current year.

	Group		Charity	
	2023	2022	**2023**	2022
	£	£	**£**	£
Balance at the beginning of the year	**211,746**	215,513	**211,746**	215,513
Amount released to income in the year	**(83,246)**	(87,013)	**(83,246)**	(87,013)
Amount deferred in the year	**97,016**	83,246	**97,016**	83,246
Balance at the end of the year	**225,516**	211,746	**225,516**	211,746

23. NHS pension scheme

The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS employees and certain employees of other approved organisations allowed under the direction of the Secretary of State in England and Wales. St Michael's is an approved organisation.

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of the 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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 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 latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

23. NHS pension scheme (continued)

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.68% (including a 0.08% scheme administration levy) of pensionable pay and employees contribute on a tiered scale from 5% - 14.5% of their pensionable pay depending on total earnings. Prior to this the employer contribution rate payable was 14.38%. The government has committed to cover this cost increase for a certain category of employer's, including St Michael's, recurring annually until 31 March 2023.

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

All pension charges are charged to unrestricted funds in line with the fund out of which the wages and salaries are paid. The amount charged to the Statement of Financial Activities in the year was £216,034 (2021/22: £182,919). Employee and employer contributions outstanding as at 31 March 2023 was £29,841 (2021/22: £29,744).

24. Analysis of group net assets between funds (current year)

	General unrestricted	Designated	Restricted	**Total funds**
	£	£	£	**£**
Tangible fixed assets	1,275,044	9,670,431	-	**10,945,475**
Investments	10,786,616	-	-	**10,786,616**
Net current assets	1,621,747	1,028,485	93,409	**2,743,641**
Net assets at the end of the year	**13,683,407**	**10,698,916**	**93,409**	**24,475,732**

24a Analysis of group net assets between funds (prior year 2022)

	General unrestricted	Designated	Restricted	**Total funds**
	£	£	£	**£**
Tangible fixed assets	1,283,238	9,894,495	-	11,177,733
Investments	9,614,515	-	-	9,614,515
Net current assets	2,004,542	1,299,668	137,430	3,441,640
Net assets at the end of the year	**12,902,295**	**11,194,163**	**137,430**	**24,233,888**

25. Movements in group funds (current year)

	At 1 April 2022 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	**At 31 March 2023 £**
Restricted funds:						
Patient care	102,589	27,490	(25,616)	(25,482)	-	**78,981**
Funds for other specific items	34,841	6,431	(25,844)	(1,000)	-	**14,428**
Total restricted funds	137,430	33,921	(51,460)	(26,482)	-	**93,409**
Unrestricted funds:						
Designated funds						
Property fund	9,894,495	-	(256,779)	32,715	-	**9,670,431**
Capital investment fund	180,770	-	(500)	(73,059)	-	**107,211**
Development fund	1,118,898	-	(183,824)	(13,800)	-	**921,274**
Total designated funds	11,194,163	-	(441,103)	(54,144)	-	**10,698,916**
General funds	12,902,295	10,190,999	(8,989,771)	80,626	(500,742)	**13,683,407**
Total unrestricted funds	24,096,458	10,190,999	(9,430,874)	26,482	(500,742)	**24,382,323**
Total funds at 31 March 2022	24,233,888	10,224,920	(9,482,334)	-	(500,742)	**24,475,732**

Transfers represent the release of restricted and designated funds as they are expended on capital items.

Purpose of restricted funds - Restricted funds totalling £93,409 (2021/22: £137,430) comprise:

i **Patient Care** - In addition to £102,589 (2021/22: £82,363) at the start of the year restricted for care purposes an additional £27,490 (2021/22: £1,152,947) was received during the year from individual donations. £25,616 (2021/22: £1,128,165) was expended for these purposes during the year. A further £25,482 was expended on capital items and released to the property fund.

ii **Funds for other specific items** - In addition to £34,841 (2021/22: £22,124) at the start of the year, a further £6,431 (2021/22: £44,271) was received from grant-making trusts and individual donations. £25,844 (2021/22: £6,554) was expended on these purposes during the year. A further £1,000 was expended on capital items and released to general funds.

Purpose of designated funds - Designated funds totalling £10,698,916 (2021/22: £11,194,163) comprise:

i The property fund - This equates to the net book value of the freehold land and buildings. The transfer of £32,715 represents capital expenditure on building reconfiguration to accommodate the new Wellbeing bathroom / bathing service; £25,482 was utilised and released from restricted funds and £7,233 was utilised and released from the capital investment fund.

ii The capital investment fund – £180,770 (2021/22: £361,191) was held at the start of the year and £500 was expended during the year. Capital expenditure of £7,233 was utilised and released to the property fund re the Wellbeing bathroom project, £59,767 was utilised and released to general funds relating to air-conditioning installation, and £6,059 was utilised and released to general funds on other capital items.

iii The development fund - £1,118,898 was held at the start of the year to support workforce and care service development initiatives. £183,824 was expended for these purposes during the year with a further £13,800 expended on capital items and released to general funds.

25a. Movements in group funds (prior year 2022)

	At 1 April 2021 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	**At 31 March 2022 £**
Restricted funds:						
Patient care	82,363	1,152,947	(1,128,165)	(4,556)	-	**102,589**
Funds for other specific items	22,124	44,271	(6,554)	(25,000)	-	**34,841**
Total restricted funds	104,487	1,197,218	(1,134,719)	(29,556)	-	**137,430**
Unrestricted funds:						
Designated funds						
Property fund	10,046,407	-	(254,147)	102,235	-	**9,894,495**
Capital investment fund	361,191	-	(3,444)	(176,977)	-	**180,770**
Development fund	1,170,000	-	(28,349)	(22,753)	-	**1,118,898**
Total designated funds	11,577,598	-	(285,940)	(97,495)	-	**11,194,163**
General funds	11,127,302	8,929,832	(7,324,017)	127,051	42,127	**12,902,295**
Total unrestricted funds	22,704,900	8,929,832	(7,609,957)	29,556	42,127	**24,096,458**
Total funds at 31 March 2021	22,809,387	10,127,050	(8,744,676)	-	42,127	**24,233,888**

26. Reconciliation of net income to net cash flow from operating activities

	2023 £	**2022 £**
Net income for the reporting period (as per Consolidated Statement of Financial Activities)	**241,844**	1,424,501
Depreciation	**446,676**	469,397
Losses / (Gains) on investments	**500,742**	(42,127)
Dividends, interest and rent from investments	**(214,298)**	(169,366)
Profit on disposal of fixed assets	**(612)**	(300)
Loss on disposal of fixed assets	**2,355**	11,928
Decrease in stocks	**1,196**	3,603
Decrease / (Increase) in debtors	**1,226,281**	(767,529)
(Decrease) / Increase in creditors	**(15,494)**	240,098
Net cash provided by operating activities	**2,188,690**	1,170,205

27. Analysis of cash and cash equivalents

	At 1 April 2022 £	**Cash flows £**	**At 31 March 2023 £**
Cash at bank and in hand	2,370,110	411,372	2,781,482
Bank overdrafts	(5,725)	(1,560)	(7,285)
Increase in the year	2,364,385	409,812	2,774,197

28. Operating lease commitments

The group's and charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2023	**2022**	**2023**	**2022**
	£	£	**£**	**£**
Less than one year	**302,740**	196,874	**40,365**	18,778
Later than one to five years	**761,991**	332,612	**54,960**	22,625
Over five years	**635,595**	71,625	**-**	-
	1,700,326	601,111	**95,325**	41,403

29. Capital commitments

At the balance sheet date, there were no capital commitments (2021/22: £nil).

30. Financial Instruments

Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. Listed investments are shown at market value. Financial assets include cash at bank and in hand, trade and other debtors and accrued income. Financial liabilities include bank overdrafts, trade and other creditors and accruals. The carrying values of these are shown in notes 16, 20, 21 and 27.

31. Legal status of charity

St Michael's is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £2.

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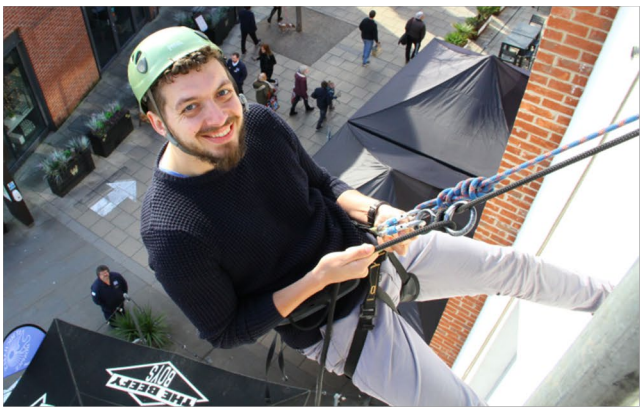
ST MICHAEL'S HOSPICE (INCORPORATING THE FREDA PEARCE FOUNDATION)

England & Wales - Charity number 511179

Accounts

St Michael's Hospice

(incorporating the Freda Pearce Foundation)



Annual Report and Consolidated Financial Statements

For the year ended 31st March 2022

Company Registration Number: 01634942 (England and Wales)
Charity Registration Number: 511179

st-michaels-hospice.org.uk
twitter.com/stmichaelshosp
facebook.com/stmichaelshospicehereford

St Michael's Hospice

Now and always: Caring to make a difference

Our service is completely free of charge

St Michael's Hospice provides its care, free of charge, to patients, their families, and carers. This care is made possible by supporters taking part in fundraising events, playing our lottery, shopping at our retail outlets, making charitable donations, leaving gifts in their wills, or giving freely of their time to volunteer.

If you would like to support St Michael's, you can find out more about what we do and ways you can help by visiting our website.

To share your comments or suggestions with us, please contact:

Quality and Compliance Team
St Michael's Hospice
Bartestree
Hereford
HR1 4HA

✉**quality@smhospicehereford.org**

St Michael's Hospice (incorporating the Freda Pearce Foundation)

For the year ended 31 March 2022

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St Michael's Hospice (incorporating the Freda Pearce Foundation)
For the year ended 31 March 2022
Reference and Administrative Information

Charity Name	St Michael's Hospice (incorporating The Freda Pearce Foundation)
Charity Number	511179
Company Number	01634942
Address of Registered Office	St Michael's Hospice Bartestree Hereford, HR1 4HA
Country of Registration	England and Wales
Country of Incorporation	United Kingdom
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: Mr D R Teague, Chair Revd Preb K B Garlick Ms P A Greenwood Mr D T Hammond Mrs C J Winney Mr E D Drummond Mr J M Martin (resigned 16th November 2021) Mr D J Campion (resigned 10th January 2022) Mr M D Thomas (resigned 16th February 2022) Mr I D A Entwisle (appointed 15th June 2022) Mr C A Akle (appointed 15th June 2022)
Life Patrons	Dr R G Miller Dr J J Kramer Mr A J Walshe
Chief Executive Officer	Mr M L Keel
Strategic Management Team	Mrs E J Cotton, Finance Director Mrs L A Carter, Income Generation and Marketing Director (resigned 31st March 2022) Dr A C Blower (retired 31st December 2021)
Company Secretary	Mr M L Keel
Bankers	The Royal Bank of Scotland PLC Drummond House 1 Redheughs Avenue Edinburgh EH12 9JN
Independent Auditor	Crowe U.K. LLP Statutory Auditor Fourth Floor St James House St James Square Cheltenham, GL50 3PR

The Trustees of St Michael's Hospice ('St Michael's') present their report and the audited financial statements for the year ended 31 March 2022. Reference and administrative information set out on page 4 forms part of this report.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their financial statements in accordance with FRS 102.

The Trustees of St Michael's are charity Trustees for the purpose of the Charities Act and are Directors of St Michael's and Directors for the purposes of the Companies Act. The Trustees form the Trustee Board of St Michael's. Although the Strategic Management Team's (SMT) job titles include the word 'Director', these people are not Directors within the meaning of the Companies Act.

The Trustee Board is responsible under St Michael's governing document for controlling the management and administration of St Michael's within the law. It is ultimately responsible for everything St Michael's does and how it does it. The overriding duty is to act in good faith within charity law and to make sure St Michael's pursues its aims (as set out in the governing document); uses its assets only to pursue those aims; and acts for its community.

It does this by:

- Safeguarding and promoting the values and mission of St Michael's;
- Determining the strategy and structure of St Michael's;
- Ensuring St Michael's operates in an effective, responsible, and accountable manner, securing future sustainability;
- Ensuring the effective functioning of the Board of Trustees;
- Ensuring the organisation meets all statutory requirements.

During the year, the Board of Trustees met five times as a complete Board with subcommittee meetings in between. Board members are unremunerated volunteers.

The Board is made up of members according to an analysis that identifies skills, experience and qualities needed for the good governance of St Michael's.

Related Parties and Relationships with other Organisations

St Michael's is the parent undertaking of a group consisting of:

- SMH Trading Limited - St Michael's uses this subsidiary for non-primary purpose trading activities.
- St Michael's Hospice Development Company Limited - St Michael's uses this subsidiary for redeveloping the hospice buildings and surroundings. This company is dormant.

Both subsidiaries are English registered companies and Gift Aid all available profits to St Michael's where applicable.

Operating Structure and Charity Governance Code

The Board retains ultimate operational responsibility and sets the aims, policies, and objectives of St Michael's together with performance monitoring.

It has however devolved authority for its strategic implementation, attainment, performance and day-to-day running to the Chief Executive Officer and his senior management team who are also responsible for St Michael's meeting all its statutory and contractual obligations.

St Michael's Governance Manual describes these arrangements. The Governance Manual is kept under review by the Trustees with reference to the Charity Governance Code.

St Michael's has a comprehensive range of operational policies and procedures that it maintains in line with the requirements of the Care Quality Commission, which regulates the clinical activity of St Michael's, the Gambling Commission that regulates the Lottery and the Fundraising Regulator.

Objectives and Activities

Objectives

The Founders set up St Michael's on 12 May 1982 as the Freda Pearce Foundation. St Michael's is governed by its original Memorandum and Articles of Association, which St Michael's has subsequently amended by special resolutions on 02 November 1998, 02 October 2002, 15 April 2009, 07 November 2012, 28 September 2017 and 25 March 2020. St Michael's changed its name to St Michael's Hospice (incorporating the Freda Pearce Foundation) on 02 November 1998.

The Articles, as amended, state the objects of St Michael's are to promote the relief of sickness in people over the age of 18 years who are Herefordshire residents or living in the immediate surrounding counties.

*Our **mission** is to make sure palliative and end of life care is available to all who can benefit from it, regardless of gender, diagnosis, social group or setting. This includes supporting those people close to the dying person throughout the pre- and post-bereavement stages too.*

St Michael's knows it cannot do all of this on its own and so works with communities, groups and organisations to help them understand the importance of good palliative care and how they can play their part to ensure there is a spectrum of services to meet patient and family needs.

St Michael's recognises it must help change people's perception and understanding of end-of-life care as well as their readiness to talk about it – not only their own plans but their families and friends too. St Michael's encourages patients (with their families where appropriate) to produce a plan that describes their needs and preferences. This helps ensure they receive the right care, in the right place, delivered by the right people.

St Michael's provides its services free to patients, carers, and families to ensure accessibility.

*Our **vision** is that everyone in Herefordshire and the surrounding areas who needs and wants palliative care has timely access to it, delivered in a way that suits them.*

Principal Activities

St Michael's fulfils its purpose through its principal activity of providing adult hospice care to the people of Herefordshire and immediate surrounding areas as follows:

1. Adult inpatient palliative medical and nursing care in a twenty-bed purpose-built unit (16 beds in use during this reporting period with negotiations ongoing with the NHS to open the remaining 4).

2. Adult outpatient palliative medical and nursing care in Day Services and appropriate therapy (physiotherapy, occupational, music, art and complementary).

3. Hospice at Home Service, which includes 24-hour telephone advice, care co-ordination service, urgent care team and planned home care packages. St Michael's provides this care in people's homes or places they regard as home (e.g. nursing, and residential homes). Some aspects of this service are delivered in collaboration with Marie Curie.

4. Education and Training. St Michael's seeks to influence and guide the quality of palliative care in other settings and given by other providers through its education and training programmes thereby sharing the experience, expertise and knowledge St Michael's has built up from nearly 40 years of working in palliative care. St Michael's also ensures its staff and volunteers have opportunities to develop their skills, knowledge, and competence as these have a direct bearing on the quality of support St Michael's can provide.

5. Underpinning the main services is the Supportive and Rehabilitative Care service, which social workers, bereavement care workers, spiritual workers and counsellors deliver. They offer this to patients and families in the Inpatient and Day services and Hospice at Home service. These services provide the vital social and psychological elements of support that characterises holistic care and to which St Michael's aspires. The holistic approach not only considers the patient's condition, life, and circumstances, but also supports and cares for the patient's family and friends. The Rehabilitative and Supportive Care service also collaborates with another charity called Hope Support, to provide care and support to children who are close to our patients.

Support for Principal Activities

The facilities teams (catering, housekeeping and maintenance) provide essential support for the principal activities. The management and administration team provide the necessary governance, oversight and operational management plus finance, human resources (HR), information technology (IT) and administrative support. The fundraising and retail teams maintain the necessary income needed by St Michael's to deliver its services, as recurrent statutory funding (from NHS, local authorities, and the Department of Health) remains inadequate.

St Michael's has over 800 volunteers who provide regular support to all areas of St Michael's. Many more provide ad hoc support at events etc. or volunteer via their workplaces, communities, and other organisations for the benefit of St Michael's. The contribution these people make is vital to St Michael's success and survival. These volunteers support 241 employed staff (including bank staff) to provide the quality care service and the required support services for patients and their families to meet and go beyond regulatory requirements.

Public Benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing St Michael's objectives and in planning its future activities.

The Trustees consider how planned activities will contribute to the objectives that have been set, reporting the success of each key activity and the benefits St Michael's has brought to those groups of people that it is set up to help, and the wider public benefit. The Trustees regularly review the objectives and activities of St Michael's ensuring they remain focused on its stated purposes.

The Trustees continue to recognise three strategic intentions underpinned by four key areas in which St Michael's must continue to develop and excel to successfully deliver the objectives and activities.

The Strategic Report that follows sets out our ongoing strategy and looks at what St Michael's has achieved, and the outcomes of its work, in the reporting period.

Strategic Report

*Our ongoing **strategy** is to have a multi-faceted approach that focuses on ensuring its long-term sustainability and ability to operate in the new health economy; as well as initiatives to do more, in partnership with other organisations, to give patients greater choice; ensure they receive the best support available free of charge; and to significantly enhance our engagement in our communities.*

Strategic Intentions

Communicate with and support more people.
Working with others, we will increase accessibility, availability and quality of palliative care for more people.

Influence, educate and work with others to improve care.
We will work with key decision makers, other providers and the community to heighten awareness of death and dying issues and improve care wherever it is provided through education and research.

Be a sustainable and well-led organisation.
We will ensure we generate enough income to deliver our vision and innovate as an organisation to make us more effective and efficient.

Areas to develop and excel

People Management

Income Generation and Marketing

Communication

Information and Data Management

Achievements and Performance 2021/22

The world-wide COVID-19 pandemic, which started at the beginning of 2020 and is still ongoing at the time of writing, has impacted St Michael's operations, its supporters, volunteers, and staff. No one could have imagined the depth to which this event would penetrate all our lives. However, the Trustees are immensely proud to report that the volunteers and staff have continued to show immense fortitude, resourcefulness, and ingenuity to ensure St Michael's continued to provide its vital care and support to those who needed it and contributed to the wider effort in Herefordshire and surrounding areas to combat the effects of the pandemic.

The pandemic brought out the very best in people and we saw new friendships and relationships forged as Herefordshire's health and social care services came together to protect our residents and serve those most in need. The Income Generation team has worked tirelessly to restore our events and activities and re-open our shops. The Team has done immensely well during these turbulent times, and we hope to be fully recovered and back on track during 2022/23.

The government support, provided to hospices in recognition of the important part we played in dealing with the pandemic, ensured St Michael's was not severely impacted by the loss of many of its income streams and could carry on with confidence.

Strategic Intention One: Communicate with and support more people

St Michael's has supported and cared for 2,053 people in 2021/22 (2020/21: 2,052).

We know that people want to receive their care in many different places and settings and not always at or by St Michael's. We want to ensure that people, wherever they are, receive high-quality palliative care.

For those who chose hospice services for their end of life and palliative care, St Michael's saw increasing demand as the pandemic lessoned.

	2021/22		2020/21		2019/20		2018/19		2017/18	
Inpatient Unit Activity	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No**	**%**
Admissions	**306**		**273**		**281**		**343**		**317**	
Admitted From:										
Home	**181**	59%	191	70%	201	72%	251	73%	232	73%
Hospital	**121**	40%	79	29%	67	24%	88	25%	83	26%
Other	**4**	1%	3	1%	13	4%	4	2%	2	1%
Total	**306**	**100%**	**273**	**100%**	**281**	**100%**	**343**	**100%**	**317**	**100%**
Location at end of stay:										
Died	**214**	70%	171	65%	190	67%	197	57%	187	59%
Home	**79**	26%	89	30%	72	26%	146	43%	114	36%
Hospital	**0**	0%	1	0%	-	-	-	-	9	3%
Other	**13**	4%	12	5%	19	7%	-	-	7	2%
Total	**306**	**100%**	**273**	**100%**	**281**	**100%**	**343**	**100%**	**317**	**100%**
Average Length of admission	**16**		**19**		**19**		**17**		**18**	
Occupancy (target 85%)	**82%**		**89%**		**91%**		**80%**		**78%**	
Hospice at Home Activity										
Number of People Supported	**604**		716		758		554		397	
Number of Visits Made	**10,116**		10,198		10,520		9,609		9,930	

The Inpatient Unit (IPU) continued throughout the pandemic and received 403 requests for admission, which resulted in 278 people having 306 admissions (some people were admitted more than once). This is an increase of 12% on 2020/21. We saw a huge increase in admissions during January, February, and March 2022 as we came out of the pandemic more. Not all referrals result in admission. There are various reasons why this might happen (the person's condition changes; they decide to receive home care instead; or they deteriorate suddenly and die before the admission can be arranged), but in all cases St Michael's supported the person with services suitable to their situation. The average length of each stay in the inpatient unit was 16 days (2020/21: 19 days), which is slightly lower than pre-pandemic levels and reflects the increased complexity and sickness of patients we are seeing now.

Overall occupancy of the inpatient unit was below our 85% target for the year because of the pandemic, but in the last three months exceeded target at over 90%.

Day Services continued to be hampered by the pandemic, but the volunteers and staff worked hard to restore some face-to-face and group activities where safe to do so. Telephone and video calls remained a feature of some of our support during the year.

The number of people supported face-to-face by Day Services during the reporting period was 126. This compares with 11 people in 2020/21 but is still well below pre-pandemic levels of over 300 people. Many people received support via telephone and video call instead of face-to-face. We expect this to recover quickly as restrictions lift and people restore confidence in coming out. The three core services being restored are Day Hospice (DH); Living Well (LW) Support; and Fatigue and Breathlessness Support (FAB).

We have grown our Supportive and Rehabilitative Care team this year and are now reaching more people in the community. We increased our Bereavement Support service using an NHS Grant in response to a growing need caused by the pandemic. We expect to continue this service into 2023.

We only carried out essential Outpatient Medical Clinics during the pandemic where telephone or video links were not possible or appropriate. The medical team did deliver some domiciliary visits, but again these were severely curtailed because of the pandemic. 92 patients had a medical outpatient appointment compared to 40 the previous year and 250 pre-pandemic.

The NHS commissioned Hospice at Home service continues to evolve and grow with 586 people referred for support and care. This is similar to previous years and is capped by the service's capacity.

This is an important service for those people who would prefer to receive their care at home in familiar surroundings and close to their family. The Co-ordination Hub is the single-entry point for all St Michael's services. It not only receives referrals but also provides advice, which gives patients, families, carers and professionals access to senior nurses and co-ordinators from 07.00hrs-22.00hrs every day. Outside of these hours, advice and support is delivered by the senior nurses on the Inpatient Unit with access to medical support as required.

An additional function of the Co-ordination Hub is to support patients on the Inpatient Unit waiting list when a bed is not immediately available. This support ranges from home visiting to telephone advice.

During the pandemic, the Hospice at Home team were asked to take on the brokerage function for finding agency care packages for people who qualified for funded care. This created increased work for the team, but the benefits to patients and families was most evident with quicker discharge from hospital and more responsive care packages provided.

The Compassionate Communities development work is picking up again with more volunteers receiving training and more locations setting up their own groups.

Strategic Intention Two: Influence, educate and work with others to improve care

Our Mobile Hospice Support Vehicle could not continue its work of building awareness of our services in the more rural and far-reaching parts of Herefordshire. However, St Michael's loaned the vehicle to Herefordshire NHS to use as a COVID testing and vaccination station. This has been hugely successful, and has increased awareness of St Michael's services all over the County. It will return from its pandemic duties in June 2022.

St Michael's educational programmes ensure staff and volunteers both at St Michael's and in other partner organisations are competent and confident in the delivery of high-quality palliative care. The programme also supports more wider organisational development with management training, customer service courses and leadership skills acquisition. We are restoring the onsite and face-to-face training in response to increasing demand as people come out of the pandemic.

This move to deliver education and support electronically during COVID has accelerated our implementation of Project Echo at St Michael's. This is a world-wide initiative that aims to democratise care by making specialist expertise available closer to the patient. St Michael's is using this project to engage more with care homes and GPs. An NHS Grant has funded the project and we are implementing it with our hospice colleagues in Worcestershire.

We continue to develop our e-learning platform, which enables staff and volunteers to receive most of their training more flexibly and electronically. This ensures we meet our regulatory requirements set by the Care Quality Commission and we can easily evidence this. This platform allowed us to keep up with important training and education during the pandemic.

Strategic Intention Three: Be a sustainable and well-led organisation

St Michael's continually seeks ways to increase its efficiency and effectiveness through monitoring and benchmarking its suppliers and continuing to cut out waste. St Michael's is an active member of the Hospice Quality Partnership (HQP) – an organisation set up by UK hospices to achieve best value through joint procurement and contracting.

St Michael's has a diverse range of income streams, so it is not reliant on any one source of funds. These include many different types of fundraising (donations, legacies, events, community, trusts, lottery, corporate); retail income from our shop portfolio; investment income; property rental; and some NHS income.

We have developed our management and leadership structure to ensure decision-making and responsibility is as close to the point of delivery as possible. We support managers, supervisors, and leaders in all areas to seek ways to improve the things we do and ensure our supporters, staff and volunteers flourish in a positive and nurturing environment, which in turn delivers the best care to our patients and families.

St Michael's finances continue to hold up despite a difficult economic environment. A continuation of the efforts made by staff, Trustees, and volunteers to maximise income, control costs, and secure efficiencies without compromising services will continue to support financial sustainability.

Areas that underpin our three strategic intentions

1. People Management

St Michael's is reliant on having enough of the right people (volunteers and paid staff) to deliver its objectives and activities; finding the best people is becoming harder as demographic changes occur and there is a smaller pool from which to recruit professional staff.

We have continued our focus on improving our Human Resource function to speed up systems and processes and automate as many as possible to free up staff and volunteers to concentrate on their core roles.

The Trustees are grateful to all volunteers and staff for their dedication and hard work to bring St Michael's through the pandemic.

The annual organisation-wide staff survey operated by Best Companies gives us a confidential and impartial review of our staff engagement. In 2021/22 we achieved **'One Star'** status and inclusion in the **Times Top Charities to Work For** list.

Achieving this improvement in staff engagement during a very difficult year is testament to the strong leadership and management of the organisation.

The Trustees wish to record their thanks to the many volunteers without whom St Michael's would be unable to maintain the quality of service and deliver all the support at the low cost we achieve.

The estimated value of the volunteer contribution to St Michael's is more than £2 million per annum.

During the year we had 241 (2020/21: 229) staff, equivalent to 161 (2020/21: 153) whole time equivalent posts. 146 (2020/21: 141) work directly in clinical and care areas and associated parts of the service.

Dr Tony Blower, Medical Consultant, retired in December 2021 after 21 years of dedicated service at St Michael's.

2021/22 also saw the departure of Lynne Carter, Income Generation, Marketing and Communications Director and three Trustees, David Campion, James Martin and Mike Thomas.

The Trustees wish to record their thanks to all St Michael's volunteers and staff, past and present, in all departments, who are essential to providing high-quality care for patients.

The staff and volunteers are the guardians of St Michael's excellent reputation and good standing, attributes which are vital and must remain at the highest level.

2. *Income Generation and Marketing*

Income Generation and Marketing plans were under continuous review to ensure every opportunity was taken to safeguard income, reduce costs and deliver excellent supporter and customer care as the new COVID-19 variants unfolded.

The gradual lifting of Government restrictions during the year enabled many of our much-loved Events and Community Fundraising activities to return. Some continued in the virtual or adapted form adopted in the height of the pandemic, and participation numbers for our flagship events remained lower than pe-pandemic levels by some 50%-60%. Despite this, Events and Community Fundraising achieved an amazing 70% increase on the previous year, with income of £632,140 (2020/21: £371,827), still, however, a shortfall against budget of £251,860.

June 2021 saw the welcome return of the Plant Fair. This was the first fully open event adapted under COVID-19 guidelines, and saw over 1,150 visitors attend, generating £12,345 net income, an increase of 23% against budget.

The Sue Parry Football Tournament returned, with 2,662 spectators, and 532 players participating, generating its highest ever net income of £8,286.

Santa's Grotto was the fastest-selling event of its kind and was over-subscribed within 48 hours, leading to 2 further dates being added, giving kudos to our target of being the best, and most sought after, experience in Herefordshire.

The Santa Run sold out, with 300 participants. The event was altered to accommodate COVID-19 safeguards which affected income slightly.

The most significant impact of COVID-19 was felt by retail. With plentiful stock secured from our donation stations, which were opened in 2020/21 across Hereford and Ross-on-Wye in response to customer demand during lockdown shop closures, our retail function was able to bounce back as soon as restrictions lifted in April 2021. Most shops have now reverted to accepting donations direct from donors.

Retail income for the year was an exceptional £2,987,159 (2020/21: £774,543). St Michael's continued to secure Government support through the Coronavirus Job Retention Scheme and Retail Support grants which amounted to £69,432 (2020/21: £822,305 retail only), tipping income to over £3 million for the first time ever.

The focus for retail going forward is on property and eBay expansion, and we continue to search for opportunities to invest in a further large retail outlet. While the pressures of an increasing number of discount retailers, less volunteers, and people more likely to sell their possessions online themselves impacts, we are still confident that St Michael's retail operation will continue to evolve and grow to serve its customers and support the wider work of St Michael's.

Our Hospice Lottery and Raffles contributed £387,855 net income (2020/21: £321,812), with activity largely unaffected by the pandemic. The Lottery's 21st Birthday was a moment to recognise and to encourage new members to join, with a month-long campaign, and the re-introduction of face-to-face canvassing contributing to the sign-up of 509 new members and 630 new plays during the year.

We generated £6,870,979 (2020/21: £4,822,098) from voluntary and other income sources (excluding income directly related to our charitable activities). The cost of raising funds, including the reallocation of support cost, was £2,741,170 (2020/21: £2,168,750). Increased costs reflect a return to pre-pandemic levels and some investment to meet future challenges. For every £1 raised, 61p goes on delivering and improving our care and support for people living with life-limiting illness, and 39p goes on generating further income.

NHS England awarded £1,116,500 (2020/21: £2,246,143) to make available bed capacity and community support to provide support to people with complex needs in the context of the COVID-19 situation. This Government support meant care services could continue. Strong financial management to control costs, and legacy income, being unaffected by the pandemic, totalling £1,631,795 for the year, increased net income before net gains on investments to £1,382,374.

3. *Communication*

Our Communications Team keeps St Michael's in the forefront of people's minds, from the promotion of events to stories which highlight how people living with a life-limiting illness have been supported by St Michael's.

Throughout the pandemic, marketing and communications continued for St Michael's activities, including development of our website, patient information leaflets, newsletters and videos, and support for Income Generation plans.

We have developed and defined our brand personality through the consistent and timely use of social media promotion which continues to gain momentum with increased engagement across all channels. Digital campaigns have furthered this, with a fresh, colourful, and upbeat approach to our graphics.

Supporter communications followed a stewardship approach keeping supporters informed on how St Michael's was adapting and continuing to deliver its services throughout the pandemic. Thanks to this work, the community is far more aware of the breadth of services St Michael's provides; how we are funded; and how more people can benefit from our services, not just at the end of life.

The quality and visibility of our branding, patient literature, St Michael's website, hospice services and external communication continues to ensure people remain inspired by the work carried out by St Michael's.

4. *Responsible Fundraising*

St Michael's is registered with the Fundraising Regulator and is a member of the Institute of Fundraising, the National Association of Hospice Fundraisers, the Hospice Lotteries Association, and the Charity Retail Association, and is committed to adhering to the Code of Fundraising Practice. We have had no adjudications. We have continued to strengthen our Data Protection procedures and communication preferences to all our supporters and feel well placed going forward.

We ask supporters their preferences as to how we communicate with them. We give them the option to let us know if they wish to change their preferences or no longer wish to hear from us, and always respect their wishes. We do not sell or exchange lists of data with any other charities or companies.

We review compliance through non-financial audit, mystery shoppers, monitoring feedback and at our Income Generation & Marketing Committee and take corrective action when required to ensure that all St Michael's fundraisers and those who work on our behalf are aware of and adhering to our high standards.

If we encounter someone showing signs of distress, confusion, or vulnerability our fundraisers will politely refuse any donation offered in such circumstances. In the unlikely event of a donation being received in such circumstances, we will refund the donation. The number of complaints received during the year regarding fundraising was nil (2020/21: nil).

5. *Information and Data Management*

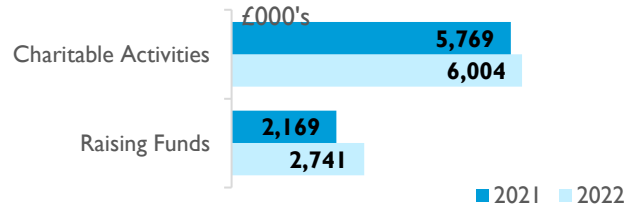
With the ability to collect vast amounts of data and information easily these days, St Michael's needs to be able to analyse and use this data to increase its effectiveness and understanding of its work. Much of our work uses computers and so we have a strategy to develop and secure these systems appropriately and to best effect.

The Charity has achieved Cyber Essential Plus accreditation (Certificate Number: IASME-CEP-008874).

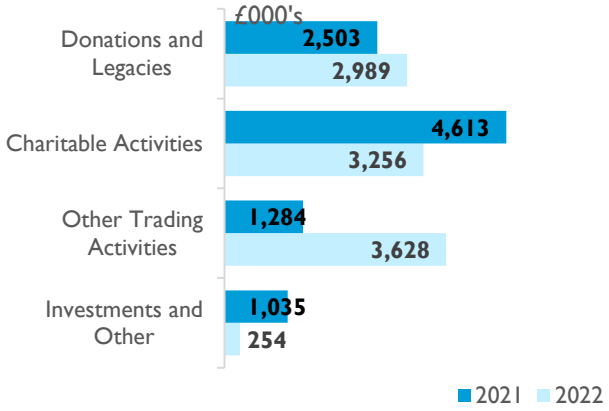
Financial Review

The consolidated financial statements that follow later in this report comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows, and related notes, which include the results of the related companies. The result for the year was a surplus of £1,424,501 (2020/21: £2,195,546 surplus).

Total expenditure for the year increased by 10.16% to £8,744,676 (2020/21: £7,938,411); 62% of this relates to increased staffing costs, with a further 38% relating to increased fundraising and other trading activities. 69% was spent on charitable activities.



Total income for the year increased by 7.34% to £10,127,050 (2020/21: £9,434,696).



There follows a brief overview of the financial management that has fed into these reports.

Investment Policy and Returns

Because of the uncertainty of fundraising income streams, it is necessary to ensure that funds are always readily available for use to ensure that levels of care are not adversely affected in the event of any short-term income reduction. The Trustees have decided to maintain a low-risk investment strategy to protect reserves, and therefore services, rather than seeking higher return investments which increase the risk profile. Performance is measured against agreed inflation and market indices.

In the current economic crisis, maintaining pace with inflation remains exceptionally hard. With net gains of £7,127 (2020/21: £649,261), and total return of £147,443 (2020/21: £741,416) performance fell short of target.

Reserves Policy

The Trustees have reviewed the reliability of future income streams, the commitment to future expenditure and risks faced as a Charity. St Michael's has determined that it needs reserves for the following reasons:

- To fund shortfalls in income (whether statutory, retail, lottery, donations, legacies, or other fundraising activities) when it does not reach expected levels. St Michael's is dependent on fundraised income as well as statutory funding. The fundraised income is subject to fluctuation as economic conditions change and statutory funding could be affected by government policy and the financial position of NHS and local authority commissioners;
- To fund unexpected expenditure, for example when legislation changes, or unplanned events occur. This could also be for unexpected building maintenance costs and to provide a degree of flexibility for innovation;
- To fund working capital. The greatest cost is salaries and therefore the timing of cash outflows is relatively fixed whereas both fundraised and statutory income fluctuate in terms of cash inflow over the year;
- To fund future developments to ensure we continue to meet the needs of our community.

At the end of March 2022, the free cash reserves within general funds increased to £11,619,056 (2020/21: £9,794,401), an amount which equates to 14.5 months of budgeted 2022/23 operating costs, exceeding our reserve policy of 9 months. This level of reserves helps St Michael's to continue to provide all of its services in difficult times such as we are experiencing during the COVID-19 crisis, and the uncertain economic times ahead with rising cost inflation.

The net book values of freehold land and buildings are held in a designated reserve called the Property Fund, totalling £9,894,495 at 31 March 2022 (2020/21: £9,932,715). By designating these funds, the Trustees aim to give a clear presentation of the free reserves available to St Michael's to meet its continuing operational commitments. At the year-end, restricted reserves totalled £137,430 (2020/21: £104,487). At the year-end, the designated capital investment fund totalled £180,770 (2020/21: £361,191) and the designated development fund totalled £1,118,898 (2020/21: £1,170,000).

The level of reserves is monitored regularly by the Finance & Investments Committee and this policy is reviewed annually by the Trustees when the budgets are approved. This will ensure that appropriate steps are in place to maintain reserves at the required levels.

Principal Risks and Uncertainties

The Pandemic is ongoing at the time of this report and remains under continuous review by the Trustees with regular actions taken to comply with government guidance, laws, and regulations. They continue to consider the following material risks:

- Unpredictability of the legacy income stream, which currently represents 16.1% (2020/21: 14.5%) of all income.
- A risk to donations because of the economic and political climate and competition for funds.
- Uncertainty over the NHS contribution due to austerity measures and current economic climate.
- Demand for hospice services outstripping capacity both in terms of volume and skill.
- An ageing workforce and volunteer cohort.
- Challenges in recruitment, particularly in nursing nationally and locally.
- Failure in the provision of the service.

Going Concern

The Trustees have reviewed financial forecasts into 2026 and have paid special consideration to reviewing the risks to the charity's services and finances as a result of COVID-19. Through careful management of expenditure and stewardship of income, the Trustees are confident that St Michael's will continue as a going concern for the foreseeable future.

Future Plans

St Michael's will continue its current strategy while monitoring the risks to its implementation. The needs of our patients continue to change and evolve, more so because of COVID-19. We will continue to maximise the use of our facilities for the benefit of our patients and families. We will continue to keep all our services under review as each develops and impacts the others so that patients and families receive the high-quality care they need – in the way they want it and at the place of their choosing. With the introduction of the Integrated Care Boards (ICB) for Herefordshire and Worcestershire, St Michael's continues to ensure its interests and operations in Herefordshire are heard at the ICB level, including continuing to work closely with our colleagues in the other hospices.

An outcome of the pandemic is that Central Government recognises the vital contribution of hospices and will be working to achieve a fair payment scheme to guide local commissioners in their negotiations with their hospices to ensure a better deal. During 2022/23 we will continue to focus on enhancing and growing our volunteer teams, which will be more challenging than ever before, but who remain vital to our survival and sustainability. We will continue to move closer to our communities.

The Mobile Hospice Support Vehicle will contribute to this enormously by travelling round the villages and far reaches telling people about St Michael's services and offering support locally. Combined with the Compassionate Communities work we have started this will give more support to more people too. By developing our education programmes and embracing new technologies, we will offer more opportunities and ways for people to engage with St Michael's for their personal and professional development, especially in care and residential homes where most palliative and end of life care will be delivered in the future.

As the organisation grows and becomes more spread (through more fundraising, retail outlets and services delivered in homes) we need to ensure we keep people in touch with St Michael's and fully informed and briefed so they can not only work effectively but also act as expert ambassadors for St Michael's. We will develop our communication channels more, so we ensure each donor and supporter understands the important contribution they make to people's lives in Herefordshire and the surrounding areas.

Finally, St Michael's (along with many others) is experiencing a great deal of learning and accelerated development through the pandemic delivering services in new ways which take advantage of technologies that have become commonplace. We are committed to retaining as much of this as possible and developing the new links and collaborations that have been forged where this supports our strategic aims.

Thanks to the generosity of our community, St Michael's continues to provide the best possible palliative care and support for local people and their families. The Board of Trustees would like to extend a heartfelt thank you to all the supporters who make this possible.

Structure, Governance and Management

Trustees

Trustees are unremunerated volunteers. All Trustees give their time voluntarily and receive no benefits from St Michael's. Any expenses reclaimed from St Michael's are set out in note 10 to the financial statements. of which there were none. When there are Trustee vacancies, the Board consider the skills mix and diversity of the continuing Trustees to determine the person specifications needed in new Trustees. Recruitment is an open competitive process involving public advertising, networking, and head-hunting as appropriate. St Michael's provides potential Trustee candidates with information about the organisation and about the role of Trustee, including the role description and expectation of Trustees and the length of tenure of appointment. The full Board of Trustees make appointments.

Every Trustee must sign a Trustee Commitment and Disclosure Form to act as a Trustee of St Michael's before he or she is eligible to become a Trustee, including a declaration of interest form, which is renewed each year. On appointment or election as a Trustee, a Trustee becomes a member of St Michael's. Trustees hold membership of St Michael's only during their Trusteeship and retirement, resignation or removal as a Trustee ends their membership of St Michael's.

It is St Michael's policy and practice to provide Trustees with appropriate training to undertake their role and to ensure that new Trustees receive an induction to St Michael's and to the role of a Charity Trustee and Company Director. New Trustees attend a corporate induction day, and we are looking at a potential scheme to provide them with a mentor Trustee who would give them specific support over the first 12 months of their Trusteeship. Trustees are elected initially for a three-year term and are appraised annually.

The Trustees delegate day-to-day responsibility to the Chief Executive, who in turn delegates some management functions to the Strategic Management Team (SMT). The Schedule of Delegation is set out in the Governance Manual. The Trustees have four sub-committees that meet quarterly and are responsible for reviewing St Michael's activities in their respective areas of expertise in more detail than full Board meetings can achieve. These are:

- Clinical Governance & Care Committee;
- People & Facilities Committee;
- Finance & Investment Committee;
- Income Generation & Marketing Committee.

Each committee / group has at least two Trustees and a member of SMT as its members. A Trustee chairs the meetings and presents a report at the Board of Trustees, which meets every six to eight weeks.

Remuneration Policy for Key Management Personnel

The aim of St Michael's pay policy is to offer fair pay to attract and keep appropriately qualified staff to lead, manage, support, and deliver St Michael's aims. Trustees are ultimately responsible for setting the Chief Executive's remuneration level and agreeing the annual cost of living award.

The Chief Executive sets grading levels for the Strategic Management Team with Trustee oversight (except medical staff who are on the NHS scheme). The Strategic Management Team sets grading levels for all other staff.

When deciding the Chief Executive and Senior Staff salary levels, consideration is given to:

- the purpose, aims and values of St Michael's, and its beneficiaries' needs;
- how pay is linked to the skills, experiences and competencies St Michael's needs from its senior staff and the scope of their roles and how St Michael's can maintain the ability to recruit and retain suitably qualified and experienced management;
- St Michael's current business plan and how implementing it may affect the number of senior staff St Michael's needs to employ or recruit, and the nature of these roles;
- St Michael's ability to pay, including:
  - the benefit to St Michael's that such positions will bring;
  - the cost to St Michael's of increasing remuneration levels.

St Michael's regularly benchmarks its salary against other similar organisations and, in the case of clinical staff, with the NHS and local authority in Herefordshire.

Policy for Employment of Disabled Persons

St Michael's fully and fairly considers all applications for recruitment to contracted or volunteer roles made by disabled persons and gives regard to their aptitude and abilities. Opportunities for training, career development and promotion are considered in the same way for those employed or volunteering. Should an employee or volunteer become disabled, St Michael's arranges appropriate training and support to enable continued employment at St Michael's where possible.

Employee Information

St Michael's is committed to providing staff and volunteers with information on matters of concern to them. We have introduced a Staff and Volunteer Forum; an Operational Management Team that brings decision-making and information closer to employees and volunteers; and started the process to improve our People Systems and Processes. This will include more opportunities and methods for management to consult with staff and volunteers and provide feedback. This is as well as the current systems of noticeboards; staff emails; newsletters; staff meetings, digital communications, and volunteer events.

Funds Held as Custodian Trustees on Behalf of Others

Within deferred income is £128,500 held as a cash investment which provides a lifelong annuity to an individual. St Michael's and a GP surgery are joint beneficiaries of the residual capital.

Statement of Trustees Responsibilities

The Trustees (who are also directors of the company 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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 St Michael's 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

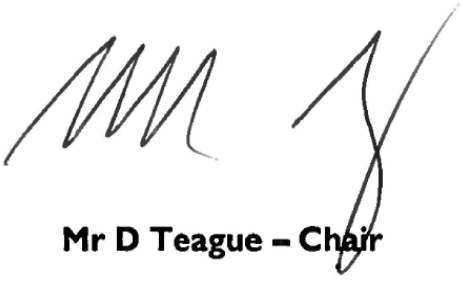
- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish the auditor is aware of that information

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of St Michael's guarantee to contribute an amount not exceeding £2 to the assets of St Michael's in the event of winding up.

The Trustees are members of St Michael's, but this only entitles them to voting rights. The Trustees have no beneficial interest in St Michael's.

The Trustees annual report, which includes the strategic report, has been approved by the Trustees on 27 July 2022 and signed on their behalf by:



Mr D Teague – Chair

Independent Auditor's Report
To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation)
For the year ended 31 March 2022

Opinion

We have audited the financial statements of St Michael's Hospice (Incorporating the Freda Pearce Foundation) ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, Group Balance Sheet, Charity Balance Sheet, Consolidated Statement of Cash Flows, 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 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 the charitable company's affairs as at 31 March 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 charitable company's or the group'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 Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the 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.

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 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.

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 our audit:

- the information given in the Trustees' report, which includes the Directors' report and the Strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and the Directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report included within the Trustees' 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 and proper accounting records have not been kept; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Trustees' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 16, 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context were the Gambling Commission, CQC Regulations and General Data Protection Regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

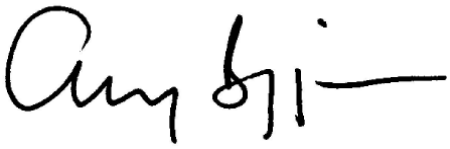
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be with the completeness and accuracy of grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance and Income Generation Committee about their own identification and assessment of the risks of irregularities, designing audit procedures over income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 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.



Guy Biggin
Senior Statutory Auditor
For and on behalf of

Crowe U.K. LLP
Statutory Auditor
Fourth Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 14 September 2022

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Financial Activities (incorporating an income and expenditure account)
For the year ended 31 March 2022

	Note	Unrestricted £	Restricted £	2022 Total £	2021 Total £
Income from:					
Donations and legacies	3	2,944,113	44,448	**2,988,561**	2,502,729
Charitable activities	4	2,103,571	1,152,500	**3,256,071**	4,612,598
Other trading activities	5	3,628,186	270	**3,628,456**	1,284,302
Investments	6	169,366	-	**169,366**	120,647
Other	7	84,596	-	**84,596**	914,420
Total income		8,929,832	1,197,218	**10,127,050**	9,434,696
Expenditure on:					
Raising funds	9	2,739,827	1,343	**2,741,170**	2,168,750
Charitable activities	9	4,870,130	1,133,376	**6,003,506**	5,769,661
Total expenditure	9	7,609,957	1,134,719	**8,744,676**	7,938,411
Net income before net gains on investments		1,319,875	62,499	**1,382,374**	1,496,285
Net gains on property investments	15	35,000	-	**35,000**	50,000
Net gains on listed investments	16	7,127	-	**7,127**	649,261
Net income for the year		1,362,002	62,499	**1,424,501**	2,195,546
Transfers between funds	25	29,556	(29,556)	**-**	-
Net movement in funds		1,391,558	32,943	**1,424,501**	2,195,546
Reconciliation of funds:					
Total funds brought forward	25	22,704,900	104,487	**22,809,387**	20,613,841
Total funds carried forward	25	24,096,458	137,430	**24,233,888**	22,809,387

The notes on pages 25 to 46 form part of these financial statements.

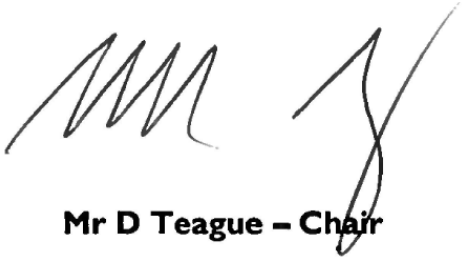
St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated and Charity Balance Sheets
As at 31 March 2022

	Note	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Fixed assets					
Tangible fixed assets	14	**11,177,733**	11,379,308	**11,177,733**	11,379,308
Investment properties	15	**700,000**	665,000	**700,000**	665,000
Investments	16	**8,914,515**	8,767,822	**8,914,515**	8,767,822
		20,792,248	20,812,130	**20,792,248**	20,812,130
Current assets					
Stock	19	**16,801**	20,404	**2,178**	4,076
Debtors	20	**2,035,124**	1,267,595	**2,147,150**	1,296,136
Cash at bank and in hand		**2,370,110**	1,372,901	**2,255,981**	1,357,021
		4,422,035	2,660,900	**4,405,309**	2,657,233
Liabilities					
Creditors: amounts due within one year	21	**(980,395)**	(663,643)	**(964,233)**	(660,395)
Net current assets		**3,441,640**	1,997,257	**3,441,076**	1,996,838
Total net assets		**24,233,888**	22,809,387	**24,233,324**	22,808,968
Funds of the Group and Charity:	25				
Restricted income funds		**137,430**	104,487	**137,430**	104,487
Unrestricted funds					
Designated funds		**11,194,163**	11,577,598	**11,194,163**	11,577,598
General funds		**12,902,295**	11,127,302	**12,901,731**	11,126,883
Total unrestricted funds		**24,096,458**	22,704,900	**24,095,894**	22,704,481
Total Group and Charity funds		**24,233,888**	22,809,387	**24,233,324**	22,808,968

The Charity's net income for the year was £1,424,356 (2020/21: £2,195,581).

The notes on pages 25 to 46 form part of these financial statements.

Approved and authorised for issue by the Board of Trustees on 27 July 2022 and signed on their behalf by:



Mr D Teague – Chair

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Cash Flows
For the year ended 31 March 2022

	Note	**2022** **£**	2021 £
Cash flows from operating activities			
Net cash used in operating activities	26	**1,170,205**	2,368,591
Cash flows from investing activities:			
Dividends, interest, and rents from investments		**169,366**	120,647
Proceeds from the sale of fixed assets		**300**	-
Purchase of fixed assets		**(201,101)**	(191,174)
Proceeds from the sale of investments		**1,368,020**	1,830,366
Purchase of investments		**(1,515,654)**	(4,412,956)
Movement in investments – cash holdings		**8,068**	490,914
Net cash used in investing activities		**(171,001)**	(2,162,203)
Change in cash and cash equivalents in the year		**999,204**	206,388
Cash and cash equivalents at the beginning of the year		**1,365,181**	1,158,793
Cash and cash equivalents at the end of the year	**27**	**2,364,385**	1,365,181

The notes on pages 25 to 46 form part of these financial statements.

1. Accounting policies

a) Statutory information

St Michael's Hospice (incorporating the Freda Pearce Foundation) is a charitable company limited by guarantee (Company number 01634942 and Charity number 511179) and is incorporated in the United Kingdom. The registered office address and principal place of business is St Michael's Hospice, Bartestree, Hereford, HR1 4HA. This is also the address of its 100% wholly owned subsidiaries.

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

b) 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly owned subsidiaries - SMH Trading Limited and St Michael's Hospice Development Company Limited - on a line-by-line basis. Transactions and balances between the charitable company and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the companies are disclosed in the notes of the charitable company's Balance Sheet. A separate Statement of Financial Activities, or income and expenditure account, for the charitable company itself is not presented as permitted by the exemptions afforded by section 408 of the Companies Act 2006 not to include it. The charitable company has also taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only cashflow and certain financial instrument disclosures.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The Trustees consider that there are no material uncertainties about the group's ability to continue as a going concern following their review of the financial position, reserves levels and future plans. In arriving at their decision, the Trustees have thoroughly reviewed the impact of COVID-19 on service demand and delivery and income levels and have taken appropriate mitigating action to minimise risk.

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charitable company 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. Income from voluntary sources is received by way of donations, gifts, and fundraising events, and is included in full in the Statement of Financial Activities when receivable. Income from gift aid tax reclaims is recognised for all donations made prior to the year-end where valid gift aid declarations are held.

1. Accounting policies (continued)

For legacies, entitlement is taken as the earlier of the date on which either: the charitable company is aware that probate has been granted, the estate has been finalised and the executor has made notification to the charitable company 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 charitable company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charitable company, or the charitable company 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 in note 3.

Income from charitable activities is recognised as services are performed. Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services, and facilities

In accordance with the Charities SORP (FRS 102), the value of services provided by volunteers is not recognised. The Trustees' annual report contains further information about the invaluable contribution provided by volunteers. On receipt, donated gifts, professional services, and donated facilities are recognised based on the value of the gift to the charitable company which is the amount the charitable company 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. Clothing and other goods donated for resale are included in income when they are sold. If an item is significant in value, it would be measured and valued at the year-end.

g) Interest receivable and dividends

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank. Dividends are included when received or declared and receivable.

h) Fund accounting

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for a specific purpose. The notes to the financial statements provide further details. Once the terms and conditions of the restrictions have been met, tangible fixed assets purchased with restricted monies, are transferred to unrestricted funds.

Unrestricted funds are those available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and which have not been designated for any other purpose.

Designated amounts within the unrestricted funds represent the total Net Book Value of the freehold land and buildings and assets in the course of construction held at the balance sheet date and funds designated for the development projects and capital investment. Designated funds may also comprise amounts that have been set aside by the Trustees for particular purposes, notably for the purchase of other assets used within the business.

i) Expenditure and irrecoverable VAT

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. Expenditure is classified under the following activity headings:

Raising funds - this relates to the costs incurred by the charitable company in procuring voluntary contributions to it, as well as the costs of any activities with a fundraising purpose, including charity shop running costs and investment manager fees. This includes salaries of staff engaged in fundraising activities, direct expenditure, and support costs. The cost of fundraising activities is recognised in the year in which it is incurred although the income derived from the activities may arise in future years.

1. Accounting policies (continued)

Charitable activities - this includes the costs of delivering services, and other educational activities undertaken to further the purposes of the charitable company and their associated support costs.

Irrecoverable VAT is charged against activities on the same basis as the allocation of support costs. Governance costs are included within support costs and relate only to external audit fees.

j) Allocation of support costs

Expenditure is allocated to the activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Inpatient Care	50.0%
Raising Funds	20.5%
In reach (Day Care Services)	2.5%
Supportive & Rehabilitative Care	1.0%
Education & Training	1.0%
Hospice at Home	25.0%

k) Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

l) Tangible fixed assets

Items are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities based on the use of the related assets in those activities. Assets are reviewed for impairment annually to consider if their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

The depreciation rates in use are as follows:

Freehold buildings	
- Main Structure	50 years
- Roof	10 - 40 years
- Windows and doors	25 years
Leasehold property	Over the period of the lease
Medical and nursing equipment and beds	5 – 10 years
Motor vehicles	3 – 7 years
IT Equipment and development	3 – 5 years
Plant and machinery	15 - 25 years
Fixture, fittings, and equipment	3 – 5 years

Land and buildings are included at cost. Land and assets in the course of construction are not depreciated. In accordance with the Statement of Recommended Practice, freehold buildings have been categorised into those components which have substantially different useful economic lives.

1. Accounting policies (continued)

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the Statement of Financial Activities. The valuation method used to determine fair value is stated in the notes to the financial statements.

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the Balance Sheet date using the closing quoted middle market price.

Any change in fair value will be recognised in the Statement of Financial Activities. Investment gains and losses are combined and shown in the heading "Net gains / (losses) on investments" in the Statement of Financial Activities. The charitable company does not directly acquire put options, derivatives, or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

q) Debtors

Trade debtors, other debtors, accrued income and amounts owed by group entities are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

s) Creditors

Creditors are recognised where the group 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.

t) Financial instruments

The group 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. Listed investments are shown at market value.

1. Accounting policies (continued)

u) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where these estimates and judgements have been made include the following:

i) Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the tangible assets and note l) for the useful lives of each class of asset.

ii) Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, the Trustees consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 20 for the net carrying amount of the debtors and associated impairment provision.

iii) Accrued legacy income

Legacy income is accrued if probate has been granted prior to the year-end, and the estate has been finalised, or the executor has made notification to the charitable company that a distribution will be made, or when a distribution is actually received, mitigating estimation uncertainty as income can be measured reliably.

v) Pensions

Defined benefit scheme

The charitable company contributes to the NHS pension scheme for eligible staff. Such contributions are a fixed percentage of salary. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the scheme. 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, it 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 that scheme for the accounting period. The charitable company has no ongoing liability once the standard contributions to the scheme are made.

Defined contribution schemes

Where staff are not eligible to join the NHS pension scheme, they can opt to join a group personal pension plan scheme. St Michael's also contributes to the personal schemes of individual employees. Such contributions are a fixed percentage of salary. In accordance with workplace pension legislation, eligible employees who are not already in a compliant pension scheme are automatically enrolled into a workplace pension scheme. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the schemes.

2. Detailed comparatives for the Statement of Financial Activities

	Note	Unrestricted £	Restricted £	2021 Total £
Income from:				
Donations and legacies	3	2,448,446	54,283	**2,502,729**
Charitable activities	4	2,362,075	2,250,523	**4,612,598**
Other trading activities	5	1,284,302	-	**1,284,302**
Investments	6	120,647	-	**120,647**
Other	7	914,420	-	**914,420**
Total income		7,129,890	2,304,806	**9,434,696**
Expenditure on:				
Raising funds	9	2,168,587	163	**2,168,750**
Charitable activities	9	3,498,247	2,271,414	**5,769,661**
Total expenditure	9	5,666,834	2,271,577	**7,938,411**
Net income before net gains on investments		1,463,056	33,229	**1,496,285**
Net gains on property investments	15	50,000	-	**50,000**
Net gains on listed investments	16	649,261	-	**649,261**
Net income for the year		2,162,317	33,229	**2,195,546**
Transfers between funds	25	50,000	(50,000)	**-**
Net movement in funds		2,212,317	(16,771)	**2,195,546**
Reconciliation of funds:				
Total funds brought forward	25	20,492,583	121,258	**20,613,841**
Total funds carried forward	25	22,704,900	104,487	**22,809,387**

3. Income from donations and legacies

	Unrestricted £	Restricted £	**2022 Total £**	2021 Total £
Donations	714,620	448	**715,068**	652,655
Grants & Trusts	194,922	44,000	**238,922**	288,532
Community fundraising activities	402,776	-	**402,776**	194,051
Legacies	1,631,795	-	**1,631,795**	1,367,491
Total	2,944,113	44,448	**2,988,561**	2,502,729

As at 31 March 2022 the charity had been notified of several legacies, the values of which were uncertain as the executors were awaiting confirmation of other claims on the estate and may also be in the process of realising assets such as residential property. The estimated total of these legacies could be up to £1,126,000. None of these legacies have been accrued in the financial statements.

St Michael's received personal protective equipment from the NHS. It has not been possible to reliably estimate the value of these items and they are therefore not included in donations above.

4. Income from charitable activities

	Unrestricted £	Restricted £	**2022 Total £**	2021 Total
Nursing & medical care	774,770	-	**774,770**	913,033
Grants from grant making trusts	-	36,000	**36,000**	4,380
Hospice at Home	1,118,781	-	**1,118,781**	1,228,203
NHS England	-	1,116,500	**1,116,500**	2,246,143
Other care services	3,964	-	**3,964**	46,000
Pharmacy supplies	144,665	-	**144,665**	158,814
Education and training	61,391	-	**61,391**	16,025
Total	2,103,571	1,152,500	**3,256,071**	4,612,598

£2,012,383 (2020/21: £2,316,254) was received from the Herefordshire Clinical Commissioning Group. £29,796 (2020/21: £29,796) was received from Powys Local Health Board. £1,116,500 was received from NHS England (2020/21: £2,246,143). The NHS England awarded funding to allow St Michael's to make available bed capacity and community support from December 2021 to March 2022 to provide support to people with complex needs in the context of the COVID-19 situation. £4,400 was received from the Worcestershire Clinical Commissioning Group (2020/21: £nil) for the provision of Advanced Communication Skills training. £24,900 (2020/21: £ nil) was received from Health Education England towards Registered Nurse Degree Apprenticeships.

There were no unfulfilled conditions or other contingencies attached to these income receipts.

5. Income from other trading activities

	Unrestricted £	Restricted £	**2022 Total £**	2021 Total £
Fundraising events	229,094	270	**229,364**	177,776
Lottery	387,855	-	**387,855**	321,812
Retail shops	2,987,159	-	**2,987,159**	774,543
Other	24,078	-	**24,078**	10,171
Total	3,628,186	270	**3,628,456**	1,284,302

6. Income from investments

	Unrestricted £	Restricted £	**2022 Total £**	2021 Total £
Bank interest received	200	-	**200**	1,059
Investment interest & dividends	140,316	-	**140,316**	92,155
Rental income	28,850	-	**28,850**	27,433
Total	169,366	-	**169,366**	120,647

7. Other Income

	Unrestricted £	Restricted £	**2022 Total £**	2021 Total £
Government Grants – Coronavirus Job Retention Scheme	6,095	-	**6,095**	424,292
Government Grants – Retail Support	63,337	-	**63,337**	481,657
Crematorium Fees	8,364	-	**8,364**	6,888
Disposal of fixed assets	300	-	**300**	-
Other	6,500	-	**6,500**	1,583
Total	84,596	-	**84,596**	914,420

8. Net income for the year

This is stated after charging:			**2022 £**	2021 £
Depreciation			**469,397**	486,002
Net profit on disposal of fixed asset			**300**	-
Operating lease rentals:	-	property	**274,147**	271,972
	-	other	**18,628**	18,922
Auditor's remuneration:	-	audit	**14,050**	13,420
	-	other services	**1,960**	1,925
Interest receivable			**200**	1,059

9. Analysis of expenditure

	Charitable Activities								
	Cost of raising funds	Inpatient Care	In reach / Day Care	Supportive & Rehab Care	Hospice at Home & Community	Education & Training	Governance costs	Support costs	**2022 Total**	2021 Total
	£	£	£	£	£	£	£	£	**£**	£
Staff costs (Note 10)	1,382,876	2,139,282	229,815	390,154	1,040,344	24,180	-	701,672	**5,908,323**	5,409,473
Medical Consultants	-	164,547	34,227	-	-	-	-	-	**198,774**	239,407
Other Staff Costs	8,941	68,004	439	119,402	10,944	421	-	23,745	**231,896**	190,930
Retail Purchases	74,586	-	-	-	-	-	-	-	**74,586**	22,074
Lottery Prizes	82,871	-	-	-	-	-	-	-	**82,871**	78,000
Events	48,370	-	-	-	-	-	-	-	**48,370**	25,588
Community	22,178	-	-	-	-	-	-	-	**22,178**	5,611
Investment Management Fees	11,337	-	-	-	-	-	-	-	**11,337**	12,246
Education	486	11,352	81	81	4,054	162	-	-	**16,216**	7,253
Communications	5,152	3,864	322	322	2,576	644	-	-	**12,880**	9,745
Premises & Equipment	398,213	24,094	61	61	127	951	-	149,613	**573,120**	546,601
Transport & Travel	39,189	440	194	827	40,525	-	-	5,459	**86,634**	70,719
Telephones & Computers	59,639	27,537	5,957	6,632	34,671	1,713	-	177,713	**313,862**	283,277
Catering & Cleaning	75,585	84,759	537	537	537	-	-	32,176	**194,131**	133,385
Professional Fees	38,819	123	-	5,063	-	-	14,050	14,163	**72,218**	32,249
Depreciation	73,896	26,843	429	1,797	17,042	155	-	349,235	**469,397**	486,002
Medical & Nursing Supplies	-	193,666	-	144	4,137	-	-	-	**197,947**	222,648
Other Supplies & Services	94,660	14,108	1,121	3,324	2,241	6	-	114,476	**229,936**	163,203
	2,416,798	2,758,619	273,183	528,344	1,157,198	28,232	14,050	1,568,252	**8,744,676**	7,938,411
Support costs	321,492	784,126	39,206	15,682	392,063	15,683	-	(1,568,252)	**-**	-
Governance costs	2,880	7,025	351	141	3,512	141	(14,050)	-	**-**	-
Total expenditure 2022	**2,741,170**	**3,549,770**	**312,740**	**544,167**	**1,552,773**	**44,056**	**-**	**-**	**8,744,676**	-
Total expenditure 2021	2,168,750	3,364,413	309,664	516,489	1,541,571	37,524	-	-	-	7,938,411

10. Staff costs and numbers

Staff costs were as follows:

	2022	2021
	£	£
Salaries and wages	**5,088,605**	4,632,353
Redundancy and termination costs	**-**	557
Social security costs	**391,494**	370,625
Pension contributions – defined benefit scheme	**182,919**	184,038
Pension contributions – defined contribution schemes	**245,305**	221,900
	5,908,323	5,409,473

The following number of employees received employee benefits (excluding employer national insurance and pension costs) during the year between:

	2022	2021
	No.	No.
£60,000 - £69,999	**3**	1
£80,000 - £89,999	**1**	1

The charitable company considers its key management personnel during the year to comprise the Trustees and the Strategic Management Team - who are the Chief Executive and three other key directors, one of which is contracted with the local NHS Trust and included in Medical Consultants costs and not staff costs above. The total cost (including employer national insurance costs and pension contributions) of the key management personnel was £397,481 (2020/21: £423,949). The Trustees were not paid nor received any other benefits from employment with St Michael's in the year (2020/21: £nil).

11. Staff numbers

The average number of employees (head count based on number of staff employed) and whole-time equivalents (WTE) during the year were as follows:

	2022	**2022**	2021	2021
	Head Count	**WTE**	Head Count	WTE
Inpatient Care	**84**	**53**	78	52
In reach / Day Care Services	**14**	**8**	15	9
Supportive & Rehabilitative Care	**14**	**10**	13	9
Hospice at Home	**33**	**24**	34	25
Externally provided education and training	**1**	**1**	1	1
Support	**25**	**19**	23	16
Raising funds	**70**	**46**	65	41
	241	**161**	229	153

12. Related party transactions

During the year, the charitable company entered into transactions for the purchase of services as described below:

Humfrys & Symonds (Trustee Mr D Campion who served during the year is a director) for the purchase of professional services totalling £408 (2020/21: £nil). £nil was outstanding at 31st March 2022 (2020/21: £nil).

One family member of a Trustee who served during the year (Mrs J Winney) was employed by St Michael's on standard employment terms and conditions – their total remuneration (including employer national insurance costs and pension contributions) was £6,334 (2020/21: £15,789)

During the year, a management charge was made by the charitable company to SMH Trading Limited of £135,950 excluding VAT (2020/21: £28,073). At the end of the year gift aid of £8,083 (2020/21: £23) was payable by SMH Trading Limited to the charitable company. The total year-end balance owed to the charitable company was £112,026 (2020/21: £28,553).

13. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

14. Tangible fixed assets – Group and Charity

	Freehold land & buildings £	Assets in the course of construction £	Leasehold property £	Medical & nursing equipment & beds £	Fixtures, fittings & equipment £	Information technology £	Plant & machinery £	Motor vehicles £	Total £
Cost									
At the start of the year	11,126,076	113,692	290,139	223,142	646,300	133,975	1,183,996	259,460	**13,976,780**
Additions in year	40,880	163,182	1,680	11,062	13,943	37,959	11,044	-	**279,750**
Transfers in year	175,047	(175,047)	-	-	-	-	-	-	**-**
Disposals in year	-	-	(18,661)	-	-	-	-	(28,159)	**(46,820)**
At the end of the year	11,342,003	101,827	273,158	234,204	660,243	171,934	1,195,040	231,301	**14,209,710**
Depreciation									
At the start of the year	1,193,361	-	212,185	139,973	516,271	98,043	261,625	176,014	**2,597,472**
Charge for the year	254,147	-	28,489	12,756	64,748	23,639	62,658	22,960	**469,397**
Disposals in year	-	-	(6,733)	-	-	-	-	(28,159)	**(34,892)**
At the end of the year	1,447,508	-	233,941	152,729	581,019	121,682	324,283	170,815	**3,031,977**
Net book value									
At the end of the year	**9,894,495**	**101,827**	**39,217**	**81,475**	**79,224**	**50,252**	**870,757**	**60,486**	**11,177,733**
At the start of the year	9,932,715	113,692	77,954	83,169	130,029	35,932	922,371	83,446	11,379,308

Land with a value of £499,789 (2020/21: £499,789) is included within Freehold Land and Buildings and is not depreciated. All the above assets are used for charitable purposes.

15. Investments Properties – Group and Charity

	2022	2021
	£	£
Fair value at the start of the year	**665,000**	615,000
Revaluation during the year	**35,000**	50,000
Fair Value at the end of the year	**700,000**	665,000

The properties were last valued on an open market valuation basis on 9th May 2022 by Alister Walshe FNAEA FNAVA of Stooke, Hill & Walshe. Being a previous related party, and now Life Patron, the Board of Trustees have approved the valuation.

16. Investments – Group and Charity

	2022	2021
	£	£
Fair value at the start of the year	**8,743,630**	5,511,779
Transfers	**-**	-
Additions at cost	**1,515,654**	4,412,956
Disposal proceeds	**(1,368,020)**	(1,830,366)
Net gain on change in fair value	**7,127**	649,261
	8,898,391	8,743,630
Investments - cash holdings	**16,124**	24,192
Fair value at the end of the year	**8,914,515**	8,767,822

Investments comprise:	2022	2021
	£	£
UK Fixed Interest	**3,959,952**	3,796,540
International Fixed Income	**405,068**	493,618
Equities	**2,107,884**	1,508,513
Alternative Investments	**1,454,772**	1,332,949
Cash Funds	**986,828**	1,636,192
	8,914,504	8,767,811
Investment in subsidiary undertakings incorporated in the UK	**1**	1
Investment in Hospice Quality Partnership	**10**	10
	8,914,515	8,767,822

17. Subsidiary undertakings

The charitable company owns the whole of the issued ordinary share capital of SMH Trading Limited, a company registered in England, company number 06545386. St Michael's uses the subsidiary for non-primary purpose trading activities.

All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustee Ms P A Greenwood who served during the year is also a director of the subsidiary. Available profits are gift aided to the charitable company within 9 months of the year-end.

The table below shows a summary of the subsidiary's results.

	2022	2021
	£	£
Turnover	**235,086**	55,866
Cost of sales	**(88,903)**	(25,680)
Gross profit	**146,183**	30,186
Distribution costs	**(54,088)**	(11,169)
Administrative expenses	**(81,862)**	(16,904)
Other operating expenditure	**(2,150)**	(2,090)
Operating profit	**8,083**	23
Taxation	**-**	-
Profit after taxation	**8,083**	23
Retained earnings at the start of the year	**563**	563
Profit for the year	**8,083**	23
Gift aid donation	**(8,083)**	(23)
Retained earnings at the end of the year	**563**	563
The aggregate of the assets, liabilities and funds was:		
Assets	**128,752**	32,365
Liabilities	**(128,188)**	(31,801)
	564	564
Funds:		
Share capital	**1**	1
Retained profits	**563**	563
	564	564

Distribution costs and administrative expenses totalling £135,950 (2020/21: £28,073) represent a management charge from the parent entity. Amounts owed to the parent undertaking are shown in note 20.

17. Subsidiary undertakings (continued)

The charitable company also owns the whole of the issued ordinary share capital of St Michael's Hospice Development Company Limited, a company registered in England, company number 07039211.
St Michael's used the subsidiary for the redevelopment of the hospice buildings and surroundings.

All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustee Mr D Teague who served during the year is also a director of the subsidiary. Available profits are covenanted to the charitable company as appropriate within 9 months of the year-end. The company is to become dormant.

A summary of the results of the subsidiary is shown below:

	2022	2021
	£	£
Turnover	**-**	-
Cost of sales	**-**	-
Gross profit	**-**	-
Other operating expenditure	**145**	(35)
Operating profit / (loss)	**145**	(35)
Taxation	**-**	-
Profit / (Loss) after taxation	**145**	(35)
Retained (losses) / earnings at the start of the year	**(145)**	(110)
Profit / (Loss) for the year	**145**	(35)
Gift aid donation	**-**	-
Retained profit / (losses) at the end of the year	**-**	(145)
The aggregate of the assets, liabilities and funds was:		
Assets	**1**	856
Liabilities	**-**	(1,000)
	1	(144)
Funds:		
Share capital	**1**	1
Retained losses	**-**	(145)
	1	(144)

St Michael's Hospice Development Company Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A.

18. Parent charity

The parent charity's gross income and results for the year are disclosed as follows:

	2022	2021
	£	£
Gross income and gains on investments	**10,078,125**	10,106,187
Gross expenditure	**8,653,769**	7,910,606
Net income	**1,424,356**	2,195,581

19. Stock

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Goods for resale	**16,801**	20,404	**2,178**	**4,076**
	16,801	20,404	**2,178**	**4,076**

20. Debtors

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	**46,176**	23,075	**46,176**	22,063
Amounts owed by group undertaking	**-**	-	**112,026**	29,553
Other debtors	**102,551**	90,958	**102,551**	90,958
Prepayments	**96,206**	103,303	**96,206**	103,303
Accrued income	**1,790,191**	1,050,259	**1,790,191**	1,050,259
	2,035,124	1,267,595	**2,147,150**	1,296,136

Trade debtors are stated after impairment provision totalling £nil (2020/21: £nil). Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. The carrying values of these are shown above and in note 21 below.

21. Creditors: amounts due within one year

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Bank overdraft	**5,725**	7,720	**5,725**	7,720
Trade creditors	**234,357**	88,947	**227,953**	88,017
Taxation and social security	**99,099**	89,365	**99,099**	89,365
Other creditors	**93,790**	80,529	**86,859**	80,062
Accruals	**335,678**	181,569	**332,851**	179,718
Deferred income	**211,746**	215,513	**211,746**	215,513
	980,395	663,643	**964,233**	660,395

22. Deferred income

Deferred income comprises advance ticket sales for the lottery, fundraising income for events that did not occur until after the balance sheet date and a legacy deferred for legal reasons. Except for the legacy of £128,500 (2020/21: £128,500), all the deferred income of the previous year was released in the current year.

	Group		Charity	
	2022	2021	**2022**	2021
	£	£	**£**	£
Balance at the beginning of the year	**215,513**	211,376	**215,513**	211,376
Amount released to income in the year	**(87,013)**	(82,876)	**(87,013)**	(82,876)
Amount deferred in the year	**83,246**	87,013	**83,246**	87,013
Balance at the end of the year	**211,746**	215,513	**211,746**	215,513

23. NHS pension scheme

The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS employees and certain employees of other approved organisations allowed under the direction of the Secretary of State in England and Wales. St Michael's is an approved organisation.

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years." An outline of these follows:

a) Accounting valuation

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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 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 latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

23. NHS pension scheme (continued)

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.68% (including a 0.08% scheme administration levy) of pensionable pay and employees contribute on a tiered scale from 5% - 14.5% of their pensionable pay depending on total earnings. Prior to this the employer contribution rate payable was 14.38%. The government has committed to cover this cost increase for a certain category of employer's, including St Michael's, recurring annually until 31 March 2023.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports.

All pension charges are charged to unrestricted funds in line with the fund out of which the wages and salaries are paid. The amount charged to the Statement of Financial Activities in the year was £182,919 (2020/21: £184,038). Employee and employer contributions outstanding as at 31 March 2022 was £29,744 (2020/21: £26,044).

24. Analysis of group net assets between funds (current year)

	General unrestricted	Designated	Restricted	**Total funds**
	£	£	£	**£**
Tangible fixed assets	1,283,238	9,894,495	-	**11,177,733**
Investments	9,614,515	-	-	**9,614,515**
Net current assets	2,004,542	1,299,668	137,430	**3,441,640**
Net assets at the end of the year	**12,902,295**	**11,194,163**	**137,430**	**24,233,888**

24a Analysis of group net assets between funds (prior year 2021)

	General unrestricted	Designated	Restricted	**Total funds**
	£	£	£	**£**
Tangible fixed assets	1,332,901	10,046,407	-	**11,379,308**
Investments	9,432,822	-	-	**9,432,822**
Net current assets	361,579	1,531,191	104,487	**1,997,257**
Net assets at the end of the year	**11,127,302**	**11,577,598**	**104,487**	**22,809,387**

25. Movements in group funds (current year)

	At 1 April 2021	Income	Expenditure	Transfers	Gains / (Losses)	**At 31 March 2022**
	£	£	£	£		**£**
Restricted funds:						
Patient care	82,363	1,152,947	(1,128,165)	(4,556)	-	**102,589**
Funds for other specific items	22,124	44,271	(6,554)	(25,000)	-	**34,841**
Total restricted funds	104,487	1,197,218	(1,134,719)	(29,556)	-	**137,430**
Unrestricted funds:						
Designated funds						
Property fund	10,046,407	-	(254,147)	102,235	-	**9,894,495**
Capital investment fund	361,191	-	(3,444)	(176,977)	-	**180,770**
Development fund	1,170,000	-	(28,349)	(22,753)	-	**1,118,898**
Total designated funds	11,577,598	-	(285,940)	(97,495)	-	**11,194,163**
General funds	11,127,302	8,929,832	(7,324,017)	127,051	42,127	**12,902,295**
Total unrestricted funds	22,704,900	8,929,832	(7,609,957)	29,556	42,127	**24,096,458**
Total funds at 31 March 2021	22,809,387	10,127,050	(8,744,676)	-	42,127	**24,233,888**

Transfers represent the release of restricted and designated funds as they are expended on capital items.

25. Movements in group funds (current year) (continued)

Purpose of restricted funds - Restricted funds totalling £137,430 (2020/21: £104,487) comprise:

i **Patient Care** - In addition to £82,363 (2020/21: £99,426) at the start of the year restricted for care purposes an additional £1,152,947 (2020/21: £2,246,346) was received during the year from individual donations and NHS England via Hospice U.K. £1,128,165 (2020/21: £2,263,409) was expended for these purposes during the year. A further £4,556 was expended on capital items and released to general funds.

ii **Funds for other specific items** - In addition to £22,124 (2020/21: £21,832) at the start of the year, a further £44,271 (2020/21: £58,460) was received from grant-making trusts and individual donations. £6,554 (2010/20: £8,168) was expended on these purposes during the year. A further £25,000 was expended on capital items and released to the property fund.

Purpose of designated funds - Designated funds totalling £11,194,163 (2020/21: £11,577,598) comprise:

i The property fund - This equates to the net book value of the freehold land and buildings. The transfer of £102,235 represents capital expenditure of £61,355 on the car park project utilised and released from the capital investment fund, £26,002 on garden pathway widening utilised and released from restricted fund and capital investment funds, and £14,878 expended on other capital items.

ii The capital investment fund – In addition to £361,191 (2020/21: £216,289) at the start of the year £3,444 was expended during the year. Capital expenditure of £61,355 was utilised and released to the property fund re the car park project, £101,828 was utilised and released to general funds relating air-conditioning installation, and £13,795 was expended on other capital items.

iii The development fund - £1,170,000 was designated in the 2020/21 financial year to support workforce and care service development initiatives. £28,349 was expended for these purposes during the year with a further £22,753 expended on capital items and released to general funds.

25a. Movements in group funds (prior year 2021)

	At 1 April 2020 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	**At 31 March 2021 £**
Restricted funds:						
Patient care	99,426	2,246,346	(2,263,409)	-	-	**82,363**
Funds for other specific items	21,832	58,460	(8,168)	(50,000)	-	**22,124**
Total restricted funds	121,258	2,304,806	(2,271,577)	(50,000)	-	**104,487**
Unrestricted funds:						
Designated funds						
Property fund	10,180,614	-	(247,899)	113,692	-	**10,046,407**
Capital investment fund	216,289	-	(2,238)	147,140	-	**361,191**
Development fund	-	-	-	1,170,000	-	**1,170,000**
Total designated funds	10,396,903	-	(250,137)	1,430,832	-	**11,577,598**
General funds	10,095,680	7,129,890	(5,416,697)	(1,380,832)	699,261	**11,127,302**
Total unrestricted funds	20,492,583	7,129,890	(5,666,834)	50,000	699,261	**22,704,900**
Total funds at 31 March 2020	20,613,841	9,434,696	(7,938,411)	-	699,261	**22,809,387**

26. Reconciliation of net income to net cash flow from operating activities

	2022 £	2021 £
Net income for the reporting period (as per Consolidated Statement of Financial Activities)	**1,424,501**	2,195,546
Depreciation	**469,397**	486,002
Gains on investments	**(42,127)**	(699,261)
Legacy asset transferred to fixed assets	**-**	(2,200)
Dividends, interest and rent from investments	**(169,366)**	(120,647)
Profit on disposal of fixed assets	**(300)**	-
Loss on disposal of fixed assets	**11,928**	-
Decrease / (Increase) in stocks	**3,603**	(2,258)
(Increase) / decrease in debtors	**(767,529)**	502,785
Increase in creditors	**240,098**	8,624
Net cash provided by operating activities	**1,170,205**	2,368,591

27. Analysis of cash and cash equivalents

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	1,372,901	997,209	2,370,110
Bank overdrafts	(7,720)	1,995	(5,725)
Increase in the year	1,365,181	999,204	2,364,385

28. Operating lease commitments

The group's and charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2022 £	2021 £	2022 £	2021 £
Less than one year	**196,874**	234,732	**18,778**	18,640
Later than one to five years	**332,612**	515,286	**22,625**	41,169
Over five years	**71,625**	132,625	**-**	-
	601,111	882,643	**41,403**	59,809

29. Capital commitments

At the balance sheet date, the group and charity had committed to £nil (2020/21: £33,468) in respect of the expansion of St Michael's car park facilities.

30. Financial Instruments

Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. Listed investments are shown at market value. Financial assets include cash at bank and in hand, trade and other debtors and accrued income. Financial liabilities include bank overdrafts, trade and other creditors and accruals. The carrying values of these are shown in notes 16, 20, 21 and 27.

31. Legal status of charity

St Michael's is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £2.

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ST MICHAEL'S HOSPICE (INCORPORATING THE FREDA PEARCE FOUNDATION)

England & Wales - Charity number 511179

Accounts

St Michael's Hospice

(incorporating the Freda Pearce Foundation)

Annual Report and Consolidated Financial Statements

For the year ended 31st March 2021

Company Registration Number: 01634942 (England and Wales)
Charity Registration Number: 511179

st-michaels-hospice.org.uk
twitter.com/stmichaelshosp
facebook.com/stmichaelshospicehereford

St Michael's Hospice

Always a place of light and love

Our service is completely free of charge

St Michael's Hospice provides its care, free of charge, to patients, their families and carers. This care is made possible by supporters taking part in fundraising events, playing our lottery, shopping at our retail outlets, making charitable donations, leaving gifts in their wills or giving freely of their time to volunteer.

If you would like to support St Michael's, you can find out more about what we do and ways you can help by visiting our website.

To share your comments or suggestions with us, please contact:

Quality and Compliance Team
St Michael's Hospice
Bartestree
Hereford
HR1 4HA

✉ quality@smhospicehereford.org

St Michael's Hospice (incorporating the Freda Pearce Foundation)

For the year ended 31 March 2021

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St Michael's Hospice (incorporating the Freda Pearce Foundation)
For the year ended 31 March 2021
Reference and Administrative Information

Charity Name	St Michael's Hospice (incorporating The Freda Pearce Foundation)
Charity Number	511179
Company Number	01634942
Address of Registered Office	St Michael's Hospice Bartestree Hereford, HR1 4HA
Country of Registration	England and Wales
Country of Incorporation	United Kingdom
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: Mr A J Walshe, Chair (Retired 31st March 2021) Mr D R Teague, Vice Chair (Appointed Chair 31st March 2021) Mr D J Campion Revd Preb K B Garlick Ms P A Greenwood Mr D T Hammond Mrs C J Winney Mr J M Martin (Appointed 26th October 2020) Mr M D Thomas (Appointed 31st March 2021) Mr E D Drummond (Appointed 14th December 2020)
Life Patrons	Dr R Miller Dr J J Kramer
Chief Executive Officer	Mr M L Keel
Strategic Management Team at 31st March 2021	Dr T Blower, Medical Director Mrs L Carter, Income Generation and Marketing Director Mrs E Cotton, Finance Director
Company Secretary	Mr M L Keel
Bankers	The Royal Bank of Scotland PLC Drummond House 1 Redheughs Avenue Edinburgh EH12 9JN
Independent Auditor	Crowe U.K. LLP Statutory Auditor Fourth Floor St James House St James Square Cheltenham, GL50 3PR

The Trustees of St Michael's Hospice ('St Michael's') present their report and the audited financial statements for the year ended 31 March 2021. Reference and administrative information set out on page 4 forms part of this report.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their financial statements in accordance with FRS 102.

The Trustees of St Michael's are charity Trustees for the purpose of the Charities Act and are Directors of St Michael's and Directors for the purposes of the Companies Act. The Trustees form the Trustee Board of St Michael's. Although the Strategic Management Team's (SMT) job titles include the word 'Director', these people are not Directors within the meaning of the Companies Act.

The Trustee Board is responsible under St Michael's governing document for controlling the management and administration of St Michael's within the law. It is ultimately responsible for everything St Michael's does and how it does it. The overriding duty is to act in good faith within charity law and to make sure St Michael's pursues its aims (as set out in the governing document); uses its assets only to pursue those aims; and acts for its community.

It does this by:

- Safeguarding and promoting the values and mission of St Michael's;
- Determining the strategy and structure of St Michael's;
- Ensuring St Michael's operates in an effective, responsible and accountable manner, securing future sustainability;
- Ensuring the effective functioning of the Board of Trustees;
- Ensuring the organisation meets all statutory requirements.

During the year, the Board of Trustees met five times as a complete Board with subcommittee meetings in between. Board members are unremunerated volunteers.

The Board is made up of members according to an analysis that identifies skills, experience and qualities needed for the good governance of St Michael's.

Related Parties and Relationships with other Organisations

St Michael's is the parent undertaking of a group consisting of:

- SMH Trading Limited - St Michael's uses this subsidiary for non-primary purpose trading activities.
- St Michael's Hospice Development Company Limited - St Michael's uses this subsidiary for redeveloping the hospice buildings and surroundings. This company is to become dormant.

Both subsidiaries are English registered companies and Gift Aid all available profits to St Michael's where applicable.

Operating Structure and Charity Governance Code

The Board retains ultimate operational responsibility and sets the aims, policies and objectives of St Michael's together with performance monitoring.

It has however devolved authority for its strategic implementation, attainment, performance and day-to-day running to the Chief Executive Officer and his senior management team who are also responsible for St Michael's meeting all its statutory and contractual obligations. St Michael's Governance Manual describes these arrangements. The Governance Manual is kept under review by the Trustees with reference to the Charity Governance Code.

St Michael's has a comprehensive range of operational policies and procedures that it maintains in line with the requirements of the Care Quality Commission, which regulates the clinical activity of St Michael's, the Gambling Commission that regulates the Lottery and the Fundraising Regulator.

Objectives and Activities

Objectives

The Founders set up St Michael's on 12 May 1982 as the Freda Pearce Foundation. St Michael's is governed by its original Memorandum and Articles of Association, which St Michael's has subsequently amended by special resolutions on 02 November 1998, 02 October 2002, 15 April 2009, 07 November 2012, 28 September 2017 and 25 March 2020. St Michael's changed its name to St Michael's Hospice (incorporating the Freda Pearce Foundation) on 02 November 1998.

The Articles, as amended, state the objects of St Michael's are to promote the relief of sickness in people over the age of 18 years who are Herefordshire residents or living in the immediate surrounding counties. St Michael's may also offer care to young people between the ages of 14 years and 18 years where appropriate to support them in their transition to adult services.

*Our **mission** is to make sure palliative and end of life care is available to all who can benefit from it, regardless of age, gender, diagnosis, social group or setting. This includes supporting those people close to the dying person throughout the pre- and post-bereavement stages too.*

St Michael's knows it cannot do all of this on its own and so works with communities, groups and organisations to help them understand the importance of good palliative care and how they can play their part to ensure there is a spectrum of services to meet patient and family needs.

St Michael's runs a comprehensive palliative care education programme as part of its strategy to improve services more widely and increase the awareness of palliative and end of life care issues.

St Michael's also recognises it must help change people's perception and understanding of end of life care as well as their readiness to talk about it – not only their own end of life plans but their families and friends too. St Michael's encourages patients (with their families where appropriate) to produce a plan that describes their needs and preferences. This helps ensure they receive the right care, in the right place, delivered by the right people.

St Michael's provides its services free to patients, carers and families to ensure accessibility.

*Our **vision** is that everyone in Herefordshire and the surrounding areas who needs and wants palliative care has timely access to it, delivered in a way that suits them.*

Principal Activities

St Michael's fulfils its purpose through its principal activity of providing adult hospice care to the people of Herefordshire and immediate surrounding areas as follows:

1. Adult inpatient palliative medical and nursing care in a twenty-bed purpose-built unit (16 beds in use during this reporting period with negotiations ongoing with the NHS to open the remaining 4).

2. Adult outpatient palliative medical and nursing care in Day Services and appropriate therapy (physiotherapy, occupational, music, art and complementary).

3. Hospice at Home Service, which includes 24-hour telephone advice, care co-ordination service, urgent care team and planned home care packages. St Michael's provides this care in people's homes or places they regard as home (e.g. nursing and residential homes). Some aspects of this service are delivered in collaboration with Marie Curie.

4. Education and Training. St Michael's seeks to influence and guide the quality of palliative care in other settings and given by other providers through its education and training programmes thereby sharing the experience, expertise and knowledge St Michael's has built up from over 35 years of working in palliative care. St Michael's also ensures its staff and volunteers have opportunities to develop their skills, knowledge and competence as these have a direct bearing on the quality of support St Michael's can provide.

5. Underpinning the main services is the Supportive and Rehabilitative Care service, which social workers, bereavement care workers, spiritual workers and counsellors deliver. They offer this to patients and families in the Inpatient and Day services and Hospice at Home service. These services provide the vital social and psychological elements of support that characterises holistic care and to which St Michael's aspires. The holistic approach not only considers the patient's condition, life and circumstances, but also supports and cares for the patient's family and friends. The Rehabilitative and Supportive Care service also collaborates with another charity called Hope Support, to provide care and support to children who are close to our patients.

Support for Principal Activities

The catering and housekeeping teams provide essential support for the principal activities. The management and administration team provide the necessary governance, oversight and operational management plus finance, human resources (HR), information technology (IT) and administrative support. The fundraising and retail teams maintain the necessary income needed by St Michael's to deliver its services, as recurrent statutory funding (from NHS, local authorities and the Department of Health) remains inadequate.

St Michael's has over 800 volunteers registered on its database who provide regular support in all areas of St Michael's. Many more provide ad hoc support at events etc. or volunteer via their workplaces, communities and other organisations for the benefit of St Michael's. The contribution these people make is vital to St Michael's success and survival. These volunteers support 229 employed staff (including bank staff) to provide the quality care service and the required support services for patients and their families to meet and go beyond regulatory requirements.

Public Benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing St Michael's objectives and in planning its future activities.

The Trustees consider how planned activities will contribute to the objectives that have been set, reporting the success of each key activity and the benefits St Michael's has brought to those groups of people that it is set up to help, and the wider public benefit. The Trustees regularly review the objectives and activities of St Michael's ensuring they remain focused on its stated purposes.

The Trustees continue to recognise three strategic intentions underpinned by four key areas in which St Michael's must continue to develop and excel to successfully deliver the objectives and activities.

The Strategic Report that follows sets out our ongoing strategy and looks at what St Michael's has achieved, and the outcomes of its work, in the reporting period.

Strategic Report

*Our ongoing **strategy** is to have a multi-faceted approach that focuses on ensuring its long-term sustainability and ability to operate in the new health economy; as well as initiatives to do more, in partnership with other organisations, to give patients greater choice; ensure they receive the best support available free of charge; and to enhance significantly our engagement in our communities.*

Strategic Intentions

Communicate with and support more people.
Working with others, we will increase accessibility, availability and quality of palliative care for more people.

Influence, educate and work with others to improve care.
We will work with key decision makers, other providers and the community to heighten awareness of death and dying issues and improve care wherever it is provided through education and research.

Be a sustainable and well-led organisation.
We will ensure we generate enough income to deliver our vision and innovate as an organisation to make us more effective and efficient.

Areas to develop and excel

People Management

Income Generation and Marketing

Communication

Information and Data Management

Achievements and Performance 2020/21

The world-wide COVID-19 pandemic, which started just before this reporting period and is still ongoing at the time of writing, had a major impact on St Michael's operations, its supporters, volunteers and staff. No one could have imagined the depth to which this event has penetrated everyone's lives.

However, the Trustees are immensely proud to report that the volunteers and staff came together in the face of uncertainty and danger to ensure the St Michael's continued to support the people who needed us and who were some of the most vulnerable in our community as the virus spread among them.

The pandemic brought out the very best in people and we saw new friendships and relationships forged as Herefordshire's health and social care services came together to protect our residents and serve those most in need. Staff had to flex and adapt their working practices to incorporate the new technologies and the various levels of restrictions and guidance that were coming out.

Having most of our income streams stopped (shops and fundraising) was a difficult time. However, the mood was soon lightened with the news the government would support hospices in their endeavours to protect the NHS and save lives by replacing some of the lost income with special grants.

Strategic Intention One: Communicate with and support more people

St Michael's has supported and cared for 2,052 people in 2020/21 (1,846 in 2019/20), which is a 11% increase on last year. This supports our strategic aim to communicate with and support more people. This has been achieved through the continuing success and growth of the Hospice at Home service (now in its fifth year) supported by our 24/7 Co-ordination Hub, which ensures patients are directed to the most appropriate hospice service for their needs, and improved joint working with GP practices to identify more people who may benefit from St Michael's care. Some of this increase was achieved through the expansion of our bereavement support services in response to a need created by the pandemic.

The Inpatient Unit (IPU) continued throughout the pandemic and received 335 referrals, which resulted in 244 people having 273 admissions (some were admitted more than once). This is a decrease of 3% compared to 2019/20 as we saw patients and their families and professionals change their behaviours and activities because of the pandemic. The team did a lot of work to reassure people that our services were still in full operation and they could receive care safely in our inpatient unit. The average length of each stay was 19 days (19 days in 2019/20).

Inpatient Unit Activity Data

	2020/21		2019/20		2018/19		2017/18		2016/17	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No**	**%**	**No.**	**%**
Admissions	**273**		**281**		**343**		**317**		**290**	
Admitted From:										
Home	191	70%	201	72%	251	73%	232	73%	206	71%
Hospital	79	29%	67	24%	88	25%	83	26%	80	28%
Other	3	1%	13	4%	4	2%	2	1%	4	1%
Total	**273**	**100%**	**281**	**100%**	**343**	**100%**	**317**	**100%**	**290**	**100%**
Location at end of stay:										
Died	171	65%	190	67%	197	57%	187	59%	157	54%
Home	89	30%	72	26%	146	43%	114	36%	101	35%
Hospital	1	0%	-	-	-	-	9	3%	10	3%
Other	12	5%	19	7%	-	-	7	2%	22	7%
Total	**273**	**100%**	**281**	**100%**	**343**	**100%**	**317**	**100%**	**290**	**100%**
Average Length of admission	**19**		**19**		**17**		**18**		**18**	
Occupancy (target 85%)	**89%**		**91%**		**80%**		**78%**		**86%**	

Day Services were severely hampered by the pandemic with all face-to-face and group activities stopped for most of the year. The staff and volunteers maintained contact and support via telephone and video calls where possible.

The number of people supported face-to-face by Day Services during the reporting period was 11. This compares with 157 people in 2019/20. A further 130 people received contact via telephone, video call and email totalling 1,055 contacts. As restrictions lift, the three core services are being restored: Day Hospice (DH); Living Well (LW) Support; and Fatigue and Breathlessness Support (FAB).

We have grown our Supportive and Rehabilitative Care team this year and are now reaching more people in the community. We increased our Bereavement Support service using an NHS Grant in response to a growing need caused by the pandemic.

We only carried out essential Outpatient Medical Clinics during the pandemic where telephone or video links were not possible or appropriate. The medical team did deliver some domiciliary visits, but again these were severely curtailed because of the pandemic. 40 patients had a medical outpatient appointment compared to 164 the previous year.

The NHS commissioned Hospice at Home service continues to evolve and grow with 562 people referred for support and care. This is similar to previous years and is capped by the service's capacity.

This is an important service for those people who would prefer to receive their care at home in familiar surroundings and close to their family. The Co-ordination Hub is the single-entry point for all St Michael's services. It not only receives referrals but also provides advice, which gives patients, families, carers and professionals access to senior nurses and co-ordinators from 07.00hrs-22.00hrs every day. Outside of these hours, advice and support is delivered by the senior nurses on the Inpatient Unit with access to medical support as required.

An additional function of the Co-ordination Hub is to support patients on the Inpatient Unit waiting list when a bed is not immediately available. This support ranges from home visiting to telephone advice.

During the pandemic, the Hospice at Home team were asked to take on the brokerage function for finding agency care packages for people who qualified for funded care. This created increased work for the team, but the benefits to patients and families was most evident with quicker discharge from hospital and more responsive care packages provided.

We had to stop the Compassionate Communities development work during the pandemic but will pick this up again in 2021 to roll out this important initiative across the County with others.

Our Mobile Hospice Support Vehicle could not continue its work of building awareness of our services in the more rural and far-reaching parts of Herefordshire. However, it was pressed into action as a testing and vaccination station and personal protective equipment fitting unit.

Strategic Intention Two: Influence, educate and work with others to improve care

St Michael's knows that people want to receive their care in many different places and settings and not always at or by St Michael's. St Michael's wants to ensure that people who are in hospital, care and residential homes and other places, can also receive high-quality palliative care.

St Michael's educational programmes ensure staff in these organisations are competent in palliative care and can be confident to deliver high-quality services, with the expertise of St Michael's to support them.

All onsite and face-to-face training was stopped with a greater focus on supporting our own staff and volunteers who were facing a challenging and diffcult time as the pandemic unfolded over a much longer period than any of us anticipated.

The normal external programme was tailored to the needs of organisations during the pandemic where verification of expected death skills, syringe driver competencies and communication skills were delivered electronically.

This move to deliver education and support electronically has accelerated our plans to implement Project Echo at St Michael's. This is a world-wide initiative that aims to democratise care by making specialist expertise available closer to the patient. St Michael's is using this project method to engage more with care homes and GPs. The pilot has been part funded by an NHS grant and is being implemented with our hospice colleagues in Worcestershire.

We continue to develop our e-learning platform, which enables staff to receive most of their training more flexibly and electronically. This ensures we meet our regulatory requirements set by the Care Quality Commission and can easily evidence this. This platform allowed us to keep up with important training and education during the pandemic.

Strategic Intention Three: Be a sustainable and well-led organisation

St Michael's continually seeks ways to increase its efficiency and effectiveness through monitoring and benchmarking its suppliers and continuing to cut out waste. St Michael's is an active member of the Hospice Quality Partnership (HQP) – an organisation set up by UK hospices to achieve best value through joint procurement and contracting.

St Michael's has a diverse range of income streams, so it is not reliant on any one source of funds. These include many different types of fundraising (donations, legacies, events, community, trusts, lottery, corporate); retail income from our shop portfolio; investment income; property rental; and some NHS income.

We have developed our management and leadership structure to ensure decision-making and responsibility is as close to the point of delivery as possible. We support managers, supervisors and leaders in all areas to seek ways to improve the things we do and ensure our supporters, staff and volunteers flourish in a positive and nurturing environment, which in turn delivers the best care to our patients and families. St Michael's finances continue to hold up despite a difficult economic environment. A continuation of the efforts made by staff, Trustees and volunteers to maximise income and control costs without compromising services will continue to support financial sustainability.

Areas that underpin our three strategic intentions

1. People Management

St Michael's is reliant on having enough people (volunteers and paid staff) to deliver its objectives and activities; finding the best people is becoming harder as demographic changes occur and there is a smaller pool from which to recruit professional staff.

We have continued our focus on improving our Human Resource function to speed up systems and processes and automate as many as possible to free up staff and volunteers to concentrate on their core roles.

St Michael's had some vacancies going into the pandemic and these had to remain unfilled until restrictions eased. This delay can be seen in the reduced staff costs for the reporting period.

The Trustees are grateful to all volunteers and staff for their dedication and hard work to bring St Michael's through the pandemic.

Going forward we expect recruitment of nurses especially to be challenging post pandemic as people re-evaluate their lives and reflect on their experiences.

An organisation-wide staff survey operated by Best Companies gave us a confidential and impartial review of our staff engagement and resulted in us achieving **'One Star'** status and inclusion in the **Times Top Charities to Work For** list. Achieving this improvement in staff engagement during a very difficult year is testament to the strong leadership and management of the organisation.

The Trustees wish to record their thanks to the many volunteers without whom St Michael's would be unable to maintain the quality of service and deliver all the support at the low cost we achieve. The estimated value of the volunteer contribution to St Michael's is more than £2 million per annum.

The Trustees also wish to record their thanks to all St Michael's staff in all departments, who are essential to providing high-quality care for patients. The staff and volunteers are the guardians of St Michael's excellent reputation and good standing, attributes which are vital and must remain at the highest level.

During the year we had 229 (2019/20: 240) staff, equivalent to 153 (2019/20: 159) whole time equivalent posts. 141 (2019/20: 154) work directly in clinical and care areas and associated parts of the service.

2. *Income Generation and Marketing*

The pandemic dominated the reporting year and probably had the most impact on Income Generation. We kept our Income Generation and Marketing plans under continuous review and adapted them as the government allowed to ensure every opportunity was taken to safeguard income, reduce costs and deliver excellent standards of supporter and customer care.

The new Income Generation, Marketing and Communications Director, took up post just before the pandemic and had already submitted plans to the Board to restructure the department in response to staff turnover and the future requirements of St Michael's. These were approved and continued to be implemented during the year as conditions allowed.

The most significant impact of COVID-19 was felt by retail. Income for the year was still a creditable £774,543 (2019/20: £2,826,652) when considering the government closed all shops for a total of nine months across the three national lockdowns. This still left an income shortfall against budget of £2.5 million for the year. St Michael's secured Government support through the Coronavirus Job Retention Scheme and Retail Support grants which amounted to £822,305 and allowed us to retain the retail workforce and premises in preparation for reopening.

In response to customer demand that built up during the lockdowns and to ensure customers could donate goods efficiently and safely to St Michael's when guidance allowed, we acquired and opened donation stations across Hereford and in Ross-on-Wye. These allowed us to store and quarantine stock before distributing it to our shops when they opened.

Events and Community Fundraising was impacted with many activities not permitted to take place because of government restrictions, resulting in a reduction in income against budget of £428,376. This reduction was mitigated by the team developing new virtual and adapted events.

Postcards from Life was adapted to a virtual event and achieved a record in income from the auction of £9,855. 264 bidders placed 2,679 bids and the event achieved the highest average bid value of £41.

The Care Team knew that our annual Light up a Life services would be needed more than ever during the pandemic and so remained determined to put the event on. A completely new virtual event was created with generous and vital support from CJP Broadcast with a pre-filmed service at Hereford Cathedral broadcast live from St Michael's in December. In addition to the usual dedications in the books on display in the hospice garden and online, names were added to a new memory wall installed outside Hereford Cathedral with almost 1,000 names dedicated overall.

A new Reindeer Run aimed at schools and nurseries was introduced at a time when there had been much disruption in schools, and limited festive activities possible. Schools and nurseries ran their own Reindeer Run events and raised sponsored over £40,000 for St Michael's. Collectively 25 schools / nurseries with around 4,400 children participated.

Even with the Coronavirus Job Retention Scheme and Retail Support grants, this still left a significant deficit against budget of £2.3 million. During the pandemic, the NHS England awarded £2.25 million to St Michael's to secure hospice bed capacity and community support.

Herefordshire Clinical Commissioning Group also contributed a one-off payment of £187,000 towards the additional costs of implementing COVID-19 safety requirements (specialist personal protective equipment and disposables).

Government support meant care services could continue. Strong financial management to control costs and legacy income, being unaffected by the pandemic, totalling £1.4 million for the year, increased net income before net gains on investments to £1.5 million.

The Board of Trustees decided to designate £1.45 million to fund workforce training initiatives, care service development and future capital investment projects.

3. *Communication*

Our Communications Team keeps St Michael's in the forefront of people's minds, from the promotion of events to stories which highlight how people living with a life-limiting illness have been supported by St Michael's.

Throughout the pandemic, marketing and communications continued for St Michael's activities including patient information leaflets, newsletters and videos, and in support of Income Generation plans. Social media continues to gain momentum with increased engagement across all channels. Supporter communications followed a stewardship approach keeping supporters informed on how St Michael's was adapting and continuing to deliver its services throughout the pandemic. Thanks to this work, the community is far more aware of the breadth of services St Michael's provides; how we are funded; and how more people can benefit from our services, not just at the end of life.

The quality and visibility of our branding, patient literature, St Michael's website, hospice services and external communication continues to ensure people remain inspired by the work carried out by St Michael's.

4. *Responsible Fundraising*

St Michael's is registered with the Fundraising Regulator and is a member of the Institute of Fundraising, the National Association of Hospice Fundraisers, the Hospice Lotteries Association and the Charity Retail Association, and is committed to adhering to the Code of Fundraising Practice. We have had no adjudications. We have continued to strengthen our Data Protection procedures and communication preferences to all our supporters and feel well placed going forward.

We ask supporters their preferences as to how we communicate with them. We give them the option to let us know if they wish to change their preferences or no longer wish to hear from us, and always respect their wishes. We do not sell or exchange lists of data with any other charities or companies.

We review compliance through non-financial audit, mystery shoppers, monitoring feedback and at our Income Generation & Marketing Committee and take corrective action when required to ensure that all St Michael's fundraisers and those who work on our behalf are aware of and adhering to our high standards.

If we encounter someone showing signs of distress, confusion or vulnerability our fundraisers will politely refuse any donation offered in such circumstances. In the unlikely event of a donation being received in such circumstances, we will refund the donation. The number of complaints received during the year regarding fundraising was nil (2019/20: nil).

5. *Information and Data Management*

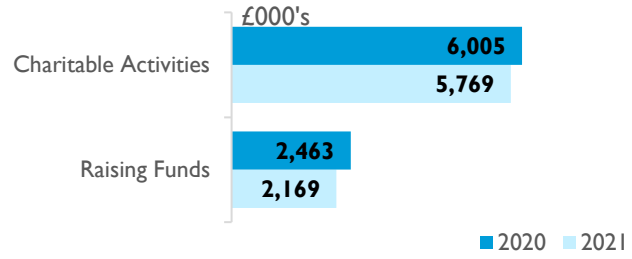
With the ability to collect vast amounts of data and information easily these days, St Michael's needs to be able to analyse and use this data to increase its effectiveness and understanding of its work. Much of our work uses computers and so we have a strategy to develop and secure these systems appropriately and to best effect.

The Charity has achieved Cyber Essential Plus accreditation (Certificate Number: IASME-CEP-003557).

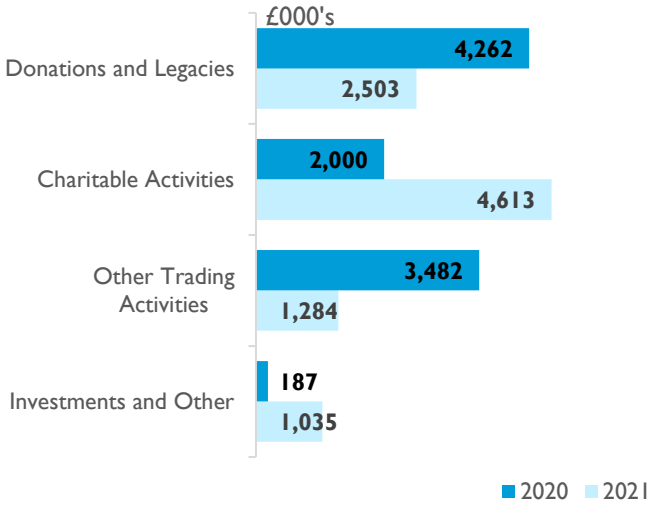
Financial Review

The consolidated financial statements that follow later in this report comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and related notes, which include the results of the related companies. The result for the year was a surplus of £2,195,546 (2019/20: £1,107,758 surplus).

Total expenditure for the year decreased by 6.25% to £7,938,411 (2019/20: £8,467,587); 48% of this relates to reduced staffing costs, with a further 27% relating to reduced fundraising and other trading activities. 73% was spent on charitable activities.



Total income for the year decreased by 5% to £9,434,696 (2019/20: £9,930,651).



There follows a brief overview of the financial management that has fed into these reports.

Investment Policy and Returns

Because of the uncertainty of fundraising income streams, it is necessary to ensure that funds are always readily available for use to ensure that levels of care are not adversely affected in the event of any short-term income reduction. The Trustees have decided to maintain a low risk investment strategy to protect reserves, and therefore services, rather than seeking higher return investments which increase the risk profile. Performance is measured against agreed inflation and market indices.

Returns were hit hard at the end of the 2019-20 due to the economic impact of COVID-19 but have since recovered resulting in a valuation gain of £649,261 (2020: £382,456 loss) exceeding target performance.

Reserves Policy

The Trustees have reviewed the reliability of future income streams, the commitment to future expenditure and risks faced as a Charity. St Michael's has determined that it needs reserves for the following reasons:

- To fund shortfalls in income (whether statutory, retail, lottery, donations, legacies or other fundraising activities) when it does not reach expected levels. St Michael's is dependent on fundraised income as well as statutory funding. The fundraised income is subject to fluctuation as economic conditions change and statutory funding could be affected by government policy and the financial position of NHS and local authority commissioners;
- To fund unexpected expenditure, for example when legislation changes, or unplanned events occur. This could also be for unexpected building maintenance costs and to provide a degree of flexibility for innovation;
- To fund working capital. The greatest cost is salaries and therefore the timing of cash outflows is relatively fixed whereas both fundraised and statutory income fluctuate in terms of cash inflow over the year;
- To fund future developments to ensure we continue to meet the needs of our community.

At the end of March 2021, the free cash reserves within general funds increased to £9.8 million (2019/20: £8.6 million), an amount which equates to 13.2 months of budgeted 2021/22 operating costs, exceeding our reserve policy of 9 months. This level of reserves helps St Michael's to continue to provide all of its services in difficult times such as we are experiencing during the COVID-19 crisis.

The net book values of freehold land and buildings are held in a designated reserve called the Property Fund, totalling £10 million at 31 March 2021. By designating these funds, the Trustees aim to give a clear presentation of the free reserves available to St Michael's to meet its continuing operational commitments. At the year-end, restricted reserves totalled £104,487.

During the year Trustees designated a further £1.45 million to fund workforce training initiatives, care service development and future capital investment projects. At the year-end the designated capital investment fund totalled £361,191 and the designated development fund totalled £1.17 million.

The level of reserves is monitored regularly by the Finance & Investments Committee and this policy is reviewed annually by the Trustees when the budgets are approved. This will ensure that appropriate steps are in place to maintain reserves at the required levels.

Principal Risks and Uncertainties

The Pandemic is ongoing at the time of this report and remains under continuous review by the Trustees with regular actions taken to comply with government guidance, laws and regulations. They continue to consider the following material risks:

- Unpredictability of the legacy income stream, which currently represents 14.5% (2019/20: 29.9%) of all income.
- A risk to donations because of the economic and political climate and competition for funds.
- Uncertainty over the NHS contribution due to austerity measures and current economic climate.
- Demand for hospice services outstripping capacity both in terms of volume and skill.
- An ageing workforce and volunteer cohort.
- Challenges in recruitment, particularly in nursing nationally and locally.
- Failure in the provision of the service.

Going Concern

The Trustees have reviewed financial forecasts into 2025 and have paid special consideration to reviewing the risks to the charity's services and finances as a result of COVID-19. Through careful management of expenditure and stewardship of income, the Trustees are confident that St Michael's will continue as a going concern for the foreseeable future.

Future Plans

St Michael's will continue its current strategy while monitoring the risks to its implementation. The needs of our patients continue to change and evolve, more so because of COVID-19. We will continue to maximise the use of our facilities for the benefit of our patients and families. For example, the 4 bedrooms not supported by the NHS are being used for more direct community work (e.g. day care and health and well-being services). We will continue to keep all our services under review as each develops and impacts the others so that patients and families receive the high-quality care they need – in the way they want it and at the place of their choosing. With the introduction of the Integrated Care System (ICS) for Herefordshire and Worcestershire, St Michael's continues to ensure its interests and operations in Herefordshire are heard at the ICS level, including continuing to work closely with our colleagues in the other hospices.

NHS commissioners continue to recognise the valuable work we do by providing non-recurrent grants of £125,000 to support an increase in demand for Bereavement services due to COVID-19, and to support the ongoing development and evaluation of the integrated model for end-of-life care in Herefordshire.

An outcome of the pandemic is that Central Government recognises the vital contribution of hospices and will be working to achieve a fair payment scheme to guide local commissioners in their negotiations with their hospices to ensure a better deal.

During 2021/22 we will continue to focus on enhancing and growing our volunteer teams, which will be more challenging than ever before, but who remain vital to our survival and sustainability.

We will continue to move closer to our communities. The Mobile Hospice Support Vehicle will contribute to this enormously by travelling round the villages and far reaches telling people about St Michael's services and offering support locally. Combined with the Compassionate Communities work we have started this will give more support to more people too. By developing our education programmes and embracing new technologies, we will offer more opportunities and ways for people to engage with St Michael's for their personal and professional development, especially in care and residential homes where most palliative and end of life care will be delivered in the future.

As the organisation grows and becomes more spread (through more fundraising, retail outlets and services delivered in homes) we need to ensure we keep people in touch with St Michael's and fully informed and briefed so they can not only work effectively but also act as expert ambassadors for St Michael's. We will develop our communication channels more, so we ensure each donor and supporter understands the important contribution they make to people's lives in Herefordshire and the surrounding areas.

Finally, St Michael's (along with many others) is experiencing a great deal of learning and accelerated development through the pandemic delivering services in new ways which take advantage of technologies that have become commonplace. We are committed to retaining as much of this as possible, and developing the new links and collaborations that have been forged where this supports our strategic aims.

Thanks to the generosity of our community, St Michael's continues to provide the best possible palliative care and support for local people and their families. The Board of Trustees would like to extend a heartfelt thank you to all the supporters who make this possible.

Structure, Governance and Management

Trustees

Trustees are unremunerated volunteers. All Trustees give their time voluntarily and receive no benefits from St Michael's. Any expenses reclaimed from St Michael's are set out in note 10 to the financial statements of which there were none.

When there are Trustee vacancies the Board consider the skills mix and diversity of the continuing Trustees to determine the person specifications needed in new Trustees. Recruitment is an open competitive process involving public advertising, networking and head-hunting as appropriate. St Michael's provides potential Trustee candidates with information about the organisation and about the role of Trustee, including the role description and expectation of Trustees and the length of tenure of appointment. Appointments are made by the full Board of Trustees.

Every Trustee must sign a Trustee Commitment and Disclosure Form to act as a Trustee of St Michael's before he or she is eligible to become a Trustee, including a declaration of interest form, which is renewed each year. On appointment or election as a Trustee, a Trustee becomes a member of St Michael's. Trustees hold membership of St Michael's only during their Trusteeship and retirement, resignation or removal as a Trustee ends their membership of St Michael's.

It is St Michael's policy and practice to provide Trustees with appropriate training to undertake their role and to ensure that new Trustees receive an induction to St Michael's and to the role of a Charity Trustee and Company Director. New Trustees attend a corporate induction day and we are looking at a potential scheme to provide them with a mentor Trustee who would give them specific support over the first 12 months of their Trusteeship. Trustees are elected initially for a three-year term and are appraised annually.

Day-to-Day Management

The Trustees delegate day-to-day responsibility to the Chief Executive, who in turn delegates some management functions to the Strategic Management Team (SMT). The Schedule of Delegation is set out in the Governance Manual. The Trustees have four sub-committees that meet quarterly and are responsible for reviewing St Michael's activities in their respective areas of expertise in more detail than full Board meetings can achieve. These are:

- Clinical Governance & Care Committee;
- People & Facilities Committee;
- Finance & Investment Committee;
- Income Generation & Marketing Committee.

Each committee/group has at least two Trustees and a member of SMT as its members. A Trustee chairs the meetings and presents a report at the Board of Trustees, which meets every six to eight weeks.

Remuneration Policy for Key Management Personnel

The aim of St Michael's pay policy is to offer fair pay to attract and keep appropriately qualified staff to lead, manage, support and deliver St Michael's aims. Trustees are ultimately responsible for setting the Chief Executive's remuneration level and agreeing the annual cost of living award. The Chief Executive sets grading levels for the Strategic Management Team with Trustee oversight (except Medical staff who are on the NHS scheme). The Strategic Management Team sets grading levels for all other staff. When deciding the Chief Executive and Senior Staff salary levels, consideration is given to:

- the purpose, aims and values of St Michael's, and its beneficiaries' needs;
- how pay is linked to the skills, experiences and competencies St Michael's needs from its senior staff and the scope of their roles and how St Michael's can maintain the ability to recruit and retain suitably qualified and experienced management;
- St Michael's current business plan and how implementing it may affect the number of senior staff St Michael's needs to employ or recruit, and the nature of these roles;
- St Michael's ability to pay, including:
  - the benefit to St Michael's that such positions will bring;
  - the cost to St Michael's of increasing remuneration levels.

St Michael's regularly benchmarks its salary against other similar organisations and, in the case of clinical staff, with the NHS and local authority in Herefordshire.

Policy for Employment of Disabled Persons

St Michael's fully and fairly considers all applications for recruitment to contracted or volunteer roles made by disabled persons and gives regard to their aptitude and abilities. Opportunities for training, career development and promotion are considered in the same way for those employed or volunteering.

Should an employee or volunteer become disabled, St Michael's arranges appropriate training and support to enable continued employment at St Michael's where possible.

Employee Information

St Michael's is committed to providing staff and volunteers with information on matters of concern to them. We have introduced a Staff and Volunteer Forum; an Operational Management Team that brings decision-making and information closer to employees and volunteers; and started the process to improve our People Systems and Processes. This will include more opportunities and methods for management to consult with staff and volunteers and provide feedback. This is as well as the current systems of noticeboards; staff emails; newsletters; staff meetings, digital communications and volunteer events.

Funds Held as Custodian Trustees on Behalf of Others

Within deferred income is £128,500 held as a cash investment which provides a lifelong annuity to an individual. St Michael's and a GP surgery are joint beneficiaries of the residual capital.

Statement of Trustees Responsibilities

The Trustees (who are also directors of the company 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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 St Michael's 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group 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
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish the auditor is aware of that information

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of St Michael's guarantee to contribute an amount not exceeding £2 to the assets of St Michael's in the event of winding up.

The Trustees are members of St Michael's, but this only entitles them to voting rights. The Trustees have no beneficial interest in St Michael's.

The Trustees annual report, which includes the strategic report, has been approved by the Trustees on 18 August 2021 and signed on their behalf by:

Mr D Teague – Chair

Independent Auditor's Report
To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation)
For the year ended 31 March 2021

Opinion

We have audited the financial statements of St Michael's Hospice (Incorporating the Freda Pearce Foundation) ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, Group Balance Sheet, Charity Balance Sheet, Consolidated Statement of Cash Flows 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 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 the charitable company's affairs as at 31 March 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 charitable company's or the group'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 Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the 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.

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 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.

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 our audit:

- the information given in the Trustees' report, which includes the Directors' report and the Strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and the Directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report included within the Trustees' 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 and proper accounting records have not been kept; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Trustees' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 16, 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context were the Gambling Commission, CQC Regulations and General Data Protection Regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be with the completeness and accuracy of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance and Income Generation Committee about their own identification and assessment of the risks of irregularities, designing audit procedures over income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 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.

Guy Biggin
Senior Statutory Auditor
For and on behalf of

Crowe U.K. LLP
Statutory Auditor
Fourth Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 25 August 2021

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Financial Activities (incorporating an income and expenditure account)
For the year ended 31 March 2021

	Note	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Income from:					
Donations and legacies	3	2,448,446	54,283	**2,502,729**	4,262,184
Charitable activities	4	2,362,075	2,250,523	**4,612,598**	1,999,855
Other trading activities	5	1,284,302	-	**1,284,302**	3,481,990
Investments	6	120,647	-	**120,647**	166,347
Other	7	914,420	-	**914,420**	20,275
Total income		7,129,890	2,304,806	**9,434,696**	9,930,651
Expenditure on:					
Raising funds	9	2,168,587	163	**2,168,750**	2,463,024
Charitable activities	9	3,498,247	2,271,414	**5,769,661**	6,004,563
Total expenditure	9	5,666,834	2,271,577	**7,938,411**	8,467,587
Net income before net gains / (losses) on investments		1,463,056	33,229	**1,496,285**	1,463,064
Net gains on property investments	15	50,000	-	**50,000**	27,150
Net gains / (losses) on listed investments	16	649,261	-	**649,261**	(382,456)
Net income for the year		2,162,317	33,229	**2,195,546**	1,107,758
Transfers between funds	25	50,000	(50,000)	**-**	-
Net movement in funds		2,212,317	(16,771)	**2,195,546**	1,107,758
Reconciliation of funds:					
Total funds brought forward	25	20,492,583	121,258	**20,613,841**	19,506,083
Total funds carried forward	25	22,704,900	104,487	**22,809,387**	20,613,841

The notes on pages 24 to 45 form part of these financial statements.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated and Charity Balance Sheets
As at 31 March 2021

	Note	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Tangible fixed assets	14	**11,379,308**	11,644,382	**11,379,308**	11,644,382
Investment properties	15	**665,000**	615,000	**665,000**	615,000
Investments	16	**8,767,822**	6,026,885	**8,767,822**	6,026,885
		20,812,130	18,286,267	**20,812,130**	18,286,267
Current assets					
Stock	19	**20,404**	18,146	**4,076**	2,176
Debtors	20	**1,267,595**	1,770,380	**1,296,136**	1,920,769
Cash at bank and in hand		**1,372,901**	1,165,108	**1,357,021**	1,011,827
		2,660,900	2,953,634	**2,657,233**	2,934,772
Liabilities					
Creditors: amounts due within one year	21	**(663,643)**	(626,060)	**(660,395)**	(607,652)
Net current assets		**1,997,257**	2,327,574	**1,996,838**	2,327,120
Total net assets		**22,809,387**	20,613,841	**22,808,968**	20,613,387
Funds of the Group and Charity:	25				
Restricted income funds		**104,487**	121,258	**104,487**	121,258
Unrestricted funds					
Designated funds		**11,577,598**	10,396,903	**11,577,598**	10,396,903
General funds		**11,127,302**	10,095,680	**11,126,883**	10,095,226
Total unrestricted funds		**22,704,900**	20,492,583	**22,704,481**	20,492,129
Total Group and Charity funds		**22,809,387**	20,613,841	**22,808,968**	20,613,387

The Charity's net income for the year was £2,195,581 (2019/20: £1,108,269). The notes on pages 24 to 45 form part of these financial statements.

Approved and authorised for issue by the Board of Trustees on 18 August 2021 and signed on their behalf by:

Mr D Teague – Chair

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Cash Flows
For the year ended 31 March 2021

	Note	**2021** **£**	2020 £
Cash flows from operating activities			
Net cash used in operating activities	26	**2,368,591**	707,151
Cash flows from investing activities:			
Dividends, interest and rents from investments		**120,647**	166,347
Proceeds from the sale of fixed assets		**-**	2,685
Purchase of fixed assets		**(191,174)**	(330,619)
Proceeds from the sale of investments		**1,830,366**	8,739,379
Purchase of investments		**(4,412,956)**	(8,583,556)
Movement in investments – cash holdings		**490,914**	(287,825)
Net cash used in investing activities		**(2,162,203)**	(293,589)
Change in cash and cash equivalents in the year		**206,388**	413,562
Cash and cash equivalents at the beginning of the year		**1,158,793**	745,231
Cash and cash equivalents at the end of the year	**27**	**1,365,181**	1,158,793

The notes on pages 24 to 45 form part of these financial statements.

1. Accounting policies

a) Statutory information

St Michael's Hospice (incorporating the Freda Pearce Foundation) is a charitable company limited by guarantee (Company number 01634942 and Charity number 511179) and is incorporated in the United Kingdom. The registered office address and principal place of business is St Michael's Hospice, Bartestree, Hereford, HR1 4HA. This is also the address of its 100% wholly owned subsidiaries.

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

b) 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiaries - SMH Trading Limited and St Michael's Hospice Development Company Limited - on a line by line basis. Transactions and balances between the charitable company and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the companies are disclosed in the notes of the charitable company's Balance Sheet. A separate Statement of Financial Activities, or income and expenditure account, for the charitable company itself is not presented as permitted by the exemptions afforded by section 408 of the Companies Act 2006 not to include it. The charitable company has also taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only cashflow and certain financial instrument disclosures.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The Trustees consider that there are no material uncertainties about the group's ability to continue as a going concern following their review of the financial position, reserves levels and future plans. In arriving at their decision, the Trustees have thoroughly reviewed the impact of COVID-19 on service demand and delivery and income levels and have taken appropriate mitigating action to minimise risk.

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charitable company 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. Income from voluntary sources is received by way of donations, gifts and fundraising events, and is included in full in the Statement of Financial Activities when receivable. Income from gift aid tax reclaims is recognised for all donations made prior to the year-end where valid gift aid declarations are held.

1. Accounting policies (continued)

For legacies, entitlement is taken as the earlier of the date on which either: the charitable company is aware that probate has been granted, the estate has been finalised and the executor has made notification to the charitable company 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 charitable company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charitable company, or the charitable company 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 in note 3.

Income from charitable activities is recognised as services are performed. Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

In accordance with the Charities SORP (FRS 102), the value of services provided by volunteers is not recognised. The Trustees' annual report contains further information about the invaluable contribution provided by volunteers. On receipt, donated gifts, professional services and donated facilities are recognised based on the value of the gift to the charitable company which is the amount the charitable company 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. Clothing and other goods donated for resale are included in income when they are sold. If an item is significant in value, it would be measured and valued at the year-end.

g) Interest receivable and dividends

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank. Dividends are included when received or declared and receivable.

h) Fund accounting

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for a specific purpose. The notes to the financial statements provide further details. Once the terms and conditions of the restrictions have been met, tangible fixed assets purchased with restricted monies, are transferred to unrestricted funds.

Unrestricted funds are those available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and which have not been designated for any other purpose.

Designated amounts within the unrestricted funds represent the total Net Book Value of the freehold land and buildings and assets in the course of construction held at the balance sheet date and funds designated for the development projects and capital investment. Designated funds may also comprise amounts that have been set aside by the Trustees for particular purposes, notably for the purchase of other assets used within the business.

i) Expenditure and irrecoverable VAT

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. Expenditure is classified under the following activity headings:

Raising funds - this relates to the costs incurred by the charitable company in procuring voluntary contributions to it, as well as the costs of any activities with a fundraising purpose, including charity shop running costs and investment manager fees. This includes salaries of staff engaged in fundraising activities, direct expenditure and support costs. The cost of fundraising activities is recognised in the year in which it is incurred although the income derived from the activities may arise in future years.

1. Accounting policies (continued)

Charitable activities - this includes the costs of delivering services, and other educational activities undertaken to further the purposes of the charitable company and their associated support costs.

Irrecoverable VAT is charged against activities on the same basis as the allocation of support costs. Governance costs are included within support costs and relate only to external audit fees.

j) Allocation of support costs

Expenditure is allocated to the activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Inpatient Care	50.0%
Raising Funds	20.5%
In reach (Day Care Services)	2.5%
Supportive & Rehabilitative Care	1.0%
Education & Training	1.0%
Hospice at Home	25.0%

k) Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

l) Tangible fixed assets

Items are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities based on the use of the related assets in those activities. Assets are reviewed for impairment annually to consider if their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

The depreciation rates in use are as follows:

Freehold buildings	
- Main Structure	50 years
- Roof	10 - 40 years
- Windows and doors	25 years
Leasehold property	Over the period of the lease
Medical and nursing equipment and beds	5 – 10 years
Motor vehicles	3 – 7 years
IT Equipment and development	3 – 5 years
Plant and machinery	15 - 25 years
Fixture, fittings and equipment	3 – 5 years

Land and buildings are included at cost. Land and assets in the course of construction are not depreciated. In accordance with the Statement of Recommended Practice, freehold buildings have been categorised into those components which have substantially different useful economic lives.

1. Accounting policies (continued)

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the Statement of Financial Activities. The valuation method used to determine fair value is stated in the notes to the financial statements.

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the Balance Sheet date using the closing quoted middle market price.

Any change in fair value will be recognised in the Statement of Financial Activities. Investment gains and losses are combined and shown in the heading "Net gains / (losses) on investments" in the Statement of Financial Activities. The charitable company does not directly acquire put options, derivatives or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

q) Debtors

Trade debtors, other debtors, accrued income and amounts owed by group entities are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

s) Creditors

Creditors are recognised where the group 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.

t) Financial instruments

The group 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. Listed investments are shown at market value.

1. Accounting policies (continued)

u) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where these estimates and judgements have been made include the following:

i) Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the tangible assets and note l) for the useful lives of each class of asset.

ii) Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, the Trustees consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 20 for the net carrying amount of the debtors and associated impairment provision.

iii) Accrued legacy income

Legacy income is accrued if probate has been granted prior to the year-end, and the estate has been finalised, or the executor has made notification to the charitable company that a distribution will be made, or when a distribution is actually received, mitigating estimation uncertainty as income can be measured reliably.

v) Pensions

Defined benefit scheme

The charitable company contributes to the NHS pension scheme for eligible staff. Such contributions are a fixed percentage of salary. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the scheme. 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, it 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 that scheme for the accounting period. The charitable company has no ongoing liability once the standard contributions to the scheme are made.

Defined contribution schemes

Where staff are not eligible to join the NHS pension scheme, they can opt to join a group personal pension plan scheme. St Michael's also contributes to the personal schemes of individual employees. Such contributions are a fixed percentage of salary. In accordance with workplace pension legislation, eligible employees who are not already in a compliant pension scheme are automatically enrolled into a workplace pension scheme. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the schemes.

2. Detailed comparatives for the Statement of Financial Activities

	Note	Unrestricted £	Restricted £	2020 Total £
Income from:				
Donations and legacies	3	4,237,278	24,906	**4,262,184**
Charitable activities	4	1,941,083	58,772	**1,999,855**
Other trading activities	5	3,481,990	-	**3,481,990**
Investments	6	166,347	-	**166,347**
Other	7	16,269	4,006	**20,275**
Total income		9,842,967	87,684	**9,930,651**
Expenditure on:				
Raising funds	9	2,454,916	8,108	**2,463,024**
Charitable activities	9	5,970,180	34,383	**6,004,563**
Total expenditure	9	8,425,096	42,491	**8,467,587**
Net income before net losses on investments		1,417,871	45,193	**1,463,064**
Net gains on property investments	15	27,150	-	**27,150**
Net losses on listed investments	16	(382,456)	-	**(382,456)**
Net income for the year		1,062,565	45,193	**1,107,758**
Transfers between funds	25	22,830	(22,830)	**-**
Net movement in funds		1,085,395	22,363	**1,107,758**
Reconciliation of funds:				
Total funds brought forward	25	19,407,188	98,895	**19,506,083**
Total funds carried forward	25	20,492,583	121,258	**20,613,841**

3. Income from donations and legacies

	Unrestricted £	Restricted £	**2021 Total £**	2020 Total £
Donations	651,575	1,080	**652,655**	725,885
Grants & Trusts	235,532	53,000	**288,532**	76,795
Community fundraising activities	193,848	203	**194,501**	488,656
Legacies	1,367,491	-	**1,367,491**	2,970,848
Total	2,448,446	54,283	**2,502,729**	4,262,184

As at 31 March 2021 the charity had been notified of several legacies, the values of which were uncertain as the executors were awaiting confirmation of other claims on the estate and may also be in the process of realising assets such as residential property. The estimated total of these legacies could be up to £1,085,000. None of these legacies have been accrued in the financial statements.

St Michael's received personal protective equipment from the NHS. It has not been possible to reliably estimate the value of these items and they are therefore not included in donations above.

4. Income from charitable activities

	Unrestricted £	Restricted £	**2021 Total £**	2020 Total
Nursing & medical care	913,033	-	**913,033**	654,000
Grants from grant making trusts	-	4,380	**4,380**	18,772
Hospice at Home	1,228,203	-	**1,228,203**	1,086,104
NHS England	-	2,246,143	**2,246,143**	-
Other care services	46,000	-	**46,000**	49,895
Pharmacy supplies	158,814	-	**158,814**	90,950
Education and training	16,025	-	**16,025**	100,134
Total	2,362,075	2,250,523	**4,612,598**	1,999,855

£2,316,254 (2019/20: £1,795,342) was received from the Herefordshire Clinical Commissioning Group. £29,796 (2019/20: £29,796) was received from Powys Local Health Board. £2,246,143 was received from NHS England (2019/20: £nil). NHS England awarded the funding to allow the St Michael's 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. £nil was received from the Worcestershire Clinical Commissioning Group (2019/20: £40,000). £nil (2019/20: £10,397) was received from Health Education England. £nil (2019/20: £32,912) was received from Herefordshire Council. £nil (2019/20: £22,899) was received from Dementia UK.

There were no unfulfilled conditions or other contingencies attached to these income receipts.

5. Income from other trading activities

	Unrestricted £	Restricted £	**2021 Total £**	2020 Total £
Fundraising events	177,776	-	**177,776**	227,725
Lottery	321,812	-	**321,812**	372,059
Retail shops	774,543	-	**774,543**	2,826,652
Other	10,171	-	**10,171**	55,554
Total	1,284,302	-	**1,284,302**	3,481,990

6. Income from investments

	Unrestricted £	Restricted £	**2021 Total £**	2020 Total £
Bank interest received	1,059	-	**1,059**	1,858
Investment interest & dividends	92,155	-	**92,155**	145,889
Rental income	27,433	-	**27,433**	18,600
Total	120,647	-	**120,647**	166,347

7. Other Income

	Unrestricted £	Restricted £	**2021 Total £**	2020 Total £
Government Grants – Coronavirus Job Retention Scheme	424,292	-	**424,292**	9,554
Government Grants – Retail Support	481,657	-	**481,657**	-
Crematorium Fees	6,888	-	**6,888**	6,313
Disposal of fixed assets	-	-	**-**	309
Other	1,583	-	**1,583**	4,099
Total	914,420	-	**914,420**	20,275

8. Net income for the year

This is stated after charging:			**2021 £**	2020 £
Depreciation			**486,002**	536,685
Net profit on disposal of fixed asset			**-**	309
Operating lease rentals:	-	property	**271,972**	273,580
	-	other *	**18,922**	16,261
Auditor's remuneration:	-	audit	**13,420**	13,400
	-	other services	**1,925**	2,550
Interest receivable			**1,059**	58,948

* 2020 restated to include leased vehicles

9. Analysis of expenditure

	Charitable Activities								
	Cost of raising funds	Inpatient Care	In reach / Day Care	Supportive & Rehab Care	Hospice at Home & Community	Education & Training	Governance costs	Support costs	**2021 Total**	2020 Total
	£	£	£	£	£	£	£	£	**£**	£
Staff costs (Note 10)	1,138,829	2,016,513	220,420	353,526	1,058,001	6,430	-	615,754	**5,409,473**	5,667,992
Medical Consultants	-	194,634	44,773	-	-	-	-	-	**239,407**	225,546
Other Staff Costs	6,130	22,099	98	131,292	5,098	3,193	-	23,020	**190,930**	192,195
Retail Purchases	22,074	-	-	-	-	-	-	-	**22,074**	88,504
Lottery Prizes	78,000	-	-	-	-	-	-	-	**78,000**	80,999
Events	25,588	-	-	-	-	-	-	-	**25,588**	65,237
Community	5,611	-	-	-	-	-	-	-	**5,611**	26,052
Investment Management Fees	12,246	-	-	-	-	-	-	-	**12,246**	12,833
Education	217	5,078	36	36	1,814	72	-	-	**7,253**	8,645
Communications	3,898	2,923	244	244	1,949	487	-	-	**9,745**	25,968
Premises & Equipment	342,127	28,043	13	13	7,235	1,225	-	167,945	**546,601**	575,552
Transport & Travel *	26,755	451	122	265	39,884	-	-	3,242	**70,719**	89,368
Telephones & Computers	26,168	28,129	5,774	6,663	34,259	1,025	-	181,259	**283,277**	213,383
Catering & Cleaning	37,709	67,713	345	345	345	-	-	26,928	**133,385**	199,208
Professional Fees	4,303	574	-	3,270	-	-	13,420	10,682	**32,249**	90,535
Depreciation	85,371	25,936	424	2,316	16,152	139	-	355,664	**486,002**	536,685
Medical & Nursing Supplies	-	217,342	-	35	5,271	-	-	-	**222,648**	156,449
Other Supplies & Services *	51,866	18,741	603	3,760	3,445	10,228	-	74,560	**163,203**	212,436
	1,866,892	2,628,176	272,852	501,765	1,173,453	22,799	13,420	1,459,054	**7,938,411**	8,467,587
Support costs	299,107	729,527	36,476	14,590	364,763	14,591	-	(1,459,054)	**-**	-
Governance costs	2,751	6,710	336	134	3,355	134	(13,420)	-	**-**	-
Total expenditure 2021	**2,168,750**	**3,364,413**	**309,664**	**516,489**	**1,541,571**	**37,524**	**-**	**-**	**7,938,411**	**-**
Total expenditure 2020	2,463,024	3,413,040	376,983	531,163	1,643,237	40,140	-	-	-	8,467,587

*restated re vehicle insurance

10. Staff costs and numbers

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	**4,632,353**	4,804,714
Redundancy and termination costs	**557**	41,508
Social security costs	**370,625**	391,397
Pension contributions – defined benefit scheme	**184,038**	210,253
Pension contributions – defined contribution schemes	**221,900**	220,120
	5,409,473	5,667,992

The following number of employees received employee benefits (excluding employer national insurance and pension costs) during the year between:

	2021 No.	2020 No.
£60,000 - £69,999	**1**	1
£80,000 - £89,999	**1**	1

The charitable company considers its key management personnel during the year to comprise the Trustees and the Strategic Management Team - who are the Chief Executive and three other key directors, one of which is contracted with the local NHS Trust and included in Medical Consultants costs and not staff costs above. The total cost (including employer national insurance costs and pension contributions) of the key management personnel was £423,949 (2019/20: £482,450). The Trustees were not paid nor received any other benefits from employment with St Michael's in the year (2019/20: £nil).

11. Staff numbers

The average number of employees (head count based on number of staff employed) and whole-time equivalents (WTE) during the year were as follows:

	2021 Head Count	2021 WTE	2020 Head Count*	2020 WTE*
Inpatient Care	**78**	**52**	83	54
In reach / Day Care Services	**15**	**9**	18	11
Supportive & Rehabilitative Care	**13**	**9**	12	9
Hospice at Home	**34**	**25**	40	27
Externally provided education and training	**1**	**1**	1	1
Support	**23**	**16**	22	16
Raising funds	**65**	**41**	64	41
	229	**153**	240	159

* Restated to include Housekeeping & Domestic staff within support.

12. Related party transactions

During the year, the charitable company entered into transactions for the purchase of services as described below:

Humfrys & Symonds (Trustee Mr D Campion is a Director) for the purchase of conveyancing totalling £nil (2019/20: £2,160 for the purchase of conveyancing). £nil was outstanding at 31st March 2021 (2019/20: £nil).

One family member of a Trustee who served during the year (Mrs J Winney) was employed by St Michael's on standard employment terms and conditions – their total remuneration (including employer national insurance costs and pension contributions) was £15,789 (2019/20: £48,118, representing total remuneration for two family members of Mrs J Winney and Revd Preb KB Garlick).

During the year a management charge was made by the charitable company to SMH Trading Limited of £28,073 excluding VAT (2019/20: £162,217). At the end of the year gift aid of £23 (2019/20: £9,480) was payable by SMH Trading Limited to the charitable company. The total year-end balance owed to the charitable company was £28,553 (2019/20: £150,543).

13. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

14. Tangible fixed assets – Group and Charity

	Freehold land & buildings £	Assets in the course of construction £	Leasehold property £	Medical & nursing equipment & beds £	Fixtures, fittings & equipment £	Information technology £	Plant & machinery £	Motor vehicles £	Total £
Cost									
At the start of the year	11,126,076	-	287,544	212,094	635,275	131,432	1,114,828	257,260	**13,764,509**
Additions in year	-	113,692	2,595	15,905	14,825	2,543	69,168	2,200	**220,928**
Disposals in year	-	-	-	(4,857)	(3,800)	-	-	-	**(8,657)**
At the end of the year	11,126,076	113,692	290,139	223,142	646,300	133,975	1,183,996	259,460	**13,976,780**
Depreciation									
At the start of the year	945,462	-	180,862	131,933	438,911	72,672	202,512	147,775	**2,120,127**
Charge for the year	247,899	-	31,323	12,897	81,160	25,371	59,113	28,239	**486,002**
Disposals in year	-	-	-	(4,857)	(3,800)	-	-	-	**(8,657)**
At the end of the year	1,193,361	-	212,185	139,973	516,271	98,043	261,625	176,014	**2,597,472**
Net book value									
At the end of the year	**9,932,715**	**113,692**	**77,954**	**83,169**	**130,029**	**35,932**	**922,371**	**83,446**	**11,379,308**
At the start of the year	10,180,614	-	106,682	80,161	196,364	58,760	912,316	109,485	11,644,382

Land with a value of £499,789 (2019/20: £499,789) is included within Freehold Land and Buildings and is not depreciated. All the above assets are used for charitable purposes.

15. Investments Properties – Group and Charity

	2021 £	2020 £
Fair value at the start of the year	**615,000**	370,000
Additions – transfer from fixed assets	**-**	217,850
Revaluation during the year	**50,000**	27,150
Fair Value at the end of the year	**665,000**	615,000

The properties were last valued on an open market valuation basis on 29th April 2021 by Alister Walshe FNAEA FNAVA of Stooke, Hill & Walshe. Being a related party, the Board of Trustees have approved the valuation.

16. Investments – Group and Charity

	2021 £	2020 £
Fair value at the start of the year	**5,511,779**	5,879,459
Transfers	**-**	170,599
Additions at cost	**4,412,956**	8,583,556
Disposal proceeds	**(1,830,366)**	(8,739,379)
Net (loss) / gain on change in fair value	**649,261**	(382,456)
	8,743,630	5,511,779
Investments - cash holdings	**24,192**	515,106
Fair value at the end of the year	**8,767,822**	6,026,885

Investments comprise:	2021 £	2020 £
UK Fixed Interest	**3,796,540**	3,077,959
International Fixed Income	**493,618**	369,093
Equities	**1,508,513**	1,008,355
Alternative Investments	**1,332,949**	1,056,361
Cash Funds	**1,636,192**	515,106
	8,767,811	6,026,874
Investment in subsidiary undertakings incorporated in the UK	**1**	1
Investment in Hospice Quality Partnership	**10**	10
	8,767,822	6,026,885

17. Subsidiary undertakings

The charitable company owns the whole of the issued ordinary share capital of SMH Trading Limited, a company registered in England, company number 06545386. St Michael's uses the subsidiary for non-primary purpose trading activities.

All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustees Mr A J Walshe and Ms P A Greenwood who served during the year are also directors of the subsidiary. Available profits are gift aided to the charitable company within 9 months of the year-end.

The table below shows a summary of the subsidiary's results.

	2021	2020
	£	£
Turnover	**55,866**	285,478
Cost of sales	**(25,680)**	(111,163)
Gross profit	**30,186**	174,315
Distribution costs	**(11,169)**	(64,538)
Administrative expenses	**(16,904)**	(97,679)
Other operating expenditure	**(2,090)**	(2,618)
Operating profit	**23**	9,480
Taxation	**-**	-
Profit after taxation	**23**	9,480
Retained earnings at the start of the year	**563**	563
Profit for the year	**23**	9,480
Gift aid donation	**(23)**	(9,480)
Retained earnings at the end of the year	**563**	563
The aggregate of the assets, liabilities and funds was:		
Assets	**32,365**	168,579
Liabilities	**(31,801)**	(168,015)
	564	564
Funds:		
Share capital	**1**	1
Retained profits	**563**	563
	564	564

Distribution costs and administrative expenses totalling £28,073 (2019/20: £162,217) represent a management charge from the parent entity. Amounts owed to the parent undertaking are shown in note 20.

17. Subsidiary undertakings (continued)

The charitable company also owns the whole of the issued ordinary share capital of St Michael's Hospice Development Company Limited, a company registered in England, company number 07039211.
St Michael's used the subsidiary for the redevelopment of the hospice buildings and surroundings.

All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustee Mr D Teague is also a director of the subsidiary. Available profits are covenanted to the charitable company as appropriate within 9 months of the year-end. The company is to become dormant.

A summary of the results of the subsidiary is shown below:

	2021	2020
	£	£
Turnover	**-**	-
Cost of sales	**-**	-
Gross profit	**-**	-
Other operating expenditure	**(35)**	(116)
Operating loss	**(35)**	(116)
Taxation	**-**	-
Loss after taxation	**(35)**	(116)
Retained (losses) / earnings at the start of the year	**(110)**	400
Loss for the year	**(35)**	(116)
Gift aid donation	**-**	(394)
Retained losses at the end of the year	**(145)**	(110)
The aggregate of the assets, liabilities and funds was:		
Assets	**856**	826
Liabilities	**(1,000)**	(935)
	(144)	(109)
Funds:		
Share capital	**1**	1
Retained losses	**(145)**	(110)
	(144)	(109)

St Michael's Hospice Development Company Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A.

18. Parent charity

The parent charity's gross income and results for the year are disclosed as follows:

	2021	2020
	£	£
Gross income and gains on investments	**10,106,187**	9,461,565
Gross expenditure	**7,910,606**	8,353,296
Net income	**2,195,581**	1,108,269

19. Stock

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Goods for resale	**20,404**	18,146	**4,076**	2,176
	20,404	18,146	**4,076**	2,176

20. Debtors

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	**23,075**	42,904	**22,063**	42,904
Amounts owed by group undertaking	**-**	-	**29,553**	150,543
Other debtors	**90,958**	67,320	**90,958**	67,166
Prepayments	**103,303**	102,182	**103,303**	102,182
Accrued income	**1,050,259**	1,557,974	**1,050,259**	1,557,974
	1,267,595	1,770,380	**1,296,136**	1,920,769

Trade debtors are stated after impairment provision totalling £nil (2019/20: £10,469). Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. The carrying values of these are shown above and in note 21 below.

21. Creditors: amounts due within one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Bank overdraft	**7,720**	6,315	**7,720**	6,315
Trade creditors	**88,947**	103,617	**88,017**	99,162
Taxation and social security	**89,365**	90,452	**89,365**	90,452
Other creditors	**80,529**	77,785	**80,062**	65,669
Accruals	**181,569**	136,515	**179,718**	134,678
Deferred income	**215,513**	211,376	**215,513**	211,376
	663,643	626,060	**660,395**	607,652

22. Deferred income

Deferred income comprises advance ticket sales for the lottery, fundraising income for events that did not occur until after the balance sheet date and a legacy deferred for legal reasons. Except for the legacy of £128,500 (2019/20: £128,500), all the deferred income of the previous year was released in the current year.

	Group		Charity	
	2021	2020	**2021**	2020
	£	£	**£**	£
Balance at the beginning of the year	**211,376**	227,627	**211,376**	227,627
Amount released to income in the year	**(82,876)**	(99,127)	**(82,876)**	(99,127)
Amount deferred in the year	**87,013**	82,876	**87,013**	82,876
Balance at the end of the year	**215,513**	211,376	**215,513**	211,376

23. NHS pension scheme

The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS employees and certain employees of other approved organisations allowed under the direction of the Secretary of State in England and Wales. St Michael's is an approved organisation. The Scheme provides pensions, based on final salary, in varying circumstances for employees of participating employers.

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

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 is accepted as providing suitably robust figures for financial reporting purposes.

The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 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 latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.68% (including a 0.08% scheme administration levy) of pensionable pay and employees contribute on a tiered scale from 5% - 14.5% of their pensionable pay depending on total earnings. Prior to this the employer contribution rate payable was 14.38%. The government has committed to cover this cost increase for a certain category of employer's, including St Michael's, recurring annually until 31 March 2023.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process.

The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

All pension charges are charged to unrestricted funds in line with the fund out of which the wages and salaries are paid. The amount charged to the Statement of Financial Activities in the year was £184,038 (2019/20: £210,253). Employee and employer contributions outstanding as at 31 March 2021 was £26,044 (2019/20: £26,130).

24. Analysis of group net assets between funds (current year)

	General unrestricted	Designated	Restricted	**Total funds**
	£	£	£	**£**
Tangible fixed assets	1,332,901	10,046,407	-	**11,379,308**
Investments	9,432,822	-	-	**9,432,822**
Net current assets	361,579	1,531,191	104,487	**1,997,257**
Net assets at the end of the year	**11,127,302**	**11,577,598**	**104,487**	**22,809,387**

24a Analysis of group net assets between funds (prior year 2020)

	General unrestricted	Designated	Restricted	**Total funds**
	£	£	£	**£**
Tangible fixed assets	1,463,768	10,180,614	-	**11,644,382**
Investments	6,641,885	-	-	**6,641,885**
Net current assets	1,990,027	216,289	121,258	**2,327,574**
Net assets at the end of the year	**10,095,680**	**10,396,903**	**121,258**	**20,613,841**

25. Movements in group funds (current year)

	At 1 April 2020	Income	Expenditure	Transfers	Gains / (Losses)	**At 31 March 2021**
	£	£	£	£		**£**
Restricted funds:						
Patient care	99,426	2,246,346	(2,263,409)	-	-	**82,363**
Funds for other specific items	21,832	58,460	(8,168)	(50,000)	-	**22,124**
Total restricted funds	121,258	2,304,806	(2,271,577)	(50,000)	-	**104,487**
Unrestricted funds:						
Designated funds						
Property fund	10,180,614	-	(247,899)	113,692	-	**10,046,407**
Capital investment fund	216,289	-	(2,238)	147,140	-	**361,191**
Development fund	-	-	-	1,170,000	-	**1,170,000**
Total designated funds	10,396,903	-	(250,137)	1,430,832	-	**11,577,598**
General funds	10,095,680	7,129,890	(5,416,697)	(1,380,832)	699,261	**11,127,302**
Total unrestricted funds	20,492,583	7,129,890	(5,666,834)	50,000	699,261	**22,704,900**
Total funds at 31 March 2020	20,613,841	9,434,696	(7,938,411)	-	699,261	**22,809,387**

Transfers represent the release of restricted and designated funds as they are expended on capital items.

Purpose of restricted funds - Restricted funds totalling £104,487 (2019/20: £121,258) comprise:

i **Patient Care** - In addition to £121,258 (2019/20: £64,382) at the start of the year restricted for care purposes an additional £2,304,806 (2019/20: £41,150) was received during the year from individual donations and NHS England via Hospice U.K. £2,271,577 (2019/20: £6,106) was expended for these purposes during the year.

ii **Funds for other specific items** - In addition to £21,832 (2019/20: £34,513) at the start of the year, a further £58,460 (2019/20: £45,284) was received from grant-making trusts and individual donations. £8,168 (2010/20: £35,135) was expended on these purposes during the year. A further £50,000 was utilised and released capital items and transferred.

Purpose of designated funds - Designated funds totalling £11,577,598 (2019/20: £10,396,903) comprise:

i The property fund - This equates to the net book value of the freehold land and buildings. The transfer of £113,692 represents capital expenditure on the carpark expansion project, £50,000 utilised and released from restricted funds, and £63,692 utilised and released from the capital investment fund.

ii The capital investment fund – The capital investment fund was established to support the purchase and development of retail premises at 77-83 Whitecross Road, to develop car parking facilities and to support investment in income generation activities. Of the £1.3 million originally designated, £216,289 remained at the beginning of the year. £2,238 was expended during the year. A further £63,692 was utilised and released to the property fund re the carpark expansion project and £69,168 was utilised and released to general funds relating to other capital expenditure. £280,000 was transferred in from general funds to support future capital investment projects.

iii The development fund - £1,170,000 was designated at the end of the financial year to support workforce and care service development initiatives.

25a. Movements in group funds (prior year 2020)

	At 1 April 2019 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	**At 31 March 2020 £**
Restricted funds:						
Patient care	64,382	41,150	(6,106)	-	-	**99,426**
Funds for other specific items	34,513	45,284	(35,135)	(22,830)	-	**21,832**
Eric Bayliss nurses fund	-	1,250	(1,250)	-	-	-
Total restricted funds	98,895	87,684	(42,491)	(22,830)	-	**121,258**
Unrestricted funds:						
Designated funds						
Property fund	10,527,151	-	(244,872)	(101,665)	-	**10,180,614**
Capital investment fund	358,894	-	(11,299)	(131,306)	-	**216,289**
Total designated funds	10,886,045	-	(256,171)	(232,971)	-	**10,396,903**
General funds	8,521,143	9,842,967	(8,168,925)	255,801	(355,306)	**10,095,680**
Total unrestricted funds	19,407,188	9,842,967	(8,425,096)	22,830	(355,306)	**20,492,583**
Total funds at 31 March 2020	19,506,083	9,930,651	(8,467,587)	-	(355,306)	**20,613,841**

26. Reconciliation of net income to net cash flow from operating activities

	2021 £	2020 £
Net income for the reporting period (as per Consolidated Statement of Financial Activities)	**2,195,546**	1,107,758
Depreciation	**486,002**	536,685
(Gains) / losses on investments	**(699,261)**	355,306
Legacy shares transferred to investments	**-**	(170,599)
Legacy asset transferred to fixed assets	**(2,200)**	(2,500)
Dividends, interest and rent from investments	**(120,647)**	(166,347)
Profit on disposal of fixed assets	**-**	(309)
Increase in stocks	**(2,258)**	(1,211)
Decrease / (increase) in debtors	**502,785**	(924,576)
Increase / (decrease) in creditors	**8,624**	(27,056)
Net cash provided by operating activities	**2,368,591**	707,151

27. Analysis of cash and cash equivalents

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	1,165,108	207,793	1,372,901
Bank overdrafts	(6,315)	(1,405)	(7,720)
Increase in the year	1,158,793	206,388	1,365,181

28. Operating lease commitments

The group's and charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2021 £	2020 £	2021 £	2020 * £
Less than one year	**234,732**	242,566	**18,640**	10,551
Later than one to five years	**515,286**	711,951	**41,169**	-
Over five years	**132,625**	180,867	**-**	-
	885,643	1,135,384	**59,809**	10,551

*Restated to include lease vehicles

29. Capital commitments

At the balance sheet date, the group and charity had committed to £33,468 (2019/20: £nil) in respect of the expansion of St Michael's car park facilities.

30. Financial Instruments

Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. Listed investments are shown at market value. Financial assets include cash at bank and in hand, trade and other debtors and accrued income. Financial liabilities include bank overdrafts, trade and other creditors and accruals. The carrying values of these are shown in notes 16, 20, 21 and 27.

31. Legal status of charity

St Michael's is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £2.

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