# SEVERN HOSPICE LIMITED

England & Wales · Charity number 512394

## Details

| | |
|---|---|
| **Other names** | THE SEVERN HOSPICE LIMITED, THE SHROPSHIRE HOSPICE LIMITED, SEVERN HOSPICE |
| **Status** | Registered |
| **Legal form** | Charitable company |
| **Company number** | 01608025 |
| **Registered** | 1982-03-11 |
| **Register** | View on the Charity Commission register |

## Contact

| | |
|---|---|
| **Address** | Severn Hospice Ltd<br>Bicton Heath<br>Shrewsbury<br>SY3 8HS |
| **Phone** | 01743236565 |
| **Email** | communications@severnhospice.org.uk |
| **Website** | http://www.severnhospice.org.uk |

## Activities

**Objects:** TO PROMOTE THE RELIEF OF SICKNESS, THE WELL-BEING OF PATIENTS AND ADVANCEMENT OF HEALTH BY SUCH CHARITABLE MEANS AS THE ASSOCIATION SHALL FROM TIME TO TIME THINK FIT, IN ENGLAND AND WALES AND IN PARTICULAR IN THE COUNTIES OF SHROPSHIRE AND THE FORMER MONTGOMERYSHIRE AREA OF POWYS. (FOR FURTHER DETAILS SEE CLAUSE 4 OF ARTICLES OF ASSOCIATION).

**Activities:** To provide treatment and care for people diagnosed with terminal illness in Shropshire, Telford & Wrekin, Powys and Ceredigion.

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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:** COUNTY OF SHROPSHIRE AND MID WALES
- Ceredigion
- Powys
- Shropshire
- Telford & Wrekin

## Finances

| Period end | Income | Expenditure | Assets | Employees |
|---|---|---|---|---|
| 2025-03-31 | £16,157,000 | £15,664,000 | £28,027,000 | 449 |
| 2024-03-31 | £14,712,000 | £14,712,000 | £27,653,000 | 468 |
| 2023-03-31 | £14,096,000 | £13,814,000 | £27,182,000 | 456 |
| 2022-03-31 | £13,609,736 | £12,851,950 | £27,585,239 | 443 |
| 2021-03-31 | £13,220,206 | £11,820,972 | £26,642,404 | 445 |

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## Trustees

| Name | Role | Appointed |
|---|---|---|
| Daniel Stephen Robinson | | 2023-11-13 |
| Dr David Northern | | 2023-05-25 |
| Dr Robert Ashley Fraser | | 2022-01-27 |
| JOHN MARCUS WARDLE | | 2017-08-10 |
| Jacqueline Casey | | 2023-11-13 |
| John Gallagher | | 2025-10-17 |
| Karen Corcoran | | 2025-10-17 |
| Kathryn Joan Downton | | 2023-09-07 |
| Nicholas Mark Glockling | | 2025-09-24 |
| Nicola Fay Crosby | | 2023-09-28 |
| Nigel Bathurst | | 2023-09-07 |
| Paul Allan Gold | | 2022-03-29 |
| Professor Debra Towse | | 2022-01-27 |
| Stephen Andrew Bleakley | | 2022-01-27 |
| Vanessa Jane Whatley | | 2025-10-28 |

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**SEVERN HOSPICE LIMITED**

England & Wales - Charity number 512394

# Accounts

Severn Hospice
here and at home

# Report and Accounts

## Year ended 31 March 2025

**Severn Hospice Limited**
A Registered Charity No. 512394
A Company Limited by Guarantee No.1608025
Registered Office: Bicton Heath, Shrewsbury SY3 8HS
Tel: 01743 236565
**www.severnhospice.org.uk**

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# Trustees' Annual Report

The Trustees (the Directors for Company Law purposes) submit their annual report and the audited financial statements for the year ended 31 March 2025. The annual report and financial statements of the charity have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

## Objectives and Activities

### Statement of Public Benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The mission statement of Severn Hospice sets out the activities which the charity undertakes for the public benefit. These services are provided free of charge to the residents of Shropshire, Telford & Wrekin, North Powys, Ceredigion and, when appropriate, to people living outside this catchment area e.g. when their families live locally.

### Mission Statement

Our mission is to provide high standards of Specialist Palliative and End of Life Care through a range of Hospice Services 'here and at home', that recognise the individual and their preferences.

To achieve our mission, we will:

- Care for patients and their families as individuals and strive to meet their unique needs.
- Consider people's preferences in where they receive their treatment and care, whether this is in the home, as outpatients, with our day services or in our wards.
- Provide high quality and timely information about conditions, treatment, and the range of services available.
- Provide high quality, evidence-based clinical care through the range of hospice services.
- Create care environments which meet regulatory requirements, are safe, welcoming, attractive and homely.
- Provide care which neither hastens nor postpones death but which enables people to live as well as they can and to end their lives in peace and with dignity.
- Support families through bereavement following loss of a loved one.
- Nurture and support the skills, contribution and well-being of our staff and volunteers as our most valuable resource.
- Provide all our services free of charge by raising sufficient income from charitable and non-charitable sources.
- Share knowledge and skills with other health care professionals at home and abroad, supporting good care wherever it takes place.

## Objectives

The general aims and objectives of the Hospice are to support and care for people living with a terminal illness within the catchment of Shropshire, Telford & Wrekin, North Powys and Ceredigion, in particular by:

- Providing specialist palliative and end of life care through a range of inpatient and community services for people suffering from a terminal illness.
- Conducting audits and promoting and encouraging research into the care and treatment of people suffering from a terminal illness and for the dissemination of the results of such research.
- Promoting, encouraging, and assisting in the teaching or training of doctors, nurses, physiotherapists and other professions.

The charity aims to meet these objectives by achieving a service provision which:

- Demonstrates a holistic, person-centred approach to the care of people with life-limiting illnesses adopting the principles stated in the accepted definitions of palliative care.
- Offers a well-co-ordinated, multi-professional and 'seamless' service which integrates specialist palliative care services with primary, secondary, and tertiary health care services, voluntary agencies and social services.
- Offers a wide range of services that are both clinically and cost effective and are accessible to all residents in the area.
- Provides support and training to all members of staff involved in the care of people with terminal illnesses.

## Activities

## Our Wards

We provide 24-hour care for patients with complex palliative care needs within consultant led inpatient wards at both our Shrewsbury and Telford sites. We currently have 18 beds.

Care is provided through a multi-disciplinary team which includes specialist doctors, nurses, a range of therapists, chaplains, and social workers.

Our patient bedrooms have en-suite facilities to protect the privacy and dignity of patients, and all rooms look out onto our tranquil gardens with direct access to the grounds. Except in the case of infection control restrictions, families can visit whenever they want, and they can even bring their pets if they wish to. This is a small example that demonstrates the difference between a hospice and hospital setting for patients requiring palliative care.

## Day Services

The Hospice prides itself in delivering day services in line with the concept of 'Living Well'. Within therapeutic environments, which includes the Community Services Centre, we offer specialist palliative care which includes access to consultant and specialist nursing advice, a range of therapies including palliative rehabilitation, group activities, counselling, and bereavement support. Our teams work with patients to identify their specific needs and personal goals for living and support them to live as well as possible within the constraints of their illness.

In addition, the day services team organise coffee mornings with the aim to make Hospice care more accessible in relaxed and informal surroundings.

## Hospice at Home

Four out of five patients referred to Severn Hospice are cared for in their own homes. Severn Hospice at Home is a responsive integrated service that comprises first contact; early intervention; access to specialist consultation clinics; specialist advice and clinical interventions; spells of nursing care through the day and night; consultant led virtual hospice beds.

Working alongside other community health professionals the Hospice works to support patients who choose to be cared for and die at home. This developed service is designed to support the range of care needs as the patient condition changes.

## Family Support Service

The Hospice family support service is delivered by a team of social workers and spiritual care leads who support patients and their families in the community and our inpatient wards. A significant part of their work is the provision of a bereavement service for both adults and children.

## Voluntary Services

The work of the Hospice is supported by a body of volunteers. Our volunteers support all areas of the Hospice including services, administration, income generation, shops, gardens, and with fundraising events. This support is estimated at an annual value in excess of £1 million but cannot be measured in purely monetary terms. Without volunteers the Hospice would struggle to provide the level of services that it does.

# Strategic Report

| Achievements and Performance that we committed to do in 2024-25 | How we performed |
|---|---|
| To make our money match our ambitions by maximising existing and exploring new income streams. | During the year the new legacy campaign was launched which included being party to a Hospice UK TV advert. A second newsletter was created and was posted out to donors in April 25. Further work has taken place to understand our regular donors, especially those who have given large gifts in the past. |
| To identify options to reduce costs that have minimal impact on service delivery. | During the year, cost improvement plan (CIP) 1 was fully rolled out and savings were delivered upon that did not impact service delivery. During the year a further CIP has been worked up that will be deployed over the next two financial years. |
| To work with the ICB to secure the hospice grant and annual inflationary uplifts. | We were pleased to receive a grant uplift from the ICB in recognition of the work that the Hospice undertakes to keep patients out of hospital |
| To better understand the needs and diversity of our communities so that we can improve access for seldom heard groups | Investment in a community engagement lead had supported us to better understand the diversity of our communities. In the last year we have signed several covenants and hosted events and speakers that represent diverse communities. |
| To better evidence established effective systems and processes for responding to safety incidents in line with CQC lines of enquiry | The launch of a safety campaign in 2024 provided a framework to capture and evidence compliance in safety standards. |
| To continue to develop an integrated community services model that is responsive and supports a range of care needs | A review of the community services integrated model continues to identify initiatives that improve responsiveness. |
| To establish and maintain relationships and partnerships that maximise our influence | As a member of the Shropshire End of Life Care strategy group the hospice maintains a position of influence and strong relationships with its partners. |

## Activity for 2024-25

Severn Hospice provides palliative and end of life care for a combined population of around 713,000 in Shropshire, Telford & Wrekin, North Powys and Ceredigion. Population profiles demonstrate the mix of urban and rural communities in our patch. This puts a greater emphasis on the need to be flexible in our approach and in our provision of services.

Our service strategy is designed to reflect the diversity of the communities it serves, to improve access to Hospice care and to support our NHS partners through the delivery of specialist palliative and end-of-life care both within our wards and within the community. We aim to meet demand for specialist palliative and end of life care and support patient preferences and personal goals.

During the year we received 2,198 new patient referrals which contributed to a total of 8,896 referrals across our services. General access to GPs and hospital care continues to be impacted by the after-effects of the pandemic and ways of working which has led to continued delays in diagnosis and referral to treatment. As a result, referral for Hospice care is also delayed meaning that some patients are more advanced in their disease, and they are dying more quickly. The demand for home care continues to increase post pandemic but has now plateaued.

The development of a strong community now means that 4 out of 5 patients referred for Hospice care are cared for in their own homes. The launch of Virtual Hospice and the integration of our community services has increased our ability to support more patients with greater complexities at home. This increased community activity is now reflected in a reduced demand for inpatient care.

## Our Priorities for 2025-26

- To continue to make our money match our ambitions by maximising existing and exploring new income streams.
- To complete the refurbishment and extension of Perry Ward at Bicton.
- To implement cost improvement plans 2 and 3.
- To continue to assess options to reduce costs that have minimal impact on service delivery.
- To continue to work with the ICB to secure the Hospice grant and annual inflationary uplifts.

# Financial Review

## Annual Activity

Overall, the charity is reporting a net surplus of £374K. However, a deficit of £21k is recognised before net income from specifically restricted donations. £231k of the restricted donations relates to a capital grant from the government that forms part of the nationwide financial support given to hospices. Losses of £119k were also incurred on our investment portfolios.

## Income

Total group income, before investment gains/losses, for the year ended 31 March 2025 was £16,157K an increase of £1,445K on the previous year. The principal funding sources for the charity were:

- donations and legacies £4,748K
- charitable activities £4,066K
- other trading activities £6,578K
- investments £473K
- other income £61K

*Donations and legacy income* increased by £848K in 24/25. Legacy income fluctuates from year to year depending on number of legacies, probate dates and notifications from solicitors. A legacy strategy is in place to try to influence this unpredictable source of income which the charity is very much reliant upon. Budgetary assumptions for legacy income are approved by the Finance Committee and the Reserves policy has also been developed to mitigate any short-term risk from any downward trend.

*Charitable activities* comprise the income received from NHS Integrated Care Board, health care bodies and other governmental organisations. This income is received towards the treatment and care of people diagnosed with a terminal illness, together with income towards the education and training of the professionals delivering the treatment and care.

*The Hospice UK Capital Grant* of £231k was made available in March 2025 to be applied against approved categories of capital spend in 24/25.

*Other trading activities* comprise income generated through the shop network, lottery operation and fundraising events. The full year income from two shops opened in 23/24 has benefitted the hospice in 24/25. Net attrition continues to erode our lottery membership and strategies to increase recruitment are in place. In total, trading income increased by £334K.

*Retail* sales remain strong. Since 23-24 income has increased by £222K year on year and with the full year impact of the Bicton Heath and Market Drayton shops (the 31st and 32nd shop respectively), income has been at the highest level ever. However overall net income was lower than the previous year due to much higher staff costs.

Regarding *Hospice Projects Limited*, core sales come from Christmas cards and Refresh café sales. The café is now strongly established with sales increasing and the new "Refresh on the Road" at local events has had a significant impact. The net contribution increased to £107K.

*The Hospice Lottery* continues to provide a predictable income source, with a net contribution of £826K. Current strategy is to continue using a canvassing company for recruitment of players, however the recruitment of canvassers in the area is at times proving difficult.

*Fundraising events* have always been a very visible and important income source. The London Marathon, Lights of Love annual memorial service and Dragon Boats are all major contributors. Details of the top events in the year are given at note 5d.

*Investment income* has benefitted from higher interest rates for those funds held as cash. Rental income ceased in the year when the investment property was sold incurring a

capital loss of £30k. Stock markets declined towards the end of the year in light of American tariff speculation and a resulting net investment loss from the share portfolio of £89k was incurred. The charity continues to hold a mixed portfolio of high-quality investments, with the investment strategy reviewed regularly by the Finance Committee.

## Expenditure

Total group costs for the year ended 31 March 2025 were £15,664K, an increase of £952K on the previous year. Inflationary cost pressures were experienced in respect of both supplier prices and the need to maintain competitive salaries.

Costs associated with charitable activities increased by £481K.

Costs associated with raising funds through fundraising and trading activities increased by £471K; £321K relates to shops reflecting wage increases and the full year costs of additional shops. Hospice Projects costs increased by £47K mostly attributable to the Refresh café. Lottery costs were lower again this year by £27K reflecting decreased activity by the canvassing company which is currently experiencing recruitment difficulties.

As a large proportion of fundraising costs are fixed, a significant swing in income, especially when attributable to legacies, can cause a significant impact on the fundraising cost ratio. This financial year it has remained at 16 pence in the pound (2023-24 at 16p/pound), because the proportionate increase in fundraising costs, mainly higher staff costs, has been matched by the same proportionate increase in fundraising income. The ratio excludes costs attributed to Retail, Severn Promotions Company Limited and Hospice Projects Limited. This approach is consistent with reporting within the sector, enabling fair comparisons to be made.

Support costs, apportioned within the total expenditure costs, total £4,244K and include the costs of running and maintaining the Hospice buildings, vehicles and gardens; catering costs; costs of central governance and administrative functions including HR, Communications, and Health and Safety; Finance, IT and procurement support functions. These have increased by £495K, driven by some increased resourcing in central functions to meet compliance needs and increased annual increments. Overall support costs have increased as a proportion of total group expenditure and now stand at 27% (2023-24 at 25%). Further breakdowns of costs are given in note 9 of the accounts.

## Surplus/Deficit

Overall, the charity is reporting a net surplus of £374K. However, a deficit of £21k is recognised before net income from specifically restricted donations.

## Funds and Reserves Policy

The total funds of the Group at 31 March 2025 are split between:

- Restricted funds £529K
- Designated Funds £14,354K
- General Funds £13,144K

**Restricted Funds**

During 2024-25, donations and funding totalling £1,610K was received to enable specific expenditure to be undertaken. £317K was brought forward from prior years. At the end of the financial year, £529K remained unspent.

**Designated Funds**

The Trustees have established four designated funds:

**Fixed Assets Fund**

The Fixed Assets Fund represents the book value of the charity's tangible fixed assets – money already spent but to be charged through the Statement of Financial Activities in future years. On 31 March 2025 this fund stood at £12,396K. Although these funds are unrestricted, they cannot be realised for other use without undermining the charity's work. To fulfil its charitable objectives, the

organisation needs several properties, fixtures and fittings, other contents of the properties and motor vehicles.

**Capital Projects Fund**
This fund represents funds set aside for capital works. At the end of the financial year this fund stood at £1,958K.

**General Fund**
The Trustees consider that in order to fulfil the charity's obligations to the communities it serves, to existing and future patients and their families and to the paid staff, it is a desirable to hold 100% of the following years estimated group running costs. However, to allow for fluctuations in income streams, the policy allows for reserves to flex between 75% and 125%. Sufficient funds are held in cash to cover our immediate working capital requirements and any other short to medium term committed expenditure. The remainder is invested in accordance with the Investment policy.

On 31 March 2025, the group's general reserves were £13,144K representing approximately 10.5 months or 88% of the following year's estimated group running costs. This is within policy range. Even though Hospice income is holding up well it has been necessary to implement further cost improvement plans to manage current and predicted cost pressures. With inflation still running at levels above the Bank of England target, consequences have been felt through higher wage inflation and increases in some supplier costs. Increased employment taxes from April 25 has added extra costs. Factoring in further future uncertainty on government fiscal and monetary policy, along with ongoing household cost pressures and unsettled situations around the world, these potentially negative consequences could have an impact on reserves. The Trustees accordingly remain vigilant but through ongoing cost control measures and an emphasis on continuing to grow income, they are confident that the Hospice will continue as a going concern for the foreseeable future.

## Investment Policy

The charity's main investment portfolio is professionally managed by external fund managers with the objective of balancing capital growth and income within risk profiles defined by the Trustees and operational requirements.

The investment portfolios consist of a mixture of equities, bonds and property assets. Individual investments within each category of the portfolio will vary according to market conditions and the portfolios are actively managed with quarterly reporting and annual presentations to the Finance Committee. The Trustees regularly monitor the ethical instruction of the charity investments and, as a result of this, tobacco companies are specifically excluded from the portfolio. No highly speculative investments, investments in derivatives markets, hedging or forward investments are included in the portfolios.

The practice of holding portfolios of investments with different and diversifying performance characteristics leaves the portfolio less exposed to movements in any particular asset class. No major change in strategy is contemplated soon.

## Risk Management – Principal Risks and Uncertainties

The Trustees have a formal risk management process to assess the major risks to which the charity is exposed. This involves identifying the types of risks, prioritising them in terms of potential impact and likelihood of occurrence, and reviewing the systems established to mitigate the risks. The major risks, as identified by the Trustees, have been reviewed in accordance with this process and are identified as follows:

- Economic and global challenges continue to impact the Hospice. High wage inflation is causing running costs to increase significantly. Underlying deficits are expected in an average or below average income year. Increasing income year on

year is a challenge. **Mitigation**: Our focus is on developing new income streams and continuing to reduce costs. Maintaining sufficient reserves will help to support income shortfalls and cost pressures in the medium term. Phase 1 of the cost improvement plan has been delivered and provided opportunities to restructure services without reducing levels of service. Two further cost reduction plans have been created. They will take significant sums out of costs over the next two years by focusing on a reduction in the ward establishment but still limiting impacts on service levels. Utilising artificial intelligence is also key to drive further efficiencies in the admin areas. A strong focus on the capacity of high-net-worth individuals to donate, a new and prominent legacy campaign and further investment in new shops will support growing the income streams. A rolling three-year plan and quarterly income and cost re-forecasting will track and monitor income and expenditure to enable informed decisions.

- The charity receives income from local NHS organisations in England, and from NHS Health Boards in Wales. Overall, this contribution amounts to approximately one-third of the charity's income. The income is now being uplifted but not in line with inflation due to pressure on the NHS finances. **Mitigation:** relationship management with key influencers, a clear communications strategy to express the charity's position.
- Failure to meet staff numbers due to national shortage of nurses and the need to offer competitive salaries. **Mitigation:** a continuous review of skill mix, together with periodic recruitment fairs and the consideration of national advertising. Referring to appropriate pay benchmarks and implementing competitive pay awards within agreed financial constraints.
- Reputational damage arising from data protection breaches. **Mitigation**: regular staff training on dealing with information and working online. IT infrastructure improvements and implementing the latest security enhancements is ongoing.

# Structure, Governance and Management

The roles, responsibilities and accountability of the Chair, Trustees and the senior managers are defined in a Scheme of Corporate Governance.

The Board of Trustees is the custodian of the aims and objects of the charity as set out in the Articles of Association. It is responsible for guiding and shaping policies by which these aims and objects are achieved, and of establishing the philosophy of care, which is at the heart of the work of the Hospice. The Trustees are responsible for taking decisions on the strategic direction of the charity, approving major developments and monitoring the work of its committees, advisory groups, the managers and its subsidiary companies.

In addition to the boards of the subsidiary companies, Hospice Projects Ltd and Severn Promotions Company Ltd, there are seven formally constituted committees:

- Finance
- Retail
- Clinical Governance
- Corporate Governance & Human Resources
- Fundraising
- Nominations, Trustee Development & Remuneration
- Communications (formed March 2025)

and two formally constituted sub-committees:

- Property & Estates Strategy Group
- Health and Safety Committee

Each committee is chaired by a Trustee and has its major decisions ratified by the full Board. The Finance Committee also acts as an audit committee. All committees operate under specific terms of reference which delegate

certain functions from the Board. There is a clear delegated authority framework in place which defines how decisions are ratified by Board, committees and management. Various management working groups such as Clinical Audit report into the appropriate formal sub-committees.

The charity subscribes to the Fundraising Regulator and will receive and act on notifications regarding the Fundraising Preference Service. The Fundraising Committee ensures compliance with Charity Commission guidelines and the Fundraising Regulators Code of Practice (CC20), including a comprehensive risk management framework about income generation. The Charity has always recognised the importance of maintaining a high level of public trust through responsible fundraising and has actively recruited suitable expert representation at all levels. It benefits from having a Trustee Board member with senior fundraising experience.

The Fundraising Committee has principal responsibilities to:

- Assure a range of fundraising activity that is appropriate, has due regard for the reputation of the Hospice, meets voluntary income needs and includes donations, legacies, in memoriam, events, collections, corporate donations and website promotion.
- Ensure that the Executive is performing efficiently, in accordance with legal and other relevant requirements.
- Agree the fundraising strategy.

In order to fulfil these responsibilities, the Fundraising Committee:

- Ensures that appropriate policies and processes are in place, and that reporting on these and any changes or developments are in place.
- Maintains a strategic approach in the development of existing and new income streams and monitors actions to achieve these.
- Receives performance information on finance, activity and efficiency.
- Considers any proposals or changes that require formal approval in line with delegated authorities.

There were 13 formal fundraising complaints during 2024/25, all relating to the retail operation. All 13 were not upheld or no further action required. The 13 complaints related to customer service and pricing of donations.

Pricing structures were explained to customers and additional internal training took place via line managers where necessary.

The charity has not engaged any professional fundraising or external fundraising agents in the year, although Severn Promotions Limited uses the services of a canvassing company for recruiting lottery members.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the Trustees.
- Regular consideration by the Trustees of financial results, variance from budgets, non-financial performance indicators and internal audit.

Trustees are appointed to provide specific skills required by the Board as determined by Trustee annual reviews and the Nominations, Trustee Development & Remuneration Committee. Applications are considered by the Nominations, Trustee Development & Remuneration Committee who undertake formal interviews of suitable candidates and carry out background checks. Formal induction is then arranged for successful candidates in conjunction with the Chair, Chief Executive and members of the senior management team. Trustees are required to undertake certain aspects of mandatory training and encouraged to attend other ongoing training. This includes

safeguarding, data protection and diversity training.
Strategic plans and operating budgets are considered and approved by the Board of Trustees. These set the context and limits on management decision making at the operational level. The Board and its committees review compliance and performance in respect of these plans and budgets on a programmed basis.

Pay and remuneration of the senior management team is reviewed by the Nominations, Trustee Development & Remuneration Committee, a formal committee of the Board, after considering benchmark information based on data for medium sized midland based organisations and the NHS Agenda for Change pay scale as appropriate. Pay recommendations are put to the Board for approval.

**Stakeholders and Employees**

The Trustees set out to define discrete stakeholder groups and recognise that in many cases they have complementary interests and shared priorities. Stakeholders identified include patients receiving palliative care, their families, donors, staff, volunteers, the Integrated Commissioning Board, local communities, contractors and suppliers.

There is a strategy in place for regular and effective communication with these stakeholders about the charity's purposes, values, work and achievements. Examples of this includes communication methods such as the Yearbook and information leaflets.

The Trustees communicate how the charity is governed and who they are through the Severn Hospice website and the Trustee Annual Report. The Trustees ensure that stakeholders have an opportunity to hold the Board to account through agreed processes and routes such as patient feedback questionnaires, complaints procedures and employee satisfaction surveys.

The Trustees also make sure that there is suitable consultation with stakeholders about significant changes to the charity's services or policies. Staff forums are an example of this.

The charity is committed to the principle of equal opportunities of employment and recognises its obligations under the Equality Act 2010. The charity declares its opposition to any form of less favourable treatment whether through direct or indirect, associated or perceived discrimination accorded to charity staff or job applicants on the grounds of their race/nationality or ethnic origin, disability, sex, age, sexual orientation or gender reassignment, marital and civil partnership status, pregnancy and maternity, religion or belief (otherwise known as protected characteristics as defined by the Equality Act 2010), including human rights.

The charity is committed to creating a positive culture of respect for all its staff and to promote positive practice and to value the diversity of all individuals and communities. It embraces and recognises the importance of diversity, and that different people bring different perspectives, ideas, knowledge and culture.

Continued attention is paid to the health and safety of employees while at work.

Employee views are sought at team meetings, staff forums, and through staff surveys.

**Memberships**

To assist in its decision making and ensure current and best practice is always followed, the charity is an active participant in the membership of several not-for-profit organisations. These include:

- Hospice UK
- Health and Care Professions Council
- ICS End of Life Clinical Group
- Institute of Fundraising
- Charity Retail Association
- Hospice Lottery Association
- Gambling Commission
- Charity Finance Group

**Energy audit**

The charity is required to submit Energy Saving Opportunities Reports under the Environment Agency ESOS scheme which takes place every three years and runs on a calendar year. The charity engages an independent firm of consultants to undertake the work and to demonstrate compliance. In March we reported a modest 5% annual saving for LED lighting improvements for our Phase 3 ESOS action plan covering the period December 2023 to December 2027.

The table below summarises this period and our annual consumption of gas, electricity and transport to 31st December 2024, to allow for comparability. The results show a small increase in gas and a larger reduction in electricity than expected whilst transport was marginally lower at 2%.

| Energy | To Dec 2024 | To Dec 2023 | Change |
|---|---|---|---|
| Gas MWh | 1,534 | 1492 | 3% |
| Electricity MWh | 753 | 864 | -13% |
| Transport MWh | 304 | 328 | -7% |
| Tonnes $CO_2$ | 544 | 556 | -2% |

Under the Streamlined Energy and Carbon Reporting (SECR) 2018 Regulations, the charity is required to report their environmental impact. The guidelines of SECR allow us to choose boundaries, metrics, and targets when reporting and we have therefore chosen to use metered data to assess last year's emissions against the current financial year using UK Government GHG Conversion Factors for Company Reporting 2024.

| | Year to Dec 2024 | Year to Dec 2023 |
|---|---|---|
| Emissions from Combustion of Gas in $tCO_2e$ (Scope 1) | 311 | 298 |
| Emissions from Purchased Electricity in $tCO_2e$ (Scope 2) | 154 | 173 |
| Emissions from Combustion of Transport Fuel in $tCO_2e$ (Scope 3) | 79 | 85 |
| Total gross Scope 1,2,3 emissions/$tCO_2e$ | 544 | 556 |
| Energy consumption used to calculate above emissions kWh | 2,591,000 | 2,684,000 |
| Charity Spend £ | £10,496,000 | £10,632,000 |
| Intensity Ratio: £K per $tCO_2e$ (Scope 1,2 & 3) | 19.12 | 19.29 |

**Energy Efficiency Action**

In the period covered by this report the Hospice has improved lighting and going forward it is expected that this will continue to deliver savings of around 15% over 3 years to 2027.

**Statement of Trustees' Responsibilities**

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the net movement in funds, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

**Directors' Interests**

As the company is limited by guarantee, the Directors do not hold any shares.

A register of all Directors' interests is kept at the Hospice's headquarters and declarations of general or related interests are made before commencing each formal meeting of the Directors.

# Reference & Administrative Details

**Name & Address**
The full name of the charity is Severn Hospice Limited. It is a company limited by guarantee, No. 01608025. It is registered with the Charity Commission of England & Wales, No. 512394. The address of the registered office is Bicton Heath, Shrewsbury, SY3 8HS.

**Governing Document**
This is the Articles of Association adopted by Special Resolution on 26 September 2013 and altered by Special Resolutions on 29 September 2016, 10 December 2020, 30 September 2021 and 29 September 2022.

**Group Accounts**
The group accounts within these financial statements include the results of Severn Hospice Limited, the Charity, and the results of its wholly owned subsidiary companies, Severn Promotions Company Limited which operates a fund-raising lottery and Hospice Projects Limited which trades in new goods and undertakes other commercial activities. Both companies donate their profits to the Charity.

**President**
Sir Algernon Heber-Percy

**Board of Trustees**
The current Trustees, and those who held office during the financial year to 31 March 2025 and subsequently, are listed below, together with their committee membership (see key).

| | |
|---|---|
| Mr N Bathurst | (1,6) |
| Mr S Bleakley | (5,8) |
| Ms J Casey | (8,9) |
| Mr A Clarkson | (3,6) |
| Mr P Coackley (resigned 31st Jan 2025) | (1,4,5) |
| Mrs N Crosby | (3) |
| Ms K Downton | (4,5) |
| Dr A Fraser | (2,4,5) |
| Mr P Gold | (1,6) |
| Dr D Northern | (2) |
| Mr D Robinson | (2,9) |
| Prof. D Towse | (2,7) |
| Mr J Wardle | (1,3,7) |
| Mrs J Whitford (Chair) | (1,4,5) |

Key to Committee Membership: (1) Finance; (2) Clinical Governance; (3) Retail; (4) Nominations, Trustee Development & Remuneration; (5) Corporate Governance & Human Resources; (6) Fundraising; (7) Property & Estates Sub-Committee; (8) Health & Safety Sub-Committee; (9) Communications ;

**Senior Management Team (Key Management Personnel)**

Chief Executive
Mrs H Tudor

Director of Care
Mrs R Richardson

Director of Finance & Information & Estates
Miss K Davies

Director of Income Generation
Miss T Harrison

Medical Director
Professor D Willis

**Vice Presidents**

| | |
|---|---|
| Miss S Astbury | Mrs J Jenkinson |
| Mr M Davis | Mrs H McPhail |
| Dr D Griffiths | Mr J Tancock |

**Bankers**
Santander, Bridle Road, Bootle, Merseyside, L30 4GB

National Westminster Bank PLC, 8 Mardol Head, Shrewsbury.

**Solicitors**
**Lanyon Bowdler LLP,** Chapter House North, Abbey Lawn, Abbey Foregate, Shrewsbury, SY2 5DE.
**Bates Wells LLP**
10 Queen Street Place
London, EC4R 1BE
**Wace Morgan Solicitors**
Sequoia House, 16 Anchorage Avenue
Shrewsbury Business Park, Shrewsbury
SY2 6FG

**Investment Managers**
Evelyn Partners Investment Management LLP, 103 Colmore Row, Birmingham, B3 3AG.

RBC Brewin Dolphin, Mutual House, Sitka Drive, Shrewsbury Business Park, Shrewsbury SY2 6LG.

**Auditors**
HaysMac LLP, 10 Queen Street Place, London, EC4R 1AG.

**Membership of the Company**
A Member may be an individual or a body corporate. Applications for Membership are determined by the Board of Directors.

**Appointment of Trustees**
The Board of Trustees shall consist of not less than three or more than 20 Members of the company. It may appoint any Member of the company as a Trustee either to fill a casual vacancy or by way of addition to the Board of Trustees, provided that the prescribed maximum be not thereby exceeded. Any member so appointed shall retain office only until the next Annual General Meeting but he or she shall then be eligible for re-election in accordance with the Governing Document. In line with best practice, all trustees will serve a maximum of nine years in office.

The Board hold five formal Board meetings each year plus an Annual General Meeting to which Hospice members are also invited.
Severn Hospice seeks to ensure that an appropriate range of professional skills are maintained at Board level to fulfil both the governance and business requirements of the Hospice. New Trustees are appointed following regular analysis of skill requirements and sympathy to the charity's principles undertaken by the Nominations, Trustee Development & Remuneration Committee, a formal committee of the Board. Prospective Trustees may apply to the Hospice or may be identified by the Board, and they are interviewed by the Nominations, Trustee Development & Remuneration Committee which then makes its recommendations to the Board. New Trustees are prepared for their role through supply of key documents and through a formal process of induction during which they meet key staff and sit as observers at meetings at the Hospice. Ongoing training is provided on an ad hoc basis through external and in-house training programmes.

**Reappointment of Auditor**
On 18 November 2024 the company's auditor changed its name from haysmacintyre LLP to HaysMac LLP

A proposal to re-appoint HaysMac LLP as auditor for the forthcoming year will be put forward at the Annual General Meeting.

In approving this Trustees Annual Report, the Trustees are also approving the Strategic Report included here in their capacity as Company Directors.

This report was approved by the Board of Trustees on 21st August 2025 and signed on its behalf by:



**Jeanette Whitford**
**Chair**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SEVERN HOSPICE LIMITED

**Opinion**

We have audited the financial statements of Severn Hospice Limited for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31st March 2025 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's 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. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' 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' Annual Report have been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with regulatory requirements of the Care Quality Commission, Charity Commission, employment law and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such the Companies Act 2006, the Charities Act 2011, payroll taxes and VAT.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to recognition of income and management bias in certain accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting trustees' meeting minutes
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with

regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.
This description forms part of our auditor's report.

**Use of 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.



Lee Stokes (Senior Statutory Auditor)
For and on behalf of HaysMac LLP
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

28 August 2025

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
## For the Year Ended 31 March 2025

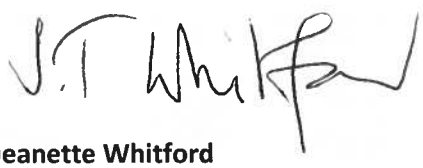
| | Note | Unrestricted Funds 2025 £000 | Restricted Funds 2025 £000 | Total Funds 2025 £000 | Total Funds 2024 £000 |
|---|---|---|---|---|---|
| **Income From:** | | | | | |
| **Donations and legacies:** | | | | | |
| Donations | | 1,553 | 93 | 1,646 | 1,404 |
| Legacies | | 2,078 | 612 | 2,690 | 2,277 |
| Grants from Charitable Trusts | | 239 | 173 | 412 | 219 |
| | | **3,870** | **878** | **4,748** | **3,900** |
| **Charitable Activities** | 4a | **3,565** | **501** | **4,066** | **4,040** |
| **Hospice UK Capital Grant** | 4b | **-** | **231** | **231** | **-** |
| **Other trading activities:** | | | | | |
| Lottery | 5a | 1,154 | - | 1,154 | 1,192 |
| Projects | 5b | 503 | - | 503 | 440 |
| Shops | 5c | 4,567 | - | 4,567 | 4,345 |
| Fundraising events | 5d | 354 | - | 354 | 267 |
| | | **6,578** | **-** | **6,578** | **6,244** |
| **Investments** | 6 | **473** | **-** | **473** | **450** |
| **Other** | 7 | **61** | **-** | **61** | **78** |
| **Total Income** | | **14,547** | **1,610** | **16,157** | **14,712** |
| **Expenditure on:** | | | | | |
| **Raising Donations, Legacies and Grants** | 9 | **1,147** | **-** | **1,147** | **1,016** |
| **Other trading activities:** | | | | | |
| Lottery | 5a,9 | 378 | - | 378 | 405 |
| Projects | 5b,9 | 407 | - | 407 | 360 |
| Shops | 5c,9 | 3,117 | - | 3,117 | 2,796 |
| Fundraising events | 5d,9 | 65 | - | 65 | 62 |
| **Investment management costs** | | 55 | - | 55 | 59 |
| **Costs of raising funds** | | **5,169** | **-** | **5,169** | **4,698** |
| In patient care | 9 | 4,860 | 635 | 5,495 | 5,231 |
| Day care | 9 | 1,472 | 22 | 1,494 | 1,475 |
| Hospice at home | 9 | 2,421 | 353 | 2,774 | 2,497 |
| Education and research | 9 | 186 | 86 | 272 | 332 |
| Lymphoedema | 9 | 131 | - | 131 | 143 |
| Social Work & Chaplaincy | 9 | 329 | - | 329 | 336 |
| **Expenditure on charitable activities** | | **9,399** | **1,096** | **10,495** | **10,014** |
| **Total expenditure** | | **14,568** | **1,096** | **15,664** | **14,712** |
| **Net loss for the year and net movements in funds before (losses)/ gains on investments** | | **(21)** | **514** | **493** | **-** |
| Net (losses)/ gains on investments | | (119) | - | (119) | 471 |
| **Net (deficit)/ surplus for the year** | | **(140)** | **514** | **374** | **471** |
| Transfers between funds | 15, 16 | 302 | (302) | - | - |
| **Net movement in funds** | | **162** | **212** | **374** | **471** |
| ***Reconciliation of funds:*** | | | | | |
| **Total funds brought forward** | | 27,336 | 317 | 27,653 | 27,182 |
| **Total funds carried forward** | | **27,498** | **529** | **28,027** | **27,653** |

## CONSOLIDATED AND CHARITY BALANCE SHEET
## As at 31 March 2025

| | Note | Group 2025 £000 | Group 2024 £000 | Charity 2025 £000 | Charity 2024 £000 |
|---|---|---|---|---|---|
| **Fixed Assets** | | | | | |
| Tangible assets | 10 | 12,396 | 12,548 | 12,396 | 12,548 |
| Investments | 11 | 8,483 | 8,380 | 8,533 | 8,430 |
| | | **20,879** | **20,928** | **20,929** | **20,978** |
| **Current Assets** | | | | | |
| Stock | 12 | 17 | 18 | - | - |
| Debtors | 13 | 2,714 | 1,877 | 2,894 | 2,073 |
| Investment property for sale | | - | 230 | - | 230 |
| Cash at bank & in hand | | 5,628 | 5,751 | 5,190 | 5,297 |
| | | 8,359 | 7,876 | 8,084 | 7,600 |
| Creditors: amounts falling due within one year | 14 | (1,211) | (1,151) | (1,003) | (942) |
| **Net current assets** | | **7,148** | **6,725** | **7,081** | **6,658** |
| **Total assets less current liabilities/ Net assets** | | **28,027** | **27,653** | **28,010** | **27,636** |
| **The funds of the charity:** | | | | | |
| Restricted funds | 15 | 529 | 317 | 529 | 317 |
| Unrestricted funds: | | | | | |
| Designated funds | 16 | 14,354 | 14,548 | 14,354 | 14,548 |
| General funds | 16 | 13,144 | 12,788 | 13,127 | 12,771 |
| **Total funds** | | **28,027** | **27,653** | **28,010** | **27,636** |

The net result of the charity's own accounts for 2024/25 was a surplus/deficit of £374K (2023/24: surplus of £471K).

These accounts were approved and authorised for issue by the Board of Trustees on 21st August 2025.



**Jeanette Whitford**
**Chair**
**Severn Hospice Limited**
**Registered No. 1608025**

## CONSOLIDATED STATEMENT OF CASH FLOWS
## For the year ended 31 March 2025

| | Note | 2025 | 2024 |
|---|---|---|---|
| | | £000 | £000 |
| **Cash flows from operating activities:** | | | |
| Net cash provided by operating activities | 23 | (98) | 355 |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from Investments | | 473 | 450 |
| Purchase of property, plant and equipment | | (505) | (968) |
| Proceeds from sale of investments | | 2,542 | 1,104 |
| Proceeds from sale of investment property | | 200 | - |
| Purchase of investments | | (2,731) | (1,354) |
| Decrease/(increase) in investment cash | | (4) | 87 |
| **Net cash used in investing activities** | | **(25)** | **(681)** |
| **Change in cash and cash equivalents in the reporting period** | | **(123)** | **(326)** |
| **Cash and cash equivalents at the beginning of the reporting period** | | 5,751 | 6,077 |
| **Cash and cash equivalents at the end of the reporting period** | | **5,628** | **5,751** |

**Notes to the Accounts**
**Year ended 31 March 2025**

## 1. Accounting Policies

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

(a) Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

(b) Going Concern

The Trustees consider that there are no material uncertainties about the Hospice's ability to continue as a going concern. The most significant area of uncertainty is the level of income which needs to be raised every year and is covered in more detail in the performance and risk sections of the Trustees' report. Costs are within the control of the charity and cost improvement plans have been implemented to counter a much higher inflationary environment, driven partly by fiscal and monetary policies and global economic uncertainty. The rolling three-year financial plan is based on realistic and moderate-income growth along with a controlled cost reduction programs. Global uncertainty has and could continue to affect the share portfolio returns. However, the carefully costed future strategic plans and capital works as set out in the three-year plan along with strong reserves levels gives the Trustees confidence that the Hospice will remain a going concern for the foreseeable future.

(c) Basis of Consolidation

The statement of financial activities ("the SOFA") and balance sheet consolidate the financial statements of the charitable company and its subsidiary companies, Hospice Projects Limited and Severn Promotions Limited, for the financial year ended 31 March 2025. The results of the subsidiary companies are consolidated on a line-by-line basis. No separate Statement of Financial Activities is presented for the charity alone as permitted by the Companies Act 2006 and the Statement of Recommended Practice for Charities.

(d) Estimation Uncertainty and Judgements

In the application of the accounting policies, Trustees are required to make judgement, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

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

(e) Income

The Hospice recognises income when all the following criteria are met; it has entitlement to the funds and any conditions attached to the items of income have been met; it is probable that the income will be received; and an economic benefit can be reasonably measured. This is applied as follows to these streams of income:

*Donations* are included in income when they are received.

Both pecuniary and residuary *Legacies* are recognised at the earlier of the date the Hospice

is informed that probate has been granted or the date we are advised, in writing, by the representative of the estate that payment will be made, or assets transferred, and when, in the opinion of management, the amount can be quantified with reasonable accuracy e.g., using draft estate accounts, and will probably be received. The hospice operates a cut-off window being a practical mechanism to allow for preparation of the accounts. Should a notification be received before the year end but is not quantifiable within six weeks of the year end then, when measurable and receipt is probable, it will be recognised in subsequent accounting periods. The exception to the six-week window is if the amount is material, then in this case, if the recognition criteria are met before the accounts are signed then it will be recognised within the current accounting period. Where a notification is received within the six-week window and is dated before the year end and is measurable and receipt probable, then this will also be recognised within the current accounting period.

*Grants received from health authorities and other bodies* are recognised when the Hospice has entitlement to the funds, any conditions around the grant have been met, and in the year to which it relates.

*Lottery income* is recognised in respect of those draws which have taken place in the year.

*Other Trading income* is recognised on the point of sale for both donated and new goods and at point of collection for fundraising events.

(f) Expenditure

Expenditure is accounted for on an accruals basis once there is an 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. Where possible costs are allocated directly to main expenditure categories of the SOFA, but where this is not possible these are allocated on the bases set out in the note to the accounts. Expenditure is classified under the following headings:

*Costs of Raising Funds* comprise direct fundraising costs incurred in seeking donations, legacies and grants from trusts, together with direct costs associated with trading income together with an allocation of indirect support costs.

*Expenditure on charitable activities* includes the direct costs of providing specialist palliative care and support community services, research and other educational activities undertaken to further the purposes of the charity, together with an allocation of indirect support costs.

Support costs are those costs which are necessary to the delivery of Hospice services but are not part of the direct costs of the expenditure categories in the SOFA. These relate to governance, premises, catering, central administration, finance, IT and HR and Vehicles.

(g) Operating Leases

Rental costs under operating leases are charged to the SOFA over the period of the lease.
A review of new leases entered this year was undertaken and an adjustment has been made for lease incentives to be accounted for over the full term of the lease.

(h) Fund Accounting

The Hospice maintains various types of funds as follows:

*Restricted Funds:* these are funds subject to specific conditions laid down by the donor or fundraiser. The restriction is released once conditions relating to these have been met, and funds then become unrestricted.

*Unrestricted Funds:* these fall into two categories: designated funds and general funds.

Designated funds represent amounts which have been put aside for particular projects. The designation does not legally restrict the Trustees' discretion to apply these funds. The Hospice has the following designated funds:

Capital Projects Fund: funds set aside for future capital works.

Fixed Asset Fund: represents expenditure on fixed assets that has not been charged to the Statement of financial Activities as depreciation. A large part of this represents the three buildings which the Hospice cannot operate without and which cannot therefore be realised in the normal way of business.

General funds: funds that are expendable at the discretion of the Trustees in the furtherance of the objects of the Charity. Such funds may be held in order to finance both working capital and capital investment. These also include amounts to be retained by the Hospice's Funds Policy.

(i) Tangible Fixed Assets

Freehold properties are stated in the Balance Sheet at the cost or value at the date of receipt, less depreciation.

Tangible fixed assets are stated at cost less depreciation. Any expenditure on individual assets with a value below £3,000 is written off directly to revenue. Depreciation is provided in equal instalments over the estimated lives of the assets.

The useful lives assigned to assets are:

| | |
|---|---|
| Freehold property | 50 years |
| Leasehold premises | 5 to 10 years |
| Furnishings & equipment | 4 to 7 years |
| Motor vehicles | 3 to 4 years |

(j) Investments

Investments include listed investments, investments in group undertakings, and an investment property.

*Listed investments* are a form of basic financial instrument and are initially shown in the financial statements at market value. They are subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Net gains and losses on the Statement of Financial Activities represent realised and unrealised gains on investments. Realised gains or losses are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains or losses are calculated as the difference between the fair value at the year-end and their carrying value.

*Investments in group undertakings* are the shares of the subsidiary companies which are carried at cost.

*Investment property* is a property received as part of a legacy in 2009. It is currently up for sale and recognised as a current asset.

(k) Stocks

Stocks, which comprise goods for resale, are stated at the lower of cost and net realisable value.

(l) Goods Donated for Resale

Donated items of goods for resale are not included in the financial statements because the Trustees consider it impractical to be able to assess the amount of donated stocks. This is because there are no systems in place to record these goods until they are sold. A stocktake would incur costs to the Charity which would far outweigh the benefits.

(m) Debtors

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

Property Investments that are expected to be disposed of within a financial year are show as a current asset.

(n) Cash at Bank and in Hand

Cash at bank and in hand includes cash and short term highly liquid investments held within current and deposit accounts.

(o) Creditors and Provisions

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

(p) Volunteers

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

(q) Support Groups

There were 8 official active Support Groups operating bank accounts in the name of the Hospice at 31 March 2025. The majority of these prepare accounts to 31 March. Fundraising income includes gross income

raised by these groups, and the expenses they incur are included within fundraising costs.

(r) Pension Costs

The majority of staff are members of either the National Health Service Pension Scheme ("the NHS scheme") or defined contribution schemes operated by the Charity. Contributions are made by both employees and employer. Although the NHS scheme is a defined benefit scheme, the nature of the scheme is such that the Charity cannot identify its share of the scheme's underlying assets and liabilities. In accordance with FRS102, payments to the NHS scheme have been treated in the same way as contributions to the defined contribution schemes and the payments made by the Charity are charged against the profits of the year in which they become payable.

(s) Financial Instruments

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

2 **Company Status and Members' Liability**

The Charity is a private company limited by guarantee and does not have share capital. The extent of the liability of the members to the Charity on a winding up is limited to a maximum of £1 each.

3 **Taxation**

The company is said to pass the tests carried out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income and capital gains received within categories covered by Chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes. No tax charges have arisen in the year.

No tax charge has arisen in the trading subsidiaries, Severn Promotions Limited and Hospice Projects Ltd due to their policy of gifting all their taxable profits to Severn Hospice Limited.

## 4a Charitable Activities

| | 2025 £000 | 2024 £000 |
|---|---|---|
| NHS income | 4,007 | 3,955 |
| Education income | 59 | 85 |
| | 4,066 | 4,040 |

## 4b Hospice UK Capital Grant

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Capital Grant | 231 | - |

## 5a Lottery

Severn Promotions Company Limited, a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2973920, operates raffles and a weekly lottery. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2025.

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Lottery income | 1,154 | 1,192 |
| Donations | 37 | 33 |
| Investment income | 13 | 12 |
| Total income | 1,204 | 1,237 |
| Prizes awarded | (146) | (146) |
| Staff costs | (95) | (108) |
| Other costs | (137) | (151) |
| Total expenditure | (378) | (405) |
| Net lottery income | 826 | 832 |
| Gift Aid payments to Severn Hospice Limited | (826) | (832) |
| Retained in subsidiary | - | - |
| | | |
| Total assets | 269 | 300 |
| Total liabilities | (263) | (294) |
| Funds (representing share capital and reserves) | 6 | 6 |

## 5b Hospice Projects Limited

This is a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2229635. All new goods are sold through this company via the Hospice shops or website. A house clearance service also operates through the company. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2025.

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Projects income | 503 | 440 |
| Donations | 3 | 4 |
| Interest | 8 | 7 |
| Total income | 514 | 451 |
| Cost of goods sold | (341) | (296) |
| Operating costs | (66) | (64) |
| Total expenditure | (407) | (360) |
| **Net trading profit** | 107 | 91 |
| Gift Aid payments to Severn Hospice Limited- provisional amount due for year | (107) | (91) |
| Retained in subsidiary | - | - |
| Total assets | 201 | 185 |
| Total liabilities | (140) | (124) |
| Funds (representing share capital and reserves) | 61 | 61 |

## 5c Hospice Shops

This is the trading arm of Severn Hospice Limited – it is not a separate trading subsidiary company.

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Non gift –aided donated goods income | 2,260 | 2,203 |
| Gift-aided donated goods income | 1,711 | 1,528 |
| Gift Aid on donated goods income | 434 | 379 |
| Rag income | 78 | 112 |
| Donations | 39 | 49 |
| Other income | 45 | 74 |
| Total income | 4,567 | 4,345 |
| Staff Costs | (1,913) | (1,633) |
| Premises maintenance and rent | (570) | (546) |
| Other costs | (634) | (617) |
| Total expenditure | (3,117) | (2,796) |
| Net shops income | 1,450 | 1,549 |

## 5d Fundraising Events

Income and direct expenditure from the top fundraising events in 2024/25, together with comparatives for 2023/24, is as follows:

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Income £000 | Expenditure £000 | Net Income £000 | Income £000 | Expenditure £000 | Net Income £000 |
| Dragons | 102 | (33) | 69 | 80 | (26) | 54 |
| Lights of Love Annual | 58 | (20) | 38 | 50 | (17) | 33 |
| London Marathon | 44 | (1) | 43 | 68 | (4) | 64 |
| | 204 | (54) | 150 | 198 | (47) | 151 |

The income and expenditure for certain events can straddle the financial year end causing fluctuations from year to year in the net income position.

## 6 Investment Income

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Dividends receivable on shares held | 236 | 209 |
| Interest receivable on cash balances | 237 | 241 |
| | 473 | 450 |

## 7 Other Income

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Miscellaneous items of income received for catering, insurance receipts, property rental, wayleaves etc. | 61 | 78 |

## 8 Staff Costs & Pensions (Group)

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Salaries | 9,533 | 8,645 |
| Social security costs | 823 | 739 |
| Pension costs | 542 | 527 |
| Redundancy and Settlement Agreement costs | - | 13 |
| | 10,898 | 9,924 |

(Note 1(r) and Note 20 give further information on the pension schemes).
Pension costs typically increase as a result of a combination of salary increases, and statutory employer contribution rate rises for both the NHS and auto enrolment schemes.

The Charity Trustees received no remuneration or any other benefits from employment or reimbursed expenses with the Hospice or its subsidiaries in the year (2024: £nil). A note on related party transactions is given at note 21.

The average monthly headcount and full-time equivalent during the year is:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Headcount | FTE | Headcount | FTE |
| **Admin** | 39 | 30 | 37 | 27 |
| **Income Generation** | 33 | 22 | 35 | 20 |
| **Care** | 269 | 166 | 290 | 168 |
| **Shops** | 108 | 66 | 106 | 65 |
| | **449** | **284** | **468** | **280** |

The number of employees whose emoluments for the year were greater than £60,000 were as follows:

| | 2025 | 2024 |
|---|---|---|
| £60,000 to £70,000 | 1 | 2 |
| £70,000 to £80,000 | 2 | 2 |
| £80,000 to £90,000 | 2 | 1 |
| £120,000 to £130,000 | - | 1 |
| £130,000 to £140,000 | 1 | - |

| | | |
|---|---|---|
| Pension contributions relating to those staff earning over £60,000 | £53,354 | £51,565 |

For the key employed and seconded management personnel, also comprising the Senior Management Team as set out on page 14, the total employee benefits were £666K (2024: £617K).

## 9 Total Expenditure (Group) 2025

| | Direct Costs £000 | Support Costs £000 | Total 2025 £000 | Total 2024 £000 |
|---|---|---|---|---|
| Charitable Activities: | | | | |
| In Patient Care | 3,484 | 2,011 | 5,495 | 5,231 |
| Day Care | 752 | 742 | 1,494 | 1,475 |
| Hospice at Home | 2,180 | 594 | 2,774 | 2,497 |
| Education & Research | 111 | 161 | 272 | 332 |
| Hospital Services | - | - | - | - |
| Lymphoedema | 93 | 38 | 131 | 143 |
| Social Work & Chaplaincy | 268 | 61 | 329 | 336 |
| Costs of Raising Funds: | | | | |
| Donations, Legacies and Grants | 651 | 496 | 1,147 | 1,016 |
| Other trading activities: | | | | |
| Hospice Shops | 3,014 | 103 | 3,117 | 2,796 |
| Lottery | 354 | 24 | 378 | 405 |
| Projects | 393 | 14 | 407 | 360 |
| Fundraising Events | 65 | - | 65 | 62 |
| Investment Management | 55 | - | 55 | 59 |
| **Total Expenditure** | 11,420 | 4,244 | 15,664 | 14,712 |

| **Support costs include:** | **Basis of Allocation** | **£000** | **£000** |
|---|---|---|---|
| Estates & Hospitality | Floor area, estimated time, and cost | 2,108 | 1,941 |
| Central Services | Estimated time | 956 | 921 |
| Finance | Estimated time | 352 | 305 |
| IT Support | Workstations and estimated time | 693 | 469 |
| Vehicles | Estimated time & specific costings | 25 | 18 |
| Governance | Estimated time & costings | 110 | 95 |
| | | 4,244 | 3,749 |

| **Included within group expenditure are:** | | |
|---|---|---|
| Amounts paid or payable to Auditors: | | |
| External annual audit of accounts | 23 | 22 |
| Other fees payable to the Auditors | 3 | 3 |
| Depreciation | 657 | 619 |
| Lease payments | 474 | 461 |

## 9 Total Expenditure (Group) 2024

| | Direct Costs £000 | Support Costs £000 | Total 2024 £000 |
|---|---|---|---|
| Charitable Activities: | | | |
| In Patient Care | 3,521 | 1,710 | 5231 |
| Day Care | 797 | 678 | 1,475 |
| Hospice at Home | 2,054 | 443 | 2,497 |
| Education & Research | 136 | 196 | 332 |
| Hospital Services | - | - | - |
| Lymphoedema | 105 | 38 | 143 |
| Social Work & Chaplaincy | 271 | 65 | 336 |
| Costs of Raising Funds: | | | |
| Donations, Legacies and Grants | 539 | 477 | 1,016 |
| Other trading activities | | | |
| Hospice Shops | 2,693 | 103 | 2,796 |
| Lottery | 385 | 20 | 405 |
| Projects | 341 | 19 | 360 |
| Fundraising Events | 62 | - | 62 |
| Investment Management | 59 | - | 59 |
| **Total Expenditure** | 10,963 | 3,749 | 14,712 |

## 10 Fixed Assets

| Charity | Freehold Property £000 | Furnishings & Equipment £000 | Vehicles £000 | Total £000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2024 | 15,674 | 4,115 | 113 | 19,902 |
| Additions | 221 | 284 | - | 505 |
| **At 31 March 2025** | 15,895 | 4,399 | 113 | 20,407 |
| **Depreciation** | | | | |
| At 1 April 2024 | 4,040 | 3,222 | 92 | 7,354 |
| Charge for year | 311 | 335 | 11 | 657 |
| **At 31 March 2025** | 4,351 | 3,557 | 103 | 8,011 |
| **Net Book Value** | | | | |
| **At 1 April 2024** | 11,634 | 893 | 21 | 12,548 |
| **At 31 March 2025** | 11,544 | 842 | 10 | 12,396 |
| **Group** | | | | |
| **Cost** | | | | |
| At 1 April 2024 | 15,674 | 4,128 | 113 | 19,915 |
| Additions | 221 | 284 | - | 505 |
| **At 31 March 2025** | 15,895 | 4,412 | 113 | 20,420 |
| **Depreciation** | | | | |
| At 1 April 2023 | 4,040 | 3,235 | 92 | 7,367 |
| Charge for year | 311 | 335 | 11 | 657 |
| **At 31 March 2024** | 4,351 | 3,570 | 103 | 8,024 |
| **Net Book Value** | | | | |
| **At 1 April 2024** | 11,634 | 893 | 21 | 12,548 |
| **At 31 March 2025** | 11,544 | 842 | 10 | 12,396 |

## 11 Investments

| | The Group | | The Charity | |
|---|---|---|---|---|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Listed UK Stock Exchange Investments | 8,483 | 8,380 | 8,483 | 8,380 |
| Shares in subsidiary companies | - | - | 50 | 50 |
| | 8,483 | 8,380 | 8,533 | 8,430 |

### (a) Listed UK Stock Exchange Investments

| | Group and Charity | |
|---|---|---|
| | 2025 £000 | 2024 £000 |
| Market Value 1 April 2024 | 8,262 | 7,531 |
| Disposals | (2,542) | (1,104) |
| Acquisitions | 2,731 | 1,354 |
| Realised gains | 99 | 57 |
| Unrealised (losses)/gains | (189) | 424 |
| Market value at 31 March 2025 | 8,361 | 8,262 |
| Cash held for investment | 122 | 118 |
| | **8,483** | **8,380** |

### (b) Analysis of Listed/Discretionary Fund Investments

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Discretionary Fund managed by Evelyn Partners | 4,412 | 4,240 |
| Discretionary Fund managed by Brewin Dolphin | 4,071 | 4,140 |
| | 8,483 | 8,380 |

### (c) Shares in subsidiary companies at cost

| | Charity | |
|---|---|---|
| | 2025 £000 | 2024 £000 |
| Hospice Projects Limited | 50 | 50 |
| Severn Promotions Company Limited | - | - |
| | 50 | 50 |

## 12 Stocks

| | Group | | Charity | |
|---|---|---|---|---|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Goods purchased for resale through Hospice Projects Limited | 17 | 18 | - | - |
| | 17 | 18 | - | - |

## 13 Debtors

| | Group | | Charity | |
|---|---|---|---|---|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Trade debtors | 32 | 86 | 32 | 83 |
| Sundry debtors | 88 | 55 | 88 | 55 |
| Amounts due from subsidiary undertakings | - | - | 184 | 199 |
| Legacies | 2,126 | 1,333 | 2,126 | 1,333 |
| Prepayments | 290 | 223 | 286 | 223 |
| Gift aid recoverable | 51 | 44 | 51 | 44 |
| VAT recoverable | 127 | 136 | 127 | 136 |
| | 2,714 | 1,877 | 2,894 | 2,073 |

## 14 Creditors: Amounts Falling Due Within One Year

| | Group | | Charity | |
|---|---|---|---|---|
| | 2025 £000 | 2024 £000 | 2025 £000 | 2024 £000 |
| Trade creditors | 327 | 334 | 321 | 309 |
| Taxation & social security costs | 181 | 172 | 181 | 172 |
| Accruals | 346 | 329 | 326 | 329 |
| Amounts due to subsidiary undertakings | - | - | 10 | 10 |
| Deferred income | 4 | 4 | 4 | 4 |
| Other creditors | 353 | 312 | 161 | 118 |
| | 1,211 | 1,151 | 1,003 | 942 |

### Creditors: Deferred Income

| | Balance b/fwd 1.4.24 £000 | Released £000 | New Deferred £000 | Amounts Falling Due Within One Year Balance c/fwd 31.3.25 £000 | Greater Than One Year Balance c/fwd 31.3.25 £000 |
|---|---|---|---|---|---|
| **Amounts Falling Due Within One Year** | | | | | |
| Events income | - | - | - | - | - |
| Men's Health project | 1 | - | - | 1 | - |
| Compassionate Communities fund | - | - | - | - | - |
| Hospital Development Fund | 3 | - | - | 3 | - |
| | 4 | - | - | 4 | - |

## 15 Restricted Funds

The Group and Charity Funds for **2024-25** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

| | Balance at 1.4.24 £000 | Income £000 | Expenditure £000 | Transfer to General Funds £000 | Balance at 31.3.25 £000 |
|---|---|---|---|---|---|
| Donations received for In Patient Care and Bereavement | 118 | 1,044 | (635) | (71) | 456 |
| Donations received for the Day Units | - | 22 | (22) | - | - |
| Donations received for Care at Home Services | 100 | 254 | (353) | - | 1 |
| CCG funding for specifically negotiated services | 99 | 59 | (86) | - | 72 |
| Hospice UK Capital Funding | - | 231 | - | (231) | - |
| | 317 | 1,610 | (1,096) | (302) | 529 |

The transfer to general funds of £302K represents the release of funds for the purchase of assets because there is no continuing restriction to the use of the assets.

The Group and Charity Funds for **2023-24** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

| | Balance at 1.4.23 £000 | Income £000 | Expenditure £000 | Transfer to General Funds £000 | Balance at 31.3.24 £000 |
|---|---|---|---|---|---|
| Donations received for In Patient Care and Bereavement | 7 | 316 | (140) | (65) | 118 |
| Donations received for the Day Units | - | 7 | (7) | - | - |
| Donations received for Care at Home Services | - | 311 | (211) | - | 100 |
| CCG funding for specifically negotiated services | 156 | 517 | (574) | - | 99 |
| Hospice Garden | - | 54 | (54) | - | - |
| | 163 | 1,205 | (986) | (65) | 317 |

## 16 Unrestricted Funds

The Group and Charity Funds for **2024-25** include the following designated and general funds:

| | Balance at 1.4.24 £000 | New Designations £000 | Utilised/ Released £000 | Resources To/From Other Funds £000 | Balance at 31.3.25 £000 |
|---|---|---|---|---|---|
| **Group:** | | | | | |
| Designated Funds: | | | | | |
| Capital Projects Fund | 2,000 | - | (42) | - | 1,958 |
| Fixed Asset Fund | 12,548 | 505 | (657) | - | 12,396 |
| Total Designated Funds | 14,548 | 505 | (699) | | 14,354 |
| Group General Funds | 12,788 | 13,923 | (13,869) | 302 | 13,144 |
| Total Group Unrestricted | 27,336 | 14,428 | (14,568) | 302 | 27,498 |
| **Charity:** | | | | | |
| Total Designated Funds | 14,548 | 505 | (699) | - | 14,354 |
| Charity General Funds | 12,771 | 13,136 | (13,082) | 302 | 13,127 |
| Total Charity Unrestricted | 27,319 | 13,641 | (13,781) | 302 | 27,481 |

The Group and Charity Funds for **2023/24** include the following designated and general funds:

| | Balance at 1.4.23 £000 | New Designations £000 | Utilised/ Released £000 | Resources To/From Other Funds £000 | Balance at 31.3.24 £000 |
|---|---|---|---|---|---|
| **Group:** | | | | | |
| Designated Funds: | | | | | |
| Capital Projects Fund | 2,843 | - | (843) | - | 2,000 |
| Fixed Asset Fund | 12,199 | 969 | (620) | - | 12,548 |
| Total Designated Funds | 15,042 | 969 | (1,463) | - | 14,548 |
| Group General Funds | 11,977 | 13,008 | (12,262) | 65 | 12,788 |
| Total Group Unrestricted | 27,019 | 13,977 | (13,725) | 65 | 27,336 |
| **Charity:** | | | | | |
| Total Designated Funds | 15,042 | 969 | (1,463) | - | 14,548 |
| Charity General Funds | 11,960 | 12,243 | (11,497) | 65 | 12,771 |
| Total Charity Unrestricted | 27,002 | 13,212 | (12,960) | 65 | 27,319 |

## 17 Allocation of Group Net Assets between Funds

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Unrestricted Funds £000 | Restricted Funds £000 | Total £000 | Unrestricted Funds £000 | Restricted Funds £000 | Total £000 |
| Fund balances at 31 March are represented by: | | | | | | |
| Tangible fixed assets | 12,396 | - | 12,396 | 12,548 | - | 12,548 |
| Investments | 8,483 | - | 8,483 | 8,380 | - | 8,380 |
| Current assets | 7,830 | 529 | 8,359 | 7,559 | 317 | 7,876 |
| Creditors due within one year | (1,211) | - | (1,211) | (1,151) | - | (1,151) |
| Total Net Assets | 27,498 | 529 | 28,027 | 27,336 | 317 | 27,653 |

## 18 Operating Lease Commitments

At March 2025, the charity had future minimum lease payments under non-cancellable operating leases in respect of Hospice shops due as follows:

| | 2025 £000 | 2024 £000 |
|---|---|---|
| Within 1 year | 426 | 410 |
| Between 2 and 5 years | 673 | 783 |
| | **1,099** | **1,193** |

## 19 Controlling Party

The Company, having no share capital, is under the control of the Directors who also act as Trustees.

## 20 Pension Commitments

The Company and its subsidiaries operate a defined contribution scheme available to all permanent employees. Pension auto-enrolment legislation came into force for the Hospice in February 2014 and has been complied with from that date. The Company and its subsidiaries also make contributions to the National Health Service Pension Scheme for certain employees.

Contributions are charged in the financial statements as they are incurred and there were no outstanding contributions as at the balance sheet date. Pension costs charged in the year were £542K consisting of £283K paid to the NHS Scheme, and £259K paid to the defined contribution schemes (2024: £294K and £233K respectively).

## 21 Related Party Transactions

Mike Tudor is the husband of the Chief Executive and is employed by Thornton Firkin who provide Quantity Surveyor services to the Hospice. The charity paid a total of £18K in the year to Thornton Firkin (2024: £10K). There were no amounts owed at the year end.

There were no other related party transactions in either the current or previous year.

## 22 Contingent Assets and Liabilities

As at 31 March 2025 the Hospice had been notified of several residuary, pecuniary and specific legacies, some of which have life interests, where the timing of realisation or value of these estates was uncertain. Therefore, no amounts have been accrued in respect of these legacies which are estimated to be in excess of £1,118K (2023/24 in excess of £1,480K).

## 23 Reconciliation of Net Income to Net Cash Flow from Operating Activities

| | Group 2025 £000 | Group 2024 £000 |
|---|---|---|
| **Net income/(expenditure) for the reporting period (as per the statement of financial activities)** | **374** | **471** |
| **Adjustments for:** | | |
| Depreciation charges | 657 | 619 |
| Dividends, interest, and rents from investments | (472) | (450) |
| Losses/(gains) on investments | 119 | (471) |
| Increase/(decrease) in stocks | 1 | (7) |
| (Increase)/decrease in debtors | (837) | 171 |
| Increase in creditors | 60 | 22 |
| **Net cash provided by operating activities** | **(98)** | **355** |

## 24 Analysis of changes in net funds

| | Balance at 1.4.24 £000 | Cash flows £000 | Other non-cash changes £000 | Balance at 31.3.25 £000 |
|---|---|---|---|---|
| Cash and bank | 5,751 | (123) | - | 5,628 |

## 25 2023-24 Comparative information

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

## For the Year Ended 31 March 2024

| | Unrestricted Funds 2024 £000 | Restricted Funds 2024 £000 | Total Funds 2024 £000 |
|---|---|---|---|
| **Income From:** | | | |
| **Donations and legacies:** | | | |
| Donations | 1,279 | 125 | 1,404 |
| Legacies | 1,847 | 430 | 2,277 |
| Grants from Charitable Trusts | 86 | 133 | 219 |
| | **3,212** | **688** | **3,900** |
| **Charitable Activities** | **3,523** | **517** | **4,040** |
| **Other trading activities:** | | | |
| Lottery | 1192 | - | 1,192 |
| Projects | 440 | - | 440 |
| Shops | 4,345 | - | 4,345 |
| Fundraising events | 267 | - | 267 |
| | **6,244** | **-** | **6,244** |
| **Investments** | **450** | **-** | **450** |
| **Other** | **78** | **-** | **78** |
| **Total Income** | **13,507** | **1,205** | **14,712** |
| **Expenditure on:** | | | |
| **Raising Donations, Legacies and Grants** | **1,016** | **-** | **1,016** |
| **Other trading activities:** | | | |
| Lottery | 405 | - | 405 |
| Projects | 360 | - | 360 |
| Shops | 2,796 | - | 2,796 |
| Fundraising events | 62 | - | 62 |
| **Investment management costs** | 59 | - | 59 |
| **Costs of raising funds** | **4,698** | **-** | **4,698** |
| In patient care | 4,694 | 537 | 5,231 |
| Day care | 1,456 | 19 | 1,475 |
| Hospice Outreach | 0 | 0 | 0 |
| Hospice at home | 2,208 | 289 | 2,497 |
| Education and research | 191 | 141 | 332 |
| Hospital services | - | - | - |
| Lymphoedema | 143 | - | 143 |
| Social Work & Chaplaincy | 336 | - | 336 |
| **Expenditure on charitable activities** | **9,028** | **986** | **10,014** |
| **Total expenditure** | **13,726** | **986** | **14,712** |
| **Net income for the year and net movements in funds before gains/(losses) on investments** | (219) | 219 | - |
| Net gains/(losses) on investments | 471 | - | 471 |
| **Net surplus/(deficit) for the year** | **252** | **219** | **471** |
| Transfers between funds | 65 | (65) | - |
| **Net movement in funds** | **317** | **154** | **471** |
| ***Reconciliation of funds:*** | | | |
| **Total funds brought forward** | 27,019 | 163 | 27,182 |
| **Total funds carried forward** | **27,336** | **317** | **27,653** |

**SEVERN HOSPICE LIMITED**

England & Wales - Charity number 512394

# Accounts

Severn Hospice
here and at home

# Report and Accounts

## Year ended 31 March 2024

**Severn Hospice Limited**
A Registered Charity No. 512394
A Company Limited by Guarantee No.1608025
Registered Office: Bicton Heath, Shrewsbury SY3 8HS
Tel: 01743 236565
www.severnhospice.org.uk

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# Trustees' Annual Report

The Trustees (the Directors for Company Law purposes) submit their annual report and the audited financial statements for the year ended 31 March 2024. The annual report and financial statements of the charity have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

## Objectives and Activities

### Statement of Public Benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The mission statement of Severn Hospice sets out the activities which the charity undertakes for the public benefit. These services are provided free of charge to the residents of Shropshire, Telford & Wrekin, North Powys, Ceredigion and, when appropriate, to people living outside this catchment area e.g. when their families live locally.

### Mission Statement

Our mission is to provide high standards of Specialist Palliative and End of Life Care through a range of Hospice Services 'here and at home', that recognise the individual and their preferences.

To achieve our mission, we will:

- Care for patients and their families as individuals and strive to meet their unique needs.
- Consider people's preferences in where they receive their treatment and care, whether this is in the home, as outpatients, with our day services or in our wards.
- Provide high quality and timely information about conditions, treatment, and the range of services available.
- Provide high quality, evidence-based clinical care through the range of hospice services.
- Create care environments which meet regulatory requirements, are safe, welcoming, attractive and homely.
- Provide care which neither hastens nor postpones death but which enables people to live as well as they can and to end their lives in peace and with dignity.
- Support families through bereavement following loss of a loved one.
- Nurture and support the skills, contribution and well-being of our staff and volunteers as our most valuable resource.
- Provide all our services free of charge by raising sufficient income from charitable and non-charitable sources.
- Share knowledge and skills with other health care professionals at home and abroad, supporting good care wherever it takes place.

## Objectives

The general aims and objectives of the Hospice are to support and care for people living with a terminal illness within the catchment of Shropshire, Telford & Wrekin, North Powys and Ceredigion, in particular by:

- Providing specialist palliative and end of life care through a range of inpatient and community services for people suffering from a terminal illness.
- Conducting audits and promoting and encouraging research into the care and treatment of people suffering from a terminal illness and for the dissemination of the results of such research.
- Promoting, encouraging, and assisting in the teaching or training of doctors, nurses, physiotherapists and other professions.

The charity aims to meet these objectives by achieving a service provision which:

- Demonstrates a holistic, person-centred approach to the care of people with life-limiting illnesses adopting the principles stated in the accepted definitions of palliative care.
- Offers a well-co-ordinated, multi-professional and 'seamless' service which integrates specialist palliative care services with primary, secondary, and tertiary health care services, voluntary agencies and social services.
- Offers a wide range of services that are both clinically and cost effective and are accessible to all residents in the area.
- Provides support and training to all members of staff involved in the care of people with terminal illnesses.

## Activities

## Our Wards

We provide 24 hour care for patients with complex palliative care needs within consultant led inpatient wards at both our Shrewsbury and Telford sites. We currently have 18 beds.

Care is provided through a multi-disciplinary team which includes specialist doctors, nurses, a range of therapists, chaplains, and social workers.

Our patient bedrooms have en-suite facilities to protect the privacy and dignity of patients and all rooms look out onto our tranquil gardens with direct access to the grounds. Except in the case of infection control restrictions, families can visit whenever they want, and they can even bring their pets if they wish to. This is a small example that demonstrates the difference between a hospice and hospital setting for patients requiring palliative care.

## Day Services

The Hospice prides itself in delivering day services in line with the concept of 'Living Well'. Within therapeutic environments, which includes the Community Services Centre, we offer specialist palliative care which includes access to consultant and specialist nursing advice, a range of therapies including palliative rehabilitation, group activities, counselling, and bereavement support. Our teams work with patients to identify their specific needs and personal goals for living and support them to live as well as possible within the constraints of their illness.

In addition, the day services team organise community coffee mornings at several locations across our catchment area with the aim to make Hospice care more accessible within familiar, relaxed and informal surroundings.

## Hospice at Home

Four out of five patients referred to Severn Hospice are cared for in their own homes. Severn Hospice at Home is a responsive integrated service that comprises first contact; early intervention; access to specialist consultation clinics; specialist advice and clinical interventions; spells of nursing care through the day and night; consultant led virtual hospice beds.

Working alongside other community health professionals the Hospice works to support patients who choose to be cared for and die at home. This developed service is designed to support the range of care needs as the patient condition changes.

## Family Support Service

The Hospice family support service is delivered by a team of social workers and chaplains who support patients and their families in the community and our inpatient wards. A significant part of their work is the provision of a bereavement service for both adults and children.

## Voluntary Services

The work of the Hospice is supported by a body of volunteers. Our volunteers support all areas of the Hospice including services, administration, income generation, shops, gardens, and with fundraising events. This support is estimated at an annual value in excess of £1 million but cannot be measured in purely monetary terms. Without volunteers the Hospice would struggle to provide the level of services that it does.

# Strategic Report

| Achievements and Performance that we committed to do in 2023-24 | How we performed |
|---|---|
| To continue to develop our community services model with the addition of virtual beds, supporting patient's preference to be cared for at home and reducing demand on hospice and hospital beds. | We have supported 168 patients within virtual hospice beds in the last year. Without this level of support these patients would have needed admission either to the Hospice or hospital.<br><br>Our integrated Hospice at Home model is now even more responsive and has improved the patient journey through our services. |
| To make our money match our ambitions by maximising existing and exploring new income streams. | During the year fresh ideas have been explored that aim to deliver new income streams. These include launching a new legacy campaign, installing an in-memory sculpture, creating a newsletter to celebrate 35 years of the Hospice. Expanding our Refresh café to cater for external events. A drive to increase ecommerce sales in our shop network. |
| To implement phase 1 of a cost improvement plan (CIP) taking opportunities to innovate and work differently. | Implementation of phase 1 of the CIP has been a success. Annual cost savings in excess of £500k will be delivered by the end of a 2-year period. These are recurring savings and have allowed the Hospice to manage periods of high wage inflation and meet the challenges of staff retention and recruitment during difficult economic conditions and without impacting services. |
| Following an analysis of inpatient activity, test a small reduction in beds at our Bicton site through a one-year proof-of-concept initiative and any effect on our ability to meet demand. | A reduction of 2 beds at Bicton was tested for one year during which time we continued to meet demand and maintain waiting times. This has resulted in a saving of £194K as part of our cost improvement plan. |
| To improve access to Hospice care by seldom heard groups by better understanding the diversity and needs of our community. | The appointment of a community engagement lead nurse has allowed us to reach out into our communities and has given us a better understanding of its diversities. This information has already informed practice and policies. |

## Activity for 2023-24

Severn Hospice provides palliative and end of life care for a combined population of around 713,000 in Shropshire, Telford & Wrekin, North Powys and Ceredigion. Population profiles demonstrate the mix of urban and rural communities in our patch. This puts a greater emphasis on the need to be flexible in our approach and in our provision of services.

Our service strategy is designed to reflect the diversity of the communities it serves, to improve access to Hospice care and to support our NHS partners through the delivery of specialist palliative and end of life care both within our wards and within the community. We aim to meet demand for specialist palliative and end of life care and support patient preferences and personal goals.

During the year we received 2,814 new patient referrals which translated into 8,347 referrals across our services. General access to GPs and hospital care continues to be impacted by the after-effects of the pandemic and ways of working which has led to continued delays in diagnosis and referral to treatment. As a result, referral for Hospice care is also delayed meaning that some patients are more advanced in their disease, and they are dying more quickly. The demand for home care continues to increase post pandemic but has now plateaued.

The development of a strong community now means that 4 out of 5 patients referred for Hospice care are cared for in their own homes. The launch of Virtual Hospice and the integration of our community services has increased our ability to support more patients with greater complexities at home. This increased community activity is now reflected in a reduced demand for inpatient care.

## Our Priorities for 2024-25

- To continue to make our money match our ambitions by maximising existing and exploring new income streams.
- To identify options to reduce costs that have minimal impact on service delivery.
- To work with the ICB to secure the hospice grant and annual inflationary uplifts.
- To better understand the needs and diversity of our communities so that we can improve access for seldom heard groups.
- To better evidence established effective systems and processes for responding to safety incidents in line with CQC lines of enquiry.
- To continue to develop an integrated community services model that is responsive and supports a range of care needs.
- To establish and maintain relationships and partnerships that maximise our influence.

# Financial Review

## Annual Activity

The charity finished the year in a break-even position before investment gains/losses. The final quarter of the financial year saw significant increases in stock markets and at 31st March 2024, net investment gains of £471K lead to an overall surplus for the financial year of £471K.

## Income

Total group income, before investment gains/losses, for the year ended 31 March 2024 was £14,712K an increase of £616K on the previous year. The principal funding sources for the charity were:

- donations and legacies £3,863K
- charitable activities £4,040K
- other trading activities £6,281K
- investments £450K
- other income £78K

*Donations and legacy income* increased by £75K in 23/24. Legacy income fluctuates from year to year depending on number of legacies, probate dates and notifications from solicitors. A legacy strategy is in place to try to influence this unpredictable source of income which the charity is very much reliant upon. Budgetary assumptions for legacy income are approved by the Finance Committee and the Reserves policy has also been developed to mitigate any short-term risk from any downward trend.

*Charitable activities* comprise the income received from NHS Clinical Commissioning Groups (CCGs), health care bodies and other governmental organisations. This income is received towards the treatment and care of people diagnosed with a terminal illness, together with income towards the education and training of the professionals delivering the treatment and care.

*Other trading activities* comprise income generated through the shop network, lottery operation and fundraising events. Two new shops were opened in the financial year boosting trading income. Net attrition continues to erode our lottery membership and strategies to increase recruitment are in place. In total, trading income increased by £258K.

*Retail* sales remain strong. Since 22-23 income has increased by £234K year on year with the opening of the Bicton Heath and Market Drayton shops (the 32nd shop), income has been at the highest level ever.

Regarding *Hospice Projects Limited*, core sales come from Christmas cards and Refresh café sales. The café is now strongly established with sales increasing and a new "Refresh on the Road" initiative being introduced in 23-24.

*The Hospice Lottery* continues to provide a predictable income source, with a net contribution of £832K. Current strategy is to continue using a canvassing company for recruitment of players, however the recruitment of canvassers in the area is at times proving difficult.

*Fundraising events* have always been a very visible and important income source. The London Marathon, Lights of Love, Annual Memorial Service and Dragon Boats are all major contributors. Details of the top events in the year are given at note 5d.

*Investment income,* attributable to funds held as cash, has benefitted from the increase in interest rates. Unfortunately, an investment loss of £10K has also been recognised on a property owned by the Hospice which is now up for sale. However, on the positive side, stock markets rose by the end of the financial year resulting in a net investment gain from the share portfolio of £481K, clawing back some of the sizeable loss made in the previous year. The charity continues to hold a mixed portfolio of high-quality investments, with the investment strategy reviewed regularly by the Finance Committee.

## Expenditure

Total group costs for the year ended 31 March 2024 were £14,712K, an increase of £898K on the previous year. Inflationary cost pressures were experienced in respect of both supplier prices and the need to maintain competitive salaries.

Costs associated with charitable activities increased by £446K. Hospital Services are no longer funded by the Hospice.

Costs associated with raising funds through fundraising and trading activities increased by £452K; £265K relates to shops reflecting wage increases and the costs of additional shops. Hospice Projects costs increased by £20K mostly attributable to the Refresh café. Lottery costs were lower by £59K reflecting decreased activity by the canvassing company which is currently experiencing recruitment difficulties.

As a large proportion of fundraising costs are fixed, a significant swing in income, especially when attributable to legacies, can cause a significant impact on the fundraising cost ratio. This financial year it has increased to 16 pence in the pound (2022-23 at 13p/pound), because the Hospice has invested in the fundraising team to drive the need for increased income to meet the organisations higher operating costs. The ratio excludes costs attributed to Retail, Severn Promotions Company Limited and Hospice Projects Limited. This approach is consistent with reporting within the sector, enabling fair comparisons to be made.

Support costs, apportioned within the total expenditure costs, total £3,749K and include the costs of running and maintaining the Hospice buildings, vehicles and gardens; catering costs; costs of central governance and administrative functions including HR and Communications; Finance and IT support functions. These have increased by £457K, driven by some increased resourcing in central functions and increased annual increments. Overall support costs have increased slightly as a proportion of total group expenditure at 25%. Further breakdowns of costs are given in note 9 of the accounts.

## Surplus/Deficit

The Hospice finished the year in a breakeven position excluding investment gains. The overall surplus for the year of £471K was stated after recognising the effect of £471K of net investment gains.

## Funds and Reserves Policy

The total funds of the Group at 31 March 2024 are split between:

- Restricted funds £317K
- Designated Funds £14,548K
- General Funds £12,788K

**Restricted Funds**

During 2023-24, donations and funding totalling £1,205K was received to enable specific expenditure to be undertaken. At the end of the financial year, £317K remained unspent.

**Designated Funds**

The Trustees have established four designated funds which are explained as follows:

**Fixed Assets Fund**

The Fixed Assets Fund represents the book value of the charity's tangible fixed assets – money already spent but to be charged through the Statement of Financial Activities in future years. On 31 March 2024 this fund stood at £12,548K. Although these funds are unrestricted, they cannot be realised for other use without undermining the charity's work. To fulfil its charitable objectives, the organisation needs several properties, fixtures and fittings, other contents of the properties and motor vehicles.

**Capital Projects Fund**

This fund represents funds set aside for capital works. On Board approval, the balances on the Energy Sustainability Fund and Service Development Fund were transferred into this fund in 22-23. The Board approved that this

fund stands at £2M at the end of the financial year.

**General Fund**

The Trustees consider that in order to fulfil the charity's obligations to the communities it serves, to existing and future patients and their families and to the paid staff, it is a desirable objective for there to be reserves available at any time between 75% and 125% of the following year's estimated group running costs. Sufficient funds are held in cash to cover our immediate working capital requirements and any other short to medium term committed expenditure. The remainder is invested in accordance with the Investment policy.

On 31 March 2024, the group's general reserves were £12,788K representing approximately 10.5 months or 88% of the following year's estimated group running costs. This is within policy range. Even though income has recovered well post Covid-lockdowns, there is still uncertainty in respect of the economic inflationary cost pressures (including wage inflation), potential new governments around the world, the Russian war with Ukraine, peoples changing behaviour and government fiscal and monetary policy. Negative consequences will have an inevitable impact on reserves. The Trustees accordingly remain vigilant but confident that the Hospice will continue as a going concern for the foreseeable future.

## Investment Policy

The charity's main investment portfolio is professionally managed by external fund managers with the objective of balancing capital growth and income within risk profiles defined by the Trustees and operational requirements.

The investment portfolios consist of a mixture of equities, bonds and property assets. Individual investments within each category of the portfolio will vary according to market conditions and the portfolios are actively managed with quarterly reporting and annual presentations to the Finance Committee. The Trustees regularly monitor the ethical instruction of the charity investments and, as a result of this, tobacco companies are specifically excluded from the portfolio. No highly speculative investments, investments in derivatives markets, hedging or forward investments are included in the portfolios.

The practice of holding portfolios of investments with different and diversifying performance characteristics leaves the portfolio less exposed to movements in any particular asset class. No major change in strategy is contemplated soon.

## Risk Management – Principal Risks and Uncertainties

The Trustees have a formal risk management process to assess the major risks to which the charity is exposed. This involves identifying the types of risks, prioritising them in terms of potential impact and likelihood of occurrence, and reviewing the systems established to mitigate the risks. The major risks, as identified by the Trustees, have been reviewed in accordance with this process and are identified as follows:

- Economic and global challenges continue to impact the Hospice. High wage inflation is causing running costs to increase significantly. Underlying deficits are expected in an average or below average income year. Our focus is on developing new income streams and continuing to reduce costs where possible. **Mitigation:** Maintaining sufficient reserves will help to support income shortfalls and cost pressures in the medium term. A phased cost reduction plan has been implemented. Phase one of the plan presented opportunities to restructure services and work differently without reducing levels of service. This is delivering savings of more than £500K over a two-year period. Solar panels are also being considered as a means to reduce utility costs long term. In addition, the investment in our income generation

resource will support new activities and income streams. Regular quarterly income and cost forecasting will track and monitor income and expenditure and enable informed decisions.

- The charity receives income from local NHS organisations in England, and from NHS Health Boards in Wales. Overall, this contribution amounts to approximately one-third of the charity's income. Such income is not being increased in line with inflation due to pressure on the NHS finances. **Mitigation:** relationship management with key influencers, a clear communications strategy to express the charity's position.
- Failure to meet staff numbers due to national shortage of nurses and the need to offer competitive salaries. **Mitigation:** a continuous review of skill mix, together with periodic recruitment fairs and the consideration of national advertising. Referring to appropriate pay benchmarks and implementing competitive pay awards within agreed financial constraints.
- Reputational damage arising from data protection breaches. **Mitigation**: regular staff training regarding best practice when dealing with information and working online. IT infrastructure improvements and implementing the latest security enhancements is ongoing.

## Structure, Governance and Management

The roles, responsibilities and accountability of the Chair, Trustees and the senior managers are defined in a Scheme of Corporate Governance.

The Board of Trustees is the custodian of the aims and objects of the charity as set out in the Articles of Association. It is responsible for guiding and shaping policies by which these aims and objects are achieved, and of establishing the philosophy of care, which is at the heart of the work of the Hospice. The Trustees are responsible for taking decisions on the strategic direction of the charity, approving major developments and monitoring the work of its committees, advisory groups, the managers and its subsidiary companies.

In addition to the boards of the subsidiary companies, Hospice Projects Ltd and Severn Promotions Company Ltd, there are six formally constituted committees:

- Finance
- Retail
- Clinical Governance
- Corporate Governance & Human Resources
- Fundraising
- Nominations, Trustee Development & Remuneration

and two formally constituted sub-committees:

- Property & Estates Strategy Group
- Health and Safety Committee

Each committee is chaired by a Trustee and has its major decisions ratified by the full Board. The Finance Committee also acts as an audit committee. All committees operate under specific terms of reference which delegate certain functions from the Board. There is a clear delegated authority framework in place which defines how decisions are ratified by

Board, committees and management. Various management working groups such as Clinical Audit report into the appropriate formal sub-committees.

The charity subscribes to the Fundraising Regulator and will receive and act on notifications regarding the Fundraising Preference Service. The Fundraising Committee ensures compliance with Charity Commission guidelines and the Fundraising Regulators Code of Practice (CC20), including a comprehensive risk management framework about income generation. The Charity has always recognised the importance of maintaining a high level of public trust through responsible fundraising and has actively recruited suitable expert representation at all levels. It benefits from having a Trustee Board member with senior fundraising experience.

The Fundraising Committee has principal responsibilities to:

- Assure a range of fundraising activity that is appropriate, has due regard for the reputation of the Hospice, meets voluntary income needs and includes donations, legacies, in memoriam, events, collections, corporate donations and website promotion.
- Ensure that the Executive is performing efficiently, in accordance with legal and other relevant requirements.
- Agree the fundraising strategy.

In order to fulfil these responsibilities, the Fundraising Committee:

- Ensures that appropriate policies and processes are in place, and that reporting on these and any changes or developments are in place.
- Maintains a strategic approach in the development of existing and new income streams and monitors actions to achieve these.
- Receives performance information on finance, activity and efficiency.
- Considers any proposals or changes that require formal approval in line with delegated authorities.

There were 10 formal fundraising complaints during 2023/24, 8 relating to the retail operation and 2 relating to lottery. 5 were upheld, 5 not upheld or no further action required. Of the 5 upheld complaints, all related to staff and volunteer conduct and each were investigated and dealt with on an individual basis, one member of staff was stood down and the other instances revealed training needs that have been addressed.

The charity has not engaged any professional fundraising or external fundraising agents in the year, although Severn Promotions Limited uses the services of a canvassing company for recruiting lottery members.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the Trustees.
- Regular consideration by the Trustees of financial results, variance from budgets, non-financial performance indicators and internal audit.

Trustees are appointed to provide specific skills required by the Board as determined by Trustee annual reviews and the Nominations, Trustee Development & Remuneration Committee. Applications are considered by the Nominations, Trustee Development & Remuneration Committee who undertake formal interviews of suitable candidates and carry out background checks. Formal induction is then arranged for successful candidates in conjunction with the Chair, Chief Executive and members of the senior management team. Trustees are required to undertake certain aspects of mandatory training and encouraged to attend other ongoing training. This includes safeguarding, data protection and diversity training.

Strategic plans and operating budgets are considered and approved by the Board of Trustees. These set the context and limits on management decision making at the operational level. The Board and its committees review compliance and performance in respect of these plans and budgets on a programmed basis.

Pay and remuneration of the senior management team is reviewed by the Nominations, Trustee Development & Remuneration Committee, a formal committee of the Board, after considering benchmark information based on data for medium sized midland based organisations and the NHS Agenda for Change pay scale as appropriate. Pay recommendations are put to the Board for approval.

## Stakeholders and Employees

The Trustees set out to define discrete stakeholder groups and recognise that in many cases they have complementary interests and shared priorities. Stakeholders identified include patients receiving palliative care, their families, donors, staff, volunteers, the Integrated Commissioning Board, local communities, contractors and suppliers.

There is a strategy in place for regular and effective communication with these stakeholders about the charity's purposes, values, work and achievements. Examples of this includes communication methods such as the Yearbook and information leaflets.

The Trustees communicate how the charity is governed and who they are through the Severn Hospice website and the Trustee Annual Report. The Trustees ensure that stakeholders have an opportunity to hold the Board to account through agreed processes and routes such as patient feedback questionnaires, complaints procedures and employee satisfaction surveys.

The Trustees also make sure that there is suitable consultation with stakeholders about significant changes to the charity's services or policies. Staff forums are an example of this.

The charity is committed to the principle of equal opportunities of employment and recognises its obligations under the Equality Act 2010. The charity declares its opposition to any form of less favourable treatment whether through direct or indirect, associated or perceived discrimination accorded to charity staff or job applicants on the grounds of their race/nationality or ethnic origin, disability, sex, age, sexual orientation or gender reassignment, marital and civil partnership status, pregnancy and maternity, religion or belief (otherwise known as protected characteristics as defined by the Equality Act 2010), including human rights.

The charity is committed to creating a positive culture of respect for all its staff and to promote positive practice and to value the diversity of all individuals and communities. It embraces and recognises the importance of diversity, and that different people bring different perspectives, ideas, knowledge and culture.

Continued attention is paid to the health and safety of employees while at work.

Employee views are sought at team meetings, staff forums, and through staff surveys.

## Memberships

To assist in its decision making and ensure current and best practice is always followed, the charity is an active participant in the membership of several not-for-profit organisations. These include:

- Hospice UK
- Health and Care Professions Council
- ICS End of Life Clinical Group
- Institute of Fundraising
- Charity Retail Association
- Hospice Lottery Association
- Gambling Commission
- Charity Finance Group

## Energy audit

The charity is required to submit Energy Saving Opportunities Reports under the Environment Agency ESOS scheme which takes place every three years. The charity engages an independent firm of consultants to undertake the work and to demonstrate compliance. In September 2021 Phase 2 compliance was submitted and we have recently undertaken our Phase 3 compliance which covered the period 2022.

The table below summarises this period and our annual consumption of gas, electricity and transport to 31st December 2023, to allow for for comparability. The results show a small reduction in gas and electricity and significant reduction in transport as a result of disbanding the transport department. LED lights have now also been fully installed across all Hospice sites and retail shops. In terms of total carbon dioxide emissions for the charity the year to December 2023 emissions are down 13% on 2022

| Energy | To Dec 2022 ESOS Phase 3 | To Dec 2023 | Change | Note |
|---|---|---|---|---|
| **Gas MWh** | 1616 | 1492 | -8% | Milder winter |
| **Electricity MWh** | 906 | 864 | -5% | Bicton C.S building 100% electric |
| **Transport MWh** | 862 | 129 | -85% | Transport dept closed |
| **Tonnes $CO_2$** | 580 | 503 | -13% | |

Under the Streamlined Energy and Carbon Reporting (SECR) 2018 Regulations the charity is required to report their environmental impact. The guidelines of SECR allow us to choose boundaries, metrics, and targets when reporting and we have therefore chosen to use ESOS data to assess last year's emissions against the current financial year using UK Government GHG Conversion Factors for Company Reporting 2023.

| | 2022 | Year to Dec 2023 |
|---|---|---|
| Emissions from Combustion of Gas in tCO2e (Scope 1) | 327 | 298 |
| Emissions from Purchased Electricity in tCO2e (Scope 2) | 175 | 173 |
| Emissions from Combustion of Transport Fuel in tCO2e (Scope 3) | 93 | 32 |
| Total gross Scope 1, 2 & 3 emissions / tCO2e | 595 | 503 |
| Energy consumption used to calculate above emissions kWh | 3,384,000 | 2,485,000 |
| Charity Spend £ | 9,568,000 | 10,632,000 |
| Intensity ratio: £k per tCO2e (Scope 1,2&3) | 16 | 21 |

## Energy Efficiency Action

In the period covered by the report the Hospice has improved lighting, heating and hot water building services which is expected to result in energy consumption savings of around 15% over 3 years to 2025.

**Statement of Trustees' Responsibilities**

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the net movement in funds, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

**Directors' Interests**

As the company is limited by guarantee, the Directors do not hold any shares.

A register of all Directors' interests is kept at the Hospice's headquarters and declarations of general or related interests are made before commencing each formal meeting of the Directors.

# Reference & Administrative Details

**Name & Address**
The full name of the charity is Severn Hospice Limited. It is a company limited by guarantee, No. 01608025. It is registered with the Charity Commission of England & Wales, No. 512394. The address of the registered office is Bicton Heath, Shrewsbury, SY3 8HS.

**Governing Document**
This is the Articles of Association adopted by Special Resolution on 26 September 2013 and altered by Special Resolutions on 29 September 2016, 10 December 2020, 30 September 2021 and 29 September 2022.

**Group Accounts**
The group accounts within these financial statements include the results of Severn Hospice Limited, the Charity, and the results of its wholly owned subsidiary companies, Severn Promotions Company Limited which operates a fund-raising lottery and Hospice Projects Limited which trades in new goods and undertakes other commercial activities. Both companies donate their profits to the Charity.

**President**
Sir Algernon Heber-Percy

**Board of Trustees**
The current Trustees, and those who held office during the financial year to 31 March 2024 and subsequently, are listed below, together with their committee membership (see key).

| | |
|---|---|
| Mr N Bathurst (appointed 7.9.23) | (1,6) |
| Mrs J Beard (resigned 28.9.23) | (3,4,6) |
| Mr S Bleakley | (8, 5) |
| Ms J Casey (appointed 13.11.23) | (8) (9) |
| Mr A Clarkson | (3,6) |
| Mr P Coackley | (1,4,5) |
| Mrs N Crosby (appointed 28.9.23) | (3) |
| Mr P Donohue (resigned 28.9.23) | (1,6) |
| Ms K Downton (appointed 7.9.23) | (4,5) |
| Dr A Fraser | (2,4,5) |
| Mr P Gold | (1,6) |
| Mrs A Johnson (resigned 19.5.23) | (5) |
| Dr D Northern (appointed 25.5.23) | (2) |
| Mr D Robinson (appointed 13.11.23) | (2) |
| Dr D Ryan (resigned 28.9.23) | (2,4) |
| Prof. D Towse | (2,7) |
| Mr J Wardle | (1,3,7) |
| Mrs J Whitford (Chair) | (1,4,5) |

Key to Committee Membership: (1) Finance; (2) Clinical Governance; (3) Retail; (4) Nominations, Trustee Development & Remuneration; (5) Corporate Governance & Human Resources; (6) Fundraising; (7) Property & Estates Sub-Committee; (8) Health & Safety Sub-Committee; (9) Communications Sub-Committee

**Senior Management Team (Key Management Personnel)**

Chief Executive
Mrs H Tudor

Director of Care
Mrs R Richardson

Director of Finance & Information & Estates
Miss K Davies

Director of Income Generation
Miss T Harrison

Medical Director
Professor D Willis

**Vice Presidents**

| | |
|---|---|
| Miss S Astbury | Mrs J Jenkinson |
| Mr M Davis | Mrs H McPhail |
| Dr D Griffiths | Mr J Tancock |

**Bankers**
Santander, Bridle Road, Bootle, Merseyside, L30 4GB

National Westminster Bank PLC, 8 Mardol Head, Shrewsbury.

**Solicitors**
Lanyon Bowdler LLP, Chapter House North, Abbey Lawn, Abbey Foregate, Shrewsbury, SY2 5DE.

Bates Wells LLP
10 Queen Street Place
London, EC4R 1BE

**Investment Managers**
Evelyn Partners Investment Management LLP, 103 Colmore Row, Birmingham, B3 3AG.

Brewin Dolphin Limited, Mutual House, Sitka Drive, Shrewsbury Business Park, Shrewsbury SY2 6LG.

**Auditors**
Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG.

**Membership of the Company**
A Member may be an individual or a body corporate. Applications for Membership are determined by the Board of Directors.

**Appointment of Trustees**
The Board of Trustees shall consist of not less than three or more than 20 Members of the company. It may appoint any Member of the company as a Trustee either to fill a casual vacancy or by way of addition to the Board of Trustees, provided that the prescribed maximum be not thereby exceeded. Any member so appointed shall retain office only until the next Annual General Meeting but he or she shall then be eligible for re-election in accordance with the Governing Document. In

line with best practice, all trustees will serve a maximum of nine years in office.

The Board hold five formal Board meetings each year plus an Annual General Meeting to which Hospice members are also invited.

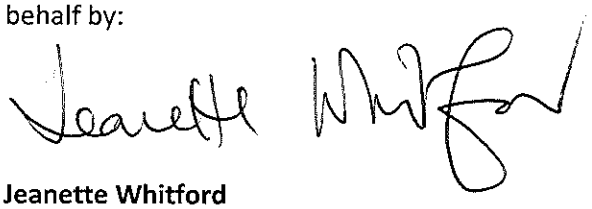
Severn Hospice seeks to ensure that an appropriate range of professional skills are maintained at Board level to fulfil both the governance and business requirements of the Hospice. New Trustees are appointed following regular analysis of skill requirements and sympathy to the charity's principles undertaken by the Nominations, Trustee Development & Remuneration Committee, a formal committee of the Board. Prospective Trustees may apply to the Hospice or may be identified by the Board, and they are interviewed by the Nominations, Trustee Development & Remuneration Committee which then makes its recommendations to the Board. New Trustees are prepared for their role through supply of key documents and through a formal process of induction during which they meet key staff and sit as observers at meetings at the Hospice. Ongoing training is provided on an ad hoc basis through external and in-house training programmes.

**Reappointment of Auditor**

A proposal to re-appoint Haysmacintyre LLP as auditor for the forthcoming year will be put forward at the Annual General Meeting.

In approving this Trustees Annual Report, the Trustees are also approving the Strategic Report included here in their capacity as Company Directors.

This report was approved by the Board of Trustees on 1 August 2024 and signed on its behalf by:



**Jeanette Whitford**
**Chair**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SEVERN HOSPICE LIMITED

**Opinion**

We have audited the financial statements of Severn Hospice Limited for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31st March 2024 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's 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. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' 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' Annual Report have been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with regulatory requirements of the Care Quality Commission, Charity Commission, employment law and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such the Companies Act 2006, the Charities Act 2011, payroll taxes and VAT.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to recognition of income and management bias in certain accounting estimates. Audit procedures performed by the engagement team included:

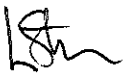
- Inspecting trustees' meeting minutes
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that

compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.
This description forms part of our auditor's report.

**Use of 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.



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

19 August 2024

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
## For the Year Ended 31 March 2024

| | Note | Unrestricted Funds 2024 £000 | Restricted Funds 2024 £000 | Total Funds 2024 £000 | Total Funds 2023 £000 |
|---|---|---|---|---|---|
| **Income From:** | | | | | |
| **Donations and legacies:** | | | | | |
| Donations | | 1,279 | 125 | 1,404 | 1,494 |
| Legacies | | 1,847 | 430 | 2,277 | 2,170 |
| Grants from Charitable Trusts | | 86 | 133 | 219 | 124 |
| | | **3,212** | **688** | **3900** | **3,788** |
| **Charitable Activities** | 4a | **3,523** | **517** | **4,040** | **3,885** |
| **Other trading activities:** | | | | | |
| Lottery | 5a | 1192 | - | 1192 | 1,190 |
| Projects | 5b | 440 | - | 440 | 420 |
| Shops | 5c | 4,345 | - | 4,345 | 4,111 |
| Fundraising events | 5d | 267 | - | 267 | 302 |
| | | **6,244** | - | **6,244** | **6,023** |
| **Investments** | 6 | **450** | **-** | **450** | **305** |
| **Other** | 7 | **78** | **-** | **78** | **95** |
| **Total Income** | | **13,507** | **1,205** | **14,712** | **14,096** |
| **Expenditure on:** | | | | | |
| **Raising Donations, Legacies and Grants** | 9 | **1,016** | **-** | **1,016** | **812** |
| **Other trading activities:** | | | | | |
| Lottery | 5a,9 | 405 | - | 405 | 464 |
| Projects | 5b,9 | 360 | - | 360 | 340 |
| Shops | 5c,9 | 2,796 | - | 2,796 | 2,531 |
| Fundraising events | 5d,9 | 62 | - | 62 | 52 |
| **Investment management costs** | | 59 | - | 59 | 47 |
| **Costs of raising funds** | | **4,698** | **-** | **4,698** | **4,246** |
| In patient care | 9 | 4,694 | 537 | 5,231 | 4,863 |
| Day care | 9 | 1,456 | 19 | 1,475 | 1,421 |
| Hospice at home | 9 | 2,208 | 289 | 2,497 | 2,426 |
| Education and research | 9 | 191 | 141 | 332 | 341 |
| Hospital services | 9 | - | - | - | 44 |
| Lymphoedema | 9 | 143 | - | 143 | 134 |
| Social Work & Chaplaincy | 9 | 336 | - | 336 | 339 |
| **Expenditure on charitable activities** | | **9,028** | **986** | **10,014** | **9,568** |
| **Total expenditure** | | **13,726** | **986** | **14,712** | **13,814** |
| **Net income for the year and net movements in funds before (losses)/ gains on investments** | | (219) | 219 | - | 282 |
| Net gains/ (losses) on investments | | 471 | - | 471 | (685) |
| **Net surplus/ (deficit) for the year** | | **252** | **219** | **471** | **(403)** |
| Transfers between funds | 15, 16 | 65 | (65) | - | - |
| **Net movement in funds** | | **317** | **154** | **471** | **(403)** |
| ***Reconciliation of funds:*** | | | | | |
| **Total funds brought forward** | | 27,019 | 163 | 27,182 | 27,585 |
| **Total funds carried forward** | | **27,336** | **317** | **27,653** | **27,182** |

## CONSOLIDATED AND CHARITY BALANCE SHEET
## As at 31 March 2024

| | Note | Group 2024 £000 | Group 2023 £000 | Charity 2024 £000 | Charity 2023 £000 |
|---|---|---|---|---|---|
| **Fixed Assets** | | | | | |
| Tangible assets | 10 | 12,548 | 12,199 | 12,548 | 12,199 |
| Investments | 11 | 8,380 | 7,976 | 8,430 | 8,026 |
| | | **20,928** | **20,175** | **20,978** | **20,225** |
| **Current Assets** | | | | | |
| Stock | 12 | 18 | 11 | - | - |
| Debtors | 13 | 1,877 | 2,048 | 2,073 | 2,227 |
| Investment property for sale | | 230 | - | 230 | - |
| Cash at bank & in hand | | 5,751 | 6,077 | 5,297 | 5,626 |
| | | 7,876 | 8,136 | 7,600 | 7,853 |
| Creditors: amounts falling due within one year | 14 | (1,151) | (1,129) | (942) | (913) |
| **Net current assets** | | **6,725** | **7,007** | **6,658** | **6,940** |
| **Total assets less current liabilities/ Net assets** | | **27,653** | **27,182** | **27,636** | **27,165** |
| **The funds of the charity:** | | | | | |
| Restricted funds | 15 | 317 | 163 | 317 | 163 |
| Unrestricted funds: | | | | | |
| Designated funds | 16 | 14,548 | 15,042 | 14,548 | 15,042 |
| General funds | 16 | 12,788 | 11,977 | 12,771 | 11,960 |
| **Total funds** | | **27,653** | **27,182** | **27,636** | **27,165** |

The net result of the charity's own accounts for 2023/24 was a surplus of £471K (2022/23: deficit of £403K).

These accounts were approved and authorised for issue by the Board of Trustees on 1 August 2024.

**Jeanette Whitford**
**Chair**
**Severn Hospice Limited**
**Registered No. 1608025**

## CONSOLIDATED STATEMENT OF CASH FLOWS
## For the year ended 31 March 2024

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | £000 | £000 |
| **Cash flows from operating activities:** | | | |
| Net cash provided by operating activities | 23 | 355 | (39) |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from Investments | | 450 | 305 |
| Purchase of property, plant and equipment | | (968) | (621) |
| Proceeds from sale of investments | | 1,104 | 1,122 |
| Purchase of investments | | (1,354) | (1,434) |
| Decrease/(increase) in investment cash | | 87 | 146 |
| **Net cash used in investing activities** | | **(681)** | **(482)** |
| **Change in cash and cash equivalents in the reporting period** | | **(326)** | **(521)** |
| **Cash and cash equivalents at the beginning of the reporting period** | | 6,077 | 6,598 |
| **Cash and cash equivalents at the end of the reporting period** | | **5,751** | **6,077** |

**Notes to the Accounts**
**Year ended 31 March 2024**

## 1. Accounting Policies

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

(a) Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

(b) Going Concern

The Trustees consider that there are no material uncertainties about the Hospice's ability to continue as a going concern. The most significant area of uncertainty is the level of income which needs to be raised every year and is covered in more detail in the performance and risk sections of the Trustees' report. Since Covid, UK and global factors have emerged that can directly and indirectly impact the Hospice such as changes to fiscal and monetary policy, the Ukraine war, government elections and high inflation. However, the review of the Hospice's financial position, reserves levels and future plans gives Trustees confidence that it remains a going concern for the foreseeable future.

(c) Basis of Consolidation

The statement of financial activities ("the SOFA") and balance sheet consolidate the financial statements of the charitable company and its subsidiary companies, Hospice Projects Limited and Severn Promotions Limited, for the financial year ended 31 March 2024. The results of the subsidiary companies are consolidated on a line-by-line basis. No separate Statement of Financial Activities is presented for the charity alone as permitted by the Companies Act 2006 and the Statement of Recommended Practice for Charities.

(d) Estimation Uncertainty and Judgements

In the application of the accounting policies, Trustees are required to make judgement, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

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

(e) Income

The Hospice recognises income when all the following criteria are met it has entitlement to the funds and any conditions attached to the items of income have been met; it is probable that the income will be received; and an economic benefit can be reasonably measured. This is applied as follows to these streams of income:

*Donations* are included in income when they are received.

Both pecuniary and residuary *Legacies* are recognised at the earlier of the date the Hospice is informed that probate has been granted or the date we are advised, in writing, by the representative of the estate that payment will be made, or assets transferred, and when, in the opinion of management, the amount can be quantified with reasonable accuracy e.g., using draft estate accounts, and will probably be received. The hospice operates a cut-off window being a practical mechanism to allow for preparation of the accounts. Should a

notification be received before the year end but is not quantifiable within six weeks of the year end then, when measurable and receipt is probable, it will be recognised in subsequent accounting periods. The exception to the six-week window is if the amount is material, then in this case, if the recognition criteria are met before the accounts are signed then it will be recognised within the current accounting period. Where a notification is received within the six-week window and is dated before the year end and is measurable and receipt probable, then this will also be recognised within the current accounting period.

*Grants received from health authorities and other bodies* are recognised when the Hospice has entitlement to the funds, any conditions around the grant have been met, and in the year to which it relates.

*Lottery income* is recognised in respect of those draws which have taken place in the year.

*Other Trading income* is recognised on the point of sale for both donated and new goods and at point of collection for fundraising events.

(f) Expenditure

Expenditure is accounted for on an accruals basis once there is an 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. Where possible costs are allocated directly to main expenditure categories of the SOFA, but where this is not possible these are allocated on the bases set out in the note to the accounts. Expenditure is classified under the following headings:

*Costs of Raising Funds* comprise direct fundraising costs incurred in seeking donations, legacies and grants from trusts, together with direct costs associated with trading income together with an allocation of indirect support costs.

*Expenditure on charitable activities* includes the direct costs of providing specialist palliative care and support community services, research and other educational activities undertaken to further the purposes of the charity, together with an allocation of indirect support costs.

Support costs are those costs which are necessary to the delivery of Hospice services but are not part of the direct costs of the expenditure categories in the SOFA. These relate to governance, premises, catering, central administration, finance, IT and HR and Vehicles.

(g) Operating Leases

Rental costs under operating leases are charged to the SOFA over the period of the lease.
A review of new leases entered this year was undertaken and an adjustment has been made for lease incentives to be accounted for over the full term of the lease.

(h) Fund Accounting

The Hospice maintains various types of funds as follows:

*Restricted Funds:* these are funds subject to specific conditions laid down by the donor or fundraiser. The restriction is released once conditions relating to these have been met, and funds then become unrestricted.

*Unrestricted Funds:* these fall into two categories: designated funds and general funds.

Designated funds represent amounts which have been put aside for particular projects. The designation does not legally restrict the Trustees' discretion to apply these funds. The Hospice has the following designated funds:

Capital Projects Fund: funds set aside for future capital works.

Fixed Asset Fund: represents expenditure on fixed assets that has not been charged to the Statement of financial Activities as depreciation. A large part of this represents the three buildings which the Hospice cannot operate without and which cannot therefore be realised in the normal way of business.

General funds: funds that are expendable at the discretion of the Trustees in the furtherance of the objects of the Charity. Such funds may be held in order to finance both working capital and capital investment. These also include amounts to be retained by the Hospice's Funds Policy.

(i) Tangible Fixed Assets

Freehold properties are stated in the Balance Sheet at the cost or value at the date of receipt, less depreciation.

Tangible fixed assets are stated at cost less depreciation. Any expenditure on individual assets with a value below £3,000 is written off directly to revenue. Depreciation is provided in equal instalments over the estimated lives of the assets.

The useful lives assigned to assets are:

| | |
|---|---|
| Freehold property | 50 years |
| Leasehold premises | 5 to 10 years |
| Furnishings & equipment | 4 to 7 years |
| Motor vehicles | 3 to 4 years |

(j) Investments

Investments include listed investments, investments in group undertakings, and an investment property.

*Listed investments* are a form of basic financial instrument and are initially shown in the financial statements at market value. They are subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Net gains and losses on the Statement of Financial Activities represent realised and unrealised gains on investments. Realised gains or losses are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains or losses are calculated as the difference between the fair value at the year-end and their carrying value.

*Investments in group undertakings* are the shares of the subsidiary companies which are carried at cost.

*Investment property* is a property received as part of a legacy in 2009. It is currently up for sale and recognised as a current asset.

(k) Stocks

Stocks, which comprise goods for resale, are stated at the lower of cost and net realisable value.

(l) Goods Donated for Resale

Donated items of goods for resale are not included in the financial statements because the Trustees consider it impractical to be able to assess the amount of donated stocks. This is because there are no systems in place to record these goods until they are sold. A stocktake would incur costs to the Charity which would far outweigh the benefits.

(m) Debtors

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

Property Investments that are expected to be disposed of within a financial year are show as a current asset.

(n) Cash at Bank and in Hand

Cash at bank and in hand includes cash and short term highly liquid investments held within current and deposit accounts.

(o) Creditors and Provisions

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

(p) Volunteers

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

(q) Support Groups

There were 9 official active Support Groups operating bank accounts in the name of the Hospice at 31 March 2024. The majority of these prepare accounts to 31 March. Fundraising income includes gross income raised by these groups, and the expenses they incur are included within fundraising costs.

(r) Pension Costs

The majority of staff are members of either the National Health Service Pension Scheme ("the NHS scheme") or defined contribution schemes operated by the Charity. Contributions are made by both employees and employer. Although the NHS scheme is a defined benefit scheme, the nature of the scheme is such that the Charity cannot identify its share of the scheme's underlying assets and liabilities. In accordance with FRS102, payments to the NHS scheme have been treated in the same way as contributions to the defined contribution schemes and the payments made by the Charity are charged against the profits of the year in which they become payable.

(s) Financial Instruments

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

2 **Company Status and Members' Liability**

The Charity is a private company limited by guarantee and does not have share capital. The extent of the liability of the members to the Charity on a winding up is limited to a maximum of £1 each.

3 **Taxation**

The company is said to pass the tests carried out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income and capital gains received within categories covered by Chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes. No tax charges have arisen in the year.

No tax charge has arisen in the trading subsidiaries, Severn Promotions Limited and Hospice Projects Ltd due to their policy of gifting all their taxable profits to Severn Hospice Limited.

## 4 Charitable Activities

| | 2024 £000 | 2023 £000 |
|---|---|---|
| NHS income | 3,955 | 3,826 |
| Education income | 85 | 59 |
| | 4,040 | 3,885 |

## 5a Lottery

Severn Promotions Company Limited, a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2973920, operates raffles and a weekly lottery. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2024.

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Lottery income | 1,192 | 1,190 |
| Donations | 33 | 35 |
| Investment income | 12 | 5 |
| Total income | 1,237 | 1,230 |
| Prizes awarded | (146) | (149) |
| Staff costs | (108) | (105) |
| Other costs | (151) | (210) |
| Total expenditure | (405) | (464) |
| Net lottery income | 832 | 766 |
| Gift Aid payments to Severn Hospice Limited | (832) | (766) |
| Retained in subsidiary | - | - |
| | | |
| Total assets | 300 | 285 |
| Total liabilities | (294) | (279) |
| Funds (representing share capital and reserves) | 6 | 6 |

## 5b Hospice Projects Limited

This is a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2229635. All new goods are sold through this company via the Hospice shops or website. A house clearance service also operates through the company. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2024.

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Projects income | 440 | 420 |
| Donations | 4 | 2 |
| Interest | 7 | 2 |
| Total income | 451 | 424 |
| Cost of goods sold | (296) | (286) |
| Operating costs | (64) | (54) |
| Total expenditure | (360) | (340) |
| **Net trading profit** | 91 | 84 |
| Gift Aid payments to Severn Hospice Limited- provisional amount due for year | (91) | (84) |
| Retained in subsidiary | - | - |
| Total assets | 185 | 187 |
| Total liabilities | (124) | (126) |
| Funds (representing share capital and reserves) | 61 | 61 |

## 5c Hospice Shops

This is the trading arm of Severn Hospice Limited – it is not a separate trading subsidiary company.

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Non gift –aided donated goods income | 2,203 | 2,126 |
| Gift-aided donated goods income | 1,528 | 1,442 |
| Gift Aid on donated goods income | 379 | 342 |
| Rag income | 112 | 122 |
| Donations | 49 | 36 |
| Other income | 74 | 43 |
| Total income | 4,345 | 4,111 |
| Staff Costs | (1,633) | (1,456) |
| Premises maintenance and rent | (546) | (509) |
| Other costs | (617) | (566) |
| Total expenditure | (2,796) | (2,531) |
| Net shops income | 1,549 | 1,580 |

## 5d Fundraising Events

Income and direct expenditure from the top fundraising events in 2023/24, together with comparatives for 2022/23, is as follows:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Income £000 | Expenditure £000 | Net Income £ | Income £ | Expenditure £ | Net Income £ |
| Dragons | 80 | (26) | 54 | 67 | (26) | 41 |
| Lights of Love Annual | 50 | (17) | 33 | 57 | (10) | 47 |
| London Marathon | 68 | (4) | 64 | 72 | (4) | 68 |
| | 198 | (47) | 151 | 196 | (40) | 156 |

The income and expenditure for certain events can straddle the financial year end causing fluctuations from year to year in the net income position.

## 6 Investment Income

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Dividends receivable on shares held | 209 | 207 |
| Interest receivable on cash balances | 241 | 98 |
| | 450 | 305 |

## 7 Other Income

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Miscellaneous items of income received for catering, insurance receipts, property rental, wayleaves etc. | 78 | 95 |

## 8 Staff Costs & Pensions (Group)

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Salaries | 8,645 | 8,045 |
| Social security costs | 739 | 691 |
| Pension costs | 527 | 495 |
| Redundancy and Settlement Agreement costs | 13 | 7 |
| | 9,924 | 9,238 |

(Note 1(r) and Note 20 give further information on the pension schemes).
Pension costs typically increase as a result of a combination of salary increases, and statutory employer contribution rate rises for both the NHS and auto enrolment schemes.

The Charity Trustees received no remuneration or any other benefits from employment or reimbursed expenses with the Hospice or its subsidiaries in the year (2023: £nil). A note on related party transactions is given at note 21.

The average monthly headcount and full-time equivalent during the year is:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Headcount | FTE | Headcount | FTE |
| **Admin** | 37 | 27 | 33 | 21 |
| **Income Generation** | 35 | 20 | 30 | 16 |
| **Care** | 290 | 168 | 299 | 168 |
| **Shops** | 106 | 65 | 94 | 56 |
| | **468** | **280** | **456** | **261** |

The number of employees whose emoluments for the year were greater than £60,000 were as follows:

| | 2024 | 2023 |
|---|---|---|
| £60,000 to £70,000 | 2 | 2 |
| £70,000 to £80,000 | 2 | 3 |
| £80,000 to £90,000 | 1 | - |
| £90,000 to £100,000 | - | 1 |
| £120,000 to £130,000 | 1 | - |

| | | |
|---|---|---|
| Pension contributions relating to those staff earning over £60,000 | £51,565 | £45,245 |

For the key employed and seconded management personnel, also comprising the Senior Management Team as set out on page 14, the total employee benefits were £617K (2023: £555K).

## 9 Total Expenditure (Group) 2024

| | Direct Costs £000 | Support Costs £000 | Total 2024 £000 | Total 2023 £000 |
|---|---|---|---|---|
| Charitable Activities: | | | | |
| In Patient Care | 3,521 | 1,710 | 5,231 | 4,863 |
| Day Care | 797 | 678 | 1,475 | 1,421 |
| Hospice at Home | 2,054 | 443 | 2,497 | 2,426 |
| Education & Research | 136 | 196 | 332 | 341 |
| Hospital Services | - | - | - | 44 |
| Lymphoedema | 105 | 38 | 143 | 134 |
| Social Work & Chaplaincy | 271 | 65 | 336 | 339 |
| Costs of Raising Funds: | | | | |
| Donations, Legacies and Grants | 539 | 477 | 1,016 | 812 |
| Other trading activities: | | | | |
| Hospice Shops | 2,693 | 103 | 2,796 | 2,531 |
| Lottery | 385 | 20 | 405 | 464 |
| Projects | 341 | 19 | 360 | 340 |
| Fundraising Events | 62 | - | 62 | 52 |
| Investment Management | 59 | - | 59 | 47 |
| **Total Expenditure** | 10,963 | 3,749 | 14,712 | 13,814 |

| **Support costs include:** | **Basis of Allocation** | **£000** | **£000** |
|---|---|---|---|
| Premises & Catering | Floor area, estimated time, and cost | 1,941 | 1,806 |
| Central Services | Estimated time | 921 | 770 |
| Finance | Estimated time | 305 | 255 |
| IT Support | Workstations and estimated time | 469 | 348 |
| Vehicles | Estimated time & specific costings | 18 | 17 |
| Governance | Estimated time & costings | 95 | 96 |
| | | 3,749 | 3,292 |

| **Included within group expenditure are:** | | |
|---|---|---|
| Amounts paid or payable to Auditors: | | |
| External annual audit of accounts | 22 | 22 |
| Other fees payable to the Auditors | 3 | 1 |
| Depreciation | 619 | 573 |
| Lease payments | 461 | 424 |

## 9 Total Expenditure (Group) 2023

| | Direct Costs £000 | Support Costs £000 | Total 2023 £000 | Total 2022 £000 |
|---|---|---|---|---|
| Charitable Activities: | | | | |
| In Patient Care | 3,344 | 1,519 | 4,863 | 4,600 |
| Day Care | 810 | 611 | 1,421 | 1,189 |
| Hospice at Home | 2,058 | 368 | 2,426 | 2,327 |
| Education & Research | 164 | 177 | 341 | 274 |
| Hospital Services | 44 | - | 44 | 109 |
| Lymphoedema | 102 | 32 | 134 | 128 |
| Social Work & Chaplaincy | 283 | 56 | 339 | 311 |
| Costs of Raising Funds: | | | | |
| Donations, Legacies and Grants | 401 | 411 | 812 | 705 |
| Other trading activities | | | | |
| Hospice Shops | 2,450 | 81 | 2,531 | 2,408 |
| Lottery | 439 | 25 | 464 | 428 |
| Projects | 328 | 12 | 340 | 304 |
| Fundraising Events | 52 | - | 52 | 18 |
| Investment Management | 47 | - | 47 | 50 |
| **Total Expenditure** | 10,522 | 3,292 | 13,814 | 12,851 |

## 10 Fixed Assets

| Charity | Freehold Property £000 | Furnishings & Equipment £000 | Vehicles £000 | Total £000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2023 | 15,298 | 3,523 | 141 | 18,962 |
| Additions | 376 | 594 | - | 970 |
| Disposals | - | (2) | (28) | (30) |
| **At 31 March 2024** | 15,674 | 4,115 | 113 | 19,902 |
| **Depreciation** | | | | |
| At 1 April 2023 | 3,731 | 2,923 | 109 | 6,763 |
| Charge for year | 309 | 299 | 11 | 619 |
| Disposals | - | - | (28) | (28) |
| **At 31 March 2024** | 4,040 | 3,222 | 92 | 7,354 |
| **Net Book Value** | | | | |
| **At 1 April 2023** | 11,567 | 600 | 32 | 12,199 |
| **At 31 March 2024** | 11,634 | 893 | 21 | 12,548 |
| **Group** | | | | |
| **Cost** | | | | |
| At 1 April 2023 | 15,298 | 3,544 | 141 | 18,983 |
| Additions | 376 | 594 | - | 970 |
| Disposals | - | (10) | (28) | (38) |
| **At 31 March 2024** | 15,674 | 4,128 | 113 | 19,915 |
| **Depreciation** | | | | |
| At 1 April 2023 | 3,731 | 2,944 | 109 | 6,784 |
| Charge for year | 309 | 299 | 11 | 619 |
| Disposals | - | (8) | (28) | (36) |
| **At 31 March 2024** | 4,040 | 3,235 | 92 | 7,367 |
| **Net Book Value** | | | | |
| **At 1 April 2023** | 11,567 | 600 | 32 | 12,199 |
| **At 31 March 2024** | 11,634 | 893 | 21 | 12,548 |

## 11 Investments

| | The Group | | The Charity | |
|---|---|---|---|---|
| | 2024 £000 | 2023 £000 | 2024 £000 | 2023 £000 |
| Listed UK Stock Exchange Investments | 8,380 | 7,736 | 8,380 | 7,736 |
| Shares in subsidiary companies | - | - | 50 | 50 |
| Investment Property | - | 240 | - | 240 |
| | 8,380 | 7,976 | 8,430 | 8,026 |

The investment property has been transferred to current assets on the basis it is due to be sold in the next 12 months. It was revalued on 31st March 2024 at fair value by Zaza Johnson and Bath Estate Agents.

### (a) Listed UK Stock Exchange Investments

| | Group and Charity | |
|---|---|---|
| | 2024 £000 | 2023 £000 |
| Market Value 1 April 2023 | 7,531 | 7,959 |
| Disposals | (1,104) | (1,122) |
| Acquisitions | 1,354 | 1,434 |
| Realised gains | 57 | 78 |
| Unrealised gain/(losses) | 424 | (818) |
| Market value at 31 March 2024 | 8,262 | 7,531 |
| Cash held for investment | 118 | 205 |
| | **8,380** | **7,736** |

### (b) Analysis of Listed/Discretionary Fund Investments

| | 2024 £000 | 2023 £000 |
|---|---|---|
| Discretionary Fund managed by Evelyn Partners | 4,240 | 3,852 |
| Discretionary Fund managed by Brewin Dolphin | 4,140 | 3,884 |
| | 8,380 | 7,736 |

### (c) Shares in subsidiary companies at cost

| | Charity | |
|---|---|---|
| | 2024 £000 | 2023 £000 |
| Hospice Projects Limited | 50 | 50 |
| Severn Promotions Company Limited | - | - |
| | 50 | 50 |

## 12 Stocks

| | Group | | Charity | |
|---|---|---|---|---|
| | 2024 £000 | 2023 £000 | 2024 £000 | 2023 £000 |
| Goods purchased for resale through Hospice Projects Limited | 18 | 11 | - | - |
| | 18 | 11 | - | - |

## 13 Debtors

| | Group | | Charity | |
|---|---|---|---|---|
| | 2024 £000 | 2023 £000 | 2024 £000 | 2023 £000 |
| Trade debtors | 86 | 51 | 83 | 51 |
| Sundry debtors | 55 | 12 | 55 | 12 |
| Amounts due from subsidiary undertakings | - | - | 199 | 179 |
| Legacies | 1,333 | 1,466 | 1,333 | 1,466 |
| Prepayments | 223 | 302 | 223 | 302 |
| Gift aid recoverable | 44 | 19 | 44 | 19 |
| VAT recoverable | 136 | 198 | 136 | 198 |
| | 1,877 | 2,048 | 2,073 | 2,227 |

## 14 Creditors: Amounts Falling Due Within One Year

| | Group | | Charity | |
|---|---|---|---|---|
| | 2024 £000 | 2023 £000 | 2024 £000 | 2023 £000 |
| Trade creditors | 334 | 339 | 309 | 317 |
| Taxation & social security costs | 172 | 150 | 172 | 150 |
| Accruals | 329 | 317 | 329 | 309 |
| Amounts due to subsidiary undertakings | - | - | 10 | 9 |
| Deferred income | 4 | 14 | 4 | 14 |
| Other creditors | 312 | 309 | 118 | 114 |
| | 1,151 | 1,129 | 942 | 913 |

### Creditors: Deferred Income

| | Balance b/fwd 1.4.23 £000 | Released £000 | New Deferred £000 | Amounts Falling Due Within One Year Balance c/fwd 31.3.24 £000 | Greater Than One Year Balance c/fwd 31.3.24 £000 |
|---|---|---|---|---|---|
| **Amounts Falling Due Within One Year** | | | | | |
| Events income | 1 | (1) | - | - | - |
| Men's Health project | 1 | - | - | 1 | - |
| Compassionate Communities fund | 9 | (9) | - | - | - |
| Hospital Development Fund | 3 | - | - | 3 | - |
| | 14 | (10) | - | 4 | - |

## 15 Restricted Funds

The Group and Charity Funds for **2023-24** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

| | Balance at 1.4.23 £000 | Income £000 | Expenditure £000 | Transfer to General Funds £000 | Balance at 31.3.24 £000 |
|---|---|---|---|---|---|
| Donations received for In Patient Care and Bereavement | 7 | 316 | (140) | (65) | 118 |
| Donations received for the Day Units | - | 7 | (7) | - | - |
| Donations received for Care at Home Services | - | 311 | (211) | - | 100 |
| CCG funding for specifically negotiated services | 156 | 517 | (574) | - | 99 |
| Hospice Garden | - | 54 | (54) | - | - |
| | 163 | 1,205 | (986) | (65) | 317 |

The transfer to general funds of £65K represents the release of funds for the purchase of assets because the restriction placed on the funding has been met in the year.

The Group and Charity Funds for **2022-23** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

| | Balance at 1.4.22 £000 | Income £000 | Expenditure £000 | Transfer to General Funds £000 | Balance at 31.3.23 £000 |
|---|---|---|---|---|---|
| Donations received for In Patient Care and Bereavement | 119 | 226 | (203) | (135) | 7 |
| Donations received for the Day Units | - | 50 | (50) | - | - |
| Donations received for Care at Home Services | - | 137 | (137) | - | - |
| CCG funding for specifically negotiated services | 162 | 425 | (431) | - | 156 |
| Hospice Garden | - | 8 | (8) | - | - |
| | 281 | 846 | (829) | (135) | 163 |

## 16 Unrestricted Funds

The Group and Charity Funds for **2023-24** include the following designated and general funds:

| | Balance at 1.4.23 £ | New Designations £ | Utilised/ Released £ | Resources To/From Other Funds £ | Balance at 31.3.24 £ |
|---|---|---|---|---|---|
| **Group:** | | | | | |
| Designated Funds: | | | | | |
| Capital Projects Fund | 2,843 | - | (843) | - | 2,000 |
| Fixed Asset Fund | 12,199 | 969 | (620) | - | 12,548 |
| Total Designated Funds | 15,042 | 969 | (1,463) | | 14,548 |
| Group General Funds | 11,977 | 13,008 | (12,262) | 65 | 12,788 |
| Total Group Unrestricted | 27,019 | 13,977 | (13,725) | 65 | 27,336 |
| **Charity:** | | | | | |
| Total Designated Funds | 15,042 | 969 | (1,463) | - | 14,548 |
| Charity General Funds | 11,960 | 12,243 | (11,497) | 65 | 12,771 |
| Total Charity Unrestricted | 27,002 | 13,212 | (12,960) | 65 | 27,319 |

The Group and Charity Funds for **2022/23** include the following designated and general funds:

| | Balance at 1.4.22 £ | New Designations £ | Utilised/ Released £ | Resources To/From Other Funds £ | Balance at 31.3.23 £ |
|---|---|---|---|---|---|
| **Group:** | | | | | |
| Designated Funds: | | | | | |
| Capital Projects Fund | 2,500 | - | (186) | 529 | 2,843 |
| Fixed Asset Fund | 12,151 | 621 | (573) | - | 12,199 |
| Energy Sustainability Fund | 145 | - | - | (145) | - |
| Service Development Fund | 417 | | (33) | (384) | - |
| Total Designated Funds | 15,213 | 621 | (792) | - | 15,042 |
| Group General Funds | 12,091 | 11,943 | (12,193) | 135 | 11,977 |
| Total Group Unrestricted | 27,304 | 12,565 | (12,985) | 135 | 27,019 |
| **Charity:** | | | | | |
| Total Designated Funds | 15,213 | 621 | (792) | - | 15,042 |
| Charity General Funds | 12,074 | 11,139 | (11,388) | 135 | 11,960 |
| Total Charity Unrestricted | 27,287 | 11,760 | (12,180) | 135 | 27,002 |

## 17 Allocation of Group Net Assets between Funds

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Unrestricted Funds | Restricted Funds | Total | Unrestricted Funds | Restricted Funds | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Fund balances at 31 March are represented by: | | | | | | |
| Tangible fixed assets | 12,548 | - | 12,548 | 12,199 | - | 12,199 |
| Investments | 8,380 | - | 8,380 | 7,976 | - | 7,976 |
| Current assets | 7,559 | 317 | 7,876 | 7,973 | 163 | 8,136 |
| Creditors due within one year | (1,151) | - | (1,151) | (1,129) | - | (1,129) |
| Creditors due greater than one year | - | - | - | - | - | - |
| Total Net Assets | 27,336 | 317 | 27,653 | 27,019 | 163 | 27,182 |

## 18 Operating Lease Commitments

At March 2024, the charity had future minimum lease payments under non-cancellable operating leases in respect of Hospice shops due as follows:

| | 2024 | 2023 |
|---|---|---|
| | £000 | £000 |
| Within 1 year | 410 | 161 |
| Between 2 and 5 years | 783 | 168 |
| Over 5 years to end of lease term | - | - |
| | 1,193 | 329 |

## 19 Controlling Party

The Company, having no share capital, is under the control of the Directors who also act as Trustees.

## 20 Pension Commitments

The Company and its subsidiaries operate a defined contribution scheme available to all permanent employees. Pension auto-enrolment legislation came into force for the Hospice in February 2014 and has been complied with from that date. The Company and its subsidiaries also make contributions to the National Health Service Pension Scheme for certain employees.

Contributions are charged in the financial statements as they are incurred and there were no outstanding contributions as at the balance sheet date. Pension costs charged in the year were £527K consisting of £294K paid to the NHS Scheme, and £233K paid to the defined contribution schemes (2023: £285K and £210K respectively).

## 21 Related Party Transactions

Mike Tudor is the husband of the Chief Executive and is employed by Thornton Firkin who provide Quantity Surveyor services to the Hospice. The charity paid a total of £10K in the year to Thornton Firkin (2023: £20K). There were no amounts owed at the year end.

There were no other related party transactions in either the current or previous year.

## 22 Contingent Assets and Liabilities

As at 31 March 2024 the Hospice had been notified of several residuary, pecuniary and specific legacies, some of which have life interests, where the timing of realisation or value of these estates was uncertain. Therefore, no amounts have been accrued in respect of these legacies which are estimated to be in excess of £1,480K (2022/23 in excess of £1,650K).

## 23 Reconciliation of Net Income to Net Cash Flow from Operating Activities

| | Group 2024 £000 | Group 2023 £000 |
|---|---|---|
| **Net income/(expenditure) for the reporting period (as per the statement of financial activities)** | **471** | **(403)** |
| **Adjustments for:** | | |
| Depreciation charges | 619 | 573 |
| Dividends, interest, and rents from investments | (450) | (305) |
| (Gains)/Losses on investments | (471) | 685 |
| Increase in stocks | (7) | - |
| Decrease/(increase) in debtors | 171 | (664) |
| Increase in creditors | 22 | 75 |
| **Net cash provided by operating activities** | **355** | **(39)** |

## 24 Analysis of changes in net funds

| | Balance at 1.4.23 £000 | Cash flows £000 | Other non-cash changes £000 | Balance at 31.3.24 £000 |
|---|---|---|---|---|
| Cash and bank | 6,077 | (326) | - | 5,751 |

## 25 2022-23 Comparative information

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

## For the Year Ended 31 March 2023

| | Note | Unrestricted Funds 2023 £000 | Restricted Funds 2023 £000 | Total Funds 2023 £000 | Total Funds 2022 £000 |
|---|---|---|---|---|---|
| **Income From:** | | | | | |
| **Donations and legacies:** | | | | | |
| Donations | | 1,366 | 128 | 1,494 | 1,361 |
| Legacies | | 1,974 | 196 | 2,170 | 2,393 |
| Grants from Charitable Trusts | | 33 | 91 | 124 | 324 |
| | | **3,373** | **415** | **3,788** | **4,078** |
| **Charitable Activities** | | **3,460** | **425** | **3,885** | **3,895** |
| **Covid Related Grants** | | **-** | **-** | **-** | **101** |
| **Other trading activities:** | | | | | |
| Lottery | | 1,190 | - | 1,190 | 1,176 |
| Projects | | 420 | - | 420 | 370 |
| Shops | | 4,111 | - | 4,111 | 3,515 |
| Fundraising events | | 302 | - | 302 | 199 |
| | | **6,023** | - | **6,023** | **5,260** |
| **Investments** | | **305** | - | **305** | **188** |
| **Other** | | **89** | 6 | **95** | **87** |
| **Total Income** | | **13,250** | **846** | **14,096** | **13,609** |
| **Expenditure on:** | | | | | |
| **Raising Donations, Legacies and Grants** | | **812** | - | **812** | 705 |
| **Other trading activities:** | | | | | |
| Lottery | | 464 | - | 464 | 428 |
| Projects | | 340 | - | 340 | 304 |
| Shops | | 2,531 | - | 2,531 | 2,408 |
| Fundraising events | | 52 | - | 52 | 18 |
| **Investment management costs** | | 47 | - | 47 | 50 |
| **Costs of raising funds** | | **4,246** | - | **4,246** | **3,913** |
| In patient care | | 4,382 | 481 | 4,863 | 4,600 |
| Day care | | 1,359 | 62 | 1,421 | 1,189 |
| Hospice Outreach | | 973 | 136 | 1,109 | 1,042 |
| Hospice at home | | 1,227 | 90 | 1,317 | 1,285 |
| Education and research | | 281 | 60 | 341 | 274 |
| Hospital services | | 44 | - | 44 | 109 |
| Lymphoedema | | 134 | - | 134 | 128 |
| Social Work & Chaplaincy | | 339 | - | 339 | 311 |
| **Expenditure on charitable activities** | | **8,739** | **829** | **9,568** | **8,938** |
| **Total expenditure** | | **12,985** | **829** | **13,814** | **12,851** |
| **Net income for the year and net movements in funds before (losses)/ gains on investments** | | 265 | 17 | 282 | 758 |
| Net (losses)/ gains on investments | | (685) | - | (685) | 185 |
| **Net (deficit)/ surplus for the year** | | **(420)** | **17** | **(403)** | **943** |
| Transfers between funds | | 135 | (135) | - | - |
| **Net movement in funds** | | (285) | (118) | (403) | **943** |
| ***Reconciliation of funds:*** | | | | | |
| **Total funds brought forward** | | 27,304 | 281 | 27,585 | 26,642 |
| **Total funds carried forward** | | **27,019** | **163** | **27,182** | **27,585** |

**SEVERN HOSPICE LIMITED**

England & Wales - Charity number 512394

# Accounts

Severn Hospice
here and at home

# Report and Accounts

## Year ended 31 March 2023

**Severn Hospice Limited**
A Registered Charity No. 512394
A Company Limited by Guarantee No.1608025
Registered Office: Bicton Heath, Shrewsbury SY3 8HS
Tel: 01743 236565
**www.severnhospice.org.uk**

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# Trustees' Annual Report

The Trustees (the Directors for Company Law purposes) submit their annual report and the audited financial statements for the year ended 31 March 2023. The annual report and financial statements of the charity have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

## Objectives and Activities

### Statement of Public Benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The mission statement of Severn Hospice sets out the activities which the charity undertakes for the public benefit. These services are provided free of charge to the residents of Shropshire, Telford & Wrekin, North Powys, Ceredigion and, when appropriate, to people living outside this catchment area e.g. when their families live locally.

### Mission Statement

Our mission is to provide the best care and a better life for people living with an incurable illness and for those important to them.
To achieve our mission, we will:

- Care for patients and their families as individuals and strive to meet their unique needs.
- Consider people's preferences in where they receive their treatment and care, whether this is in the home, as outpatients, with our day services or in our wards
- Provide high quality and timely information about conditions, treatment and the range of services available.
- Provide high quality, evidence-based clinical care through the range of hospice services.
- Create care environments which meet regulatory requirements, are safe welcoming, attractive and homely.
- Provide care which neither hastens nor postpones death but which enables people to live as well as they can and to end their lives in peace and with dignity.
- Support families through bereavement following loss of a loved one.
- Nurture and support the skills, contribution and well-being of our staff and volunteers as our most valuable resource.
- Provide all our services free of charge by raising sufficient income from charitable and non-charitable sources.
- Share knowledge and skills with other health care professionals at home and abroad, supporting good care wherever it takes place.

## Objectives

The general aims and objectives of the Hospice are to support and care for people living with a terminal illness within the catchment of Shropshire, Telford & Wrekin, North Powys and Ceredigion, in particular by:

- Providing specialist palliative and end of life care through a range of inpatient and community services for people suffering from a terminal illness
- Conducting audits and promoting and encouraging research into the care and treatment of people suffering from a terminal illness and for the dissemination of the results of such research.
- Promoting, encouraging and assisting in the teaching or training of doctors, nurses, physiotherapists and other professions.

The charity aims to meet these objectives by achieving a service provision which:

- Demonstrates a holistic, person-centred approach to the care of people with life-limiting illnesses adopting the principles stated in the accepted definitions of palliative care.
- Offers a well-co-ordinated, multi-professional and 'seamless' service which integrates specialist palliative care services with primary, secondary and tertiary health care services, voluntary agencies and social services.
- Offers a wide range of services that are both clinically and cost effective and are accessible to all residents in the area.
- Provides support and training to all members of staff involved in the care of people with terminal illnesses.

## Activities

## Our Wards

We provide 24 hour care for patients with complex palliative care needs within consultant led inpatient wards at both our Shrewsbury and Telford sites. We currently have 21 beds.

Care is provided through a multi-disciplinary team which includes specialist doctors, nurses, a range of therapists, chaplains, and social workers.

The majority of rooms have en-suite facilities to ensure and protect the privacy and dignity of patients and all rooms look out onto our tranquil gardens with direct access to the grounds. With the exception of infection control restrictions, families can visit whenever they want, and they can even bring their pets if they wish to. This is a small example that demonstrates the difference between a Hospice and Hospital setting for patients requiring palliative care.

## Day Services

Four out of five patients referred to Severn Hospice are cared for in their own homes. The Hospice prides itself in delivering day services in line with the concept of 'Living Well'. Within therapeutic environments, which includes the Community Services Centre, we offer specialist palliative care which includes access to consultant and specialist nursing advice, a range of therapies including palliative rehabilitation, group activities, counselling, and bereavement support. Our teams work with patients to identify their specific needs and personal goals for living and support them to live as well as possible within the constraints of their illness.

In addition, the day services team organise community coffee mornings at several locations across our catchment area with the aim to make Hospice care more accessible within familiar, relaxed and informal surroundings.

## Outreach

The Hospice Outreach Service provides specialist support to patients registered with GPs across Shropshire and Telford & Wrekin. This community focused service offers specialist advice and support either on the telephone or by visiting patients at home where they undertake assessments, plan care, support patients to make care decisions and carry out specialist clinical interventions.

The two-tier service consists of Palliative Care Nurse Practitioners and Palliative Outreach Nurses who work across the whole healthcare network – in hospitals, at surgeries, and with GPs and district nurses. They are specialist practitioners who coordinate the delivery of palliative care.

## Hospice at Home

The Hospice at Home service provides hands on nursing care to people in the last weeks of life who have chosen to remain at home. Working alongside other community health professionals including GPs, the Hospice at Home service provides end of life care for periods of time through the day and night.

## Bereavement and Family Counselling Support Services

The Hospice has a social work team which supports patients and their families whether they are being cared for in the community or on a ward. A significant part of their work is the provision of a bereavement service for both adults and children.

## Chaplaincy

We have a team of chaplains who direct and support the delivery of spiritual care within the Hospice on a non-denominational basis. At both Shrewsbury and Telford Hospice there is a sanctuary, a quiet, reflective space close to the wards which anyone is free to use.

## Voluntary Services

The work of the Hospice is supported by a body of volunteers. Our volunteers support all areas of the Hospice including services, administration, income generation, shops, gardens, and with fundraising events. This support is estimated at an annual value in excess of £1 million but cannot be measured in purely monetary terms. Without volunteers the Hospice would struggle to provide the level of services that it does.

# Strategic Report

| Achievements and Performance that we committed to do in 2022-23 | How we performed |
|---|---|
| Progressed our Patient Experience Project which focuses on all elements of the patient experience including hospitality, environments and patient & family feedback.<br><br>Within this the board of trustees approved funding for the refurbishment of the two inpatient units. | A Housekeeping Manager, funded through efficiencies, was appointed in 22/23 to supervise the previously appointed ward-based housekeepers. This structure has enabled great progress in reviewing and setting environmental standards. The role is now well established and has developed to be patient focused and a point of access for families being cared for within our wards.<br><br>The refurbishment of Alexander Ward at Apley was progressed and completed on 19th June 2023. |
| Determine the future inpatient service model, specifically the number of beds required on each site to meet demand and support choice. | The development of a strong community model has influenced activity within our wards. Shropshire specifically has seen a downward trend in admissions and an upward trend in home care.<br><br>Having tested an equal split of beds across the 2 sites we can demonstrate that patients are now cared for at the site closest to their home. |
| To improve the monitoring of clinical standards and audit through the establishment of a dedicated clinical governance team. | A small team of senior nurses have been appointed and hold a joint role in governance and education. During the year we have improved monitoring and reporting compliance with mandatory training, have established a program of audits and improved systems to evidence performance against CQC standards. |
| To carefully monitor the impact of the pandemic on the hospice finances for an extended period identifying actions to reduce services and associated costs if remedial action were necessary. | There is no doubt that the pandemic had a significant negative impact on our ability to raise funds for a period of 2 years. Despite the successful reopening of our shops and a slower reinstatement of community fundraising activities our 3- |

| | |
|---|---|
| | year financial projections show significant deficits. However, in 2021/22 unexpected legacies mitigated the expected in year deficit and in 2022/23 overperformance against budget in retail, legacies and other fundraising areas resulted in a small surplus before investment losses. |
| Secure the level of funding required to meet our ambitions and strategic objectives. | We saw a positive reinstatement of the retail and events income streams as restrictions eased. As well as working to increase income from Trusts our Director of Income Generation is beginning to explore potential of new income streams. Our primary aim during the year was to maximise our income and maintain healthy reserves. Whilst we undertake the planning of projects, progressing these is dependent on our financial position and board approval. |
| To increase charitable funding by maximising existing and exploring new income streams. | We appointed a new Director of Income Generation in 2022 who comes with fresh ideas and energy. With an investment in the Income Generation Team, we are optimistic of an increase in charitable fundraising with greater focus on Trusts, Corporates and Major Donors. |
| Our challenge is to engagement our commissioners as the local Clinical Commissioning Group (CCG) makes the transition to Integrated Care System (ICS). To secure appropriate NHS funding and ensure that our service strategy is aligned with our partners we commit to establish engagement and mechanisms that ensure that the contribution of the hospice is evident and understood. | The transition from CCG to ICB completed last year. We have since been able to establish contacts within commissioning so that we can progress discussions and the establishment of an 'Agreement' that outlines services and joint funding.<br><br>We are an active member of the local End of Life Strategy group for Shropshire and are recognised as specialist advisor. We have successfully influenced several service and clinical initiatives that will improve patient care. |

| | |
|---|---|
| | Quarterly meetings are undertaken with Powys Teaching Health Board where performance against contract is discussed. Again, we are recognised for delivering over and above the contract and are working with the Health Board to scope gaps in service. |
| To work with the ICB to improve access advice through the development of a single point of access. | Although a pathway was agreed the ICB withdrew funding and switched their focus to the 'Virtual Ward' initiative.<br><br>The hospice therefore launched a model of Virtual Ward appropriate to its patient group which has proved successful. This has been recognised by the ICB and has further strengthened the already established hospice community services model. |
| To increase our community reach by securing a community bus as an approach to providing information advice and a route for referral to the range of hospice services. | Funding for a community bus has now been approved by the board of trustees and we are now looking at a provider who can design the bus specific to our needs.<br><br>To further improve community engagement and to better understand the diversity of our communities we have appointed a community engagement lead nurse. |
| Working further to improve our systems of reporting to demonstrate activity, quality, effectiveness and compliance. | Progress in this area now means that we can evidence activity, quality and compliance through internal and external reporting. |

## Activity for 2022-23

Severn Hospice provides palliative and end of life care for a combined population of around 713,000 in Shropshire, Telford & Wrekin, North Powys and Ceredigion. Population profiles demonstrate the mix of urban and rural communities in our patch. This puts a greater emphasis on the need to be flexible in our approach and in our provision of services.

Our service strategy is designed to reflect the diversity of the communities it serves to improve access to Hospice care and to support our NHS partners through the delivery of specialist palliative and end of life care both within our wards and within the community. We aim to meet demand for specialist palliative and end of life care and support patient preferences and personal goals.

During the year we received 3,021 patient referrals across our services. General access to GPs and hospital care continues to be impacted by the after effects of the pandemic and ways of working which has led to continued delays in diagnosis and referral to treatment. As a result, referral for hospice care is also delayed meaning that some patients are more advanced in their disease, and they are dying more quickly. The demand for home care continued to increase post pandemic but has now plateaued. The reinstatement of day services is now complete, and all services have returned to full capacity.

The development of a strong community now means that 4 out of 5 patients referred for hospice care are cared for in their own homes. The addition of virtual beds now presents a potential opportunity of reducing inpatient capacity.

## Our Priorities for 2023-24

- To make our money match our ambitions by maximising existing and exploring new income streams.
- To implement phase 1 of a cost improvement plan taking opportunities to innovate and work differently.
- To continue to develop our community services model with the addition of virtual beds, supporting patient's preference to be cared for at home and reducing demand on hospice and hospital beds.
- Following an analysis of inpatient activity, test a small reduction in beds at our Bicton site through a one-year proof-of-concept initiative and any effect on our ability to meet demand.
- To improve access to hospice care by seldom heard groups by better understanding the diversity and needs of our community.
- To better integrate our community services and improve the patient pathway and experience.

# Financial Review

## Annual Activity

The charity made a surplus of income over expenditure of £282K before investment gains/losses. The financial year saw significant drops in stock markets linked to global events. At 31st March 2023, net investment losses of £685K lead to an overall deficit for the financial year of £403K.

## Income

Total group income, before investment gains/losses, for the year ended 31 March 2023 was £14,096K an increase of £487K on the previous year. The principal funding sources for the charity were:

- donations and legacies £3,788K
- charitable activities £3,885K
- other trading activities £6,023K
- investments £305K
- other income £95K

*Donations and legacy income* fell by £300K in 22/23 mainly due to falls in legacy and trust income. Legacy income fluctuates from year to year depending on number of legacies, probate dates and notifications from solicitors. A legacy strategy is in place to try to influence this unpredictable source of income which the charity is very much reliant upon. Budgetary assumptions for legacy income are approved by the Finance Committee and the Reserves policy has also been developed to mitigate any short-term risk from any downward trend.

*Charitable activities* comprise the income received from NHS Clinical Commissioning Groups (CCGs), health care bodies and other governmental organisations. This income is received towards the treatment and care of people diagnosed with a terminal illness, together with income towards the education and training of the professionals delivering the treatment and care.

*Other trading activities* comprise income generated through the shop network, lottery operation and fundraising events. Trading income has recovered well post pandemic. Net attrition continues to erode our lottery membership and strategies to increase recruitment are in place. In total, trading income increased by £763K.

*Retail* has recovered well post pandemic. Since 21-22, recovery has been strong with income increasing by £596K year on year and with the opening of the Hadley shop (the 30th shop), income has been at the highest level ever.

Regarding *Hospice Projects Limited*, core sales come from Christmas cards and Refresh café sales. Despite Christmas postal strikes sales of Christmas card sales were in line with expectations. Although the café is not yet profit making, it is now strongly established with sales increasing and a new "Refresh on the go" initiative being trialled in 23-24.

*The Hospice Lottery* continues to provide a predictable income source, with a net contribution of £766K. A canvassing company continues to be used for recruitment of players.

*Fundraising events* have always been a very visible and important income source. The London Marathon, Lights of Love, Annual Memorial Service and Dragon Boats are all major contributors. Details of the top events in the year are given at note 5d.

*Investment income,* attributable to funds held as cash, has benefitted from the increase in interest rates. An investment gain of £55K was also made on a property owned by the Hospice. However, on the downside, stock markets significantly dropped by the end of the financial year resulting in a net investment loss from the share portfolio of £685K. The charity continues to hold a mixed portfolio of high-quality investments, with the investment strategy reviewed regularly by the Finance Committee.

## Expenditure

Total group costs for the year ended 31 March 2023 were £13,814K, an increase of £963K on the previous year. Inflationary cost pressures were experienced with utilities costs increasing by £221K on 22-23.

Costs associated with charitable activities increased by £630K with all services showing increased costs except Hospital Services which are no longer funded by the Hospice.

Costs associated with raising funds through fundraising and trading activities increased by £333K; £123K relates to shops reflecting wage increases and the costs of an additional shop. Hospice Projects costs increased by £36K mostly attributable to the Refresh café. Lottery costs were higher by £36K mainly due to increased activity by the canvassing company following lockdowns.

Post the Covid-19 lockdowns, fundraising income has seen a substantial recovery. Driven mainly by higher legacy and shops income. As a large proportion of costs are fixed, a significant swing in income, especially when attributable to legacies, can cause a significant impact on the fundraising cost ratio. This financial year it has stayed steady at 13 pence in the pound (2021-22 at 12p/pound). The ratio excludes costs attributed to Retail, Severn Promotions Company Limited and Hospice Projects Limited. This approach is consistent with reporting within the sector, enabling fair comparisons to be made.

Support costs, apportioned within the total expenditure costs, total £3,292K and include the costs of running and maintaining the Hospice buildings, vehicles and gardens; catering costs; costs of central governance and administrative functions including HR and Communications; Finance and IT support functions. These have increased by £328K. £221K of this increase relates to increased utilities costs. However, overall support costs have stayed steady as a proportion of total group expenditure at 23%. Further breakdowns of costs are given in note 9 of the accounts.

## Surplus/Deficit

Overall, income exceeded expenditure excluding investment gains/losses by £282K. The overall deficit for the year of £403K was stated after recognising the effect of £685K of net investment losses.

## Funds and Reserves Policy

The total funds of the Group at 31 March 2023 are split between:

- Restricted funds £163K
- Designated Funds £15,042K
- General Funds £11,977K

**Restricted Funds**

During 2022-23, donations and funding totalling £846K was received to enable specific expenditure to be undertaken. At the end of the financial year, £17K remained unspent.

**Designated Funds**

The Trustees have established four designated funds which are explained as follows:

**Fixed Assets Fund**

The Fixed Assets Fund represents the book value of the charity's tangible fixed assets – money already spent but to be charged through the Statement of Financial Activities in future years. On 31 March 2023 this fund stood at £12,199K. Although these funds are unrestricted, they cannot be realised for other use without undermining the charity's work. To fulfil its charitable objectives, the organisation needs several properties, fixtures and fittings, other contents of the properties and motor vehicles.

**Service Development Fund**

This was established in 2017-18. The charity continues to develop its services based on the concept of Living Well to help its patients achieve as high a quality of life as they can, with an emphasis of them achieving this in their own homes. The fund has been established to finance this development

before it can become self-sustaining. It has also been used to fund a pharmacist following removal of this funding from the CCG. The Board approved the cessation of this fund in year and the balance on the fund was transferred into the Capital Projects Fund.

**Capital Projects Fund**
This fund represents funds set aside for capital works. On Board approval, the balances on the Energy Sustainability Fund and Service Development Fund were transferred into this fund. Several projects have been identified, including refurbishment to the wards. In total for this, and other smaller capital projects, £2.8M has been designated into the capital fund due to future forecast deficits.

**Energy Sustainability Fund**
Due to the 365 days a year in-house services it provides, the charity uses a significant amount of energy. This fund was established in 2017-18 to reduce reliance on third party suppliers and become more self-sustainable, with the view to capping future energy bills. The Board approved the cessation of this fund in year and the balance on the fund was transferred into the Capital Projects Fund.

**General Fund**
The Trustees consider that in order to fulfil the charity's obligations to the communities it serves, to existing and future patients and their families and to the paid staff, it is a desirable objective for there to be reserves available at any time between 75% and 125% of the following year's estimated group running costs. Sufficient funds are held in cash to cover our immediate working capital requirements and any other short to medium term committed expenditure. The remainder is invested in accordance with the Investment policy.
On 31 March 2023, the group's general reserves were £11,977K representing approximately 10 months or 86% of the following year's estimated group running costs. This is within policy range. Even though income has recovered well post Covid-lockdowns, there is new uncertainty in respect of the economic inflationary cost pressures (including wage inflation), the Russian war with Ukraine, peoples changing behaviour and government fiscal and monetary policy. Negative consequences will have an inevitable impact on reserves. The Trustees accordingly remain vigilant but confident that the Hospice will continue as a going concern for the foreseeable future.

## Investment Policy

The charity's main investment portfolio is professionally managed by external fund managers with the objective of balancing capital growth and income within risk profiles defined by the Trustees and operational requirements.

The investment portfolios consist of a mixture of equities, bonds and property assets. Individual investments within each category of the portfolio will vary according to market conditions and the portfolios are actively managed with quarterly reporting and annual presentations to the Finance Committee. The Trustees regularly monitor the ethical instruction of the charity investments and, as a result of this, tobacco companies are specifically excluded from the portfolio. No highly speculative investments, investments in derivatives markets, hedging or forward investments are included in the portfolios.

The practice of holding portfolios of investments with different and diversifying performance characteristics leaves the portfolio less exposed to movements in any particular asset class. No major change in strategy is contemplated soon.

## Risk Management – Principal Risks and Uncertainties

The Trustees have a formal risk management process to assess the major risks to which the charity is exposed. This involves identifying the types of risks, prioritising them in terms of potential impact and likelihood of occurrence, and reviewing the systems established to mitigate the risks. The major risks, as identified by the Trustees, have been reviewed in

accordance with this process and are identified as follows:

- Economic and global challenges are now impacting the hospice as running costs increase significantly with underlying deficits expected in an average or below average year. Many of these costs are out of our control and therefore our focus is on developing new income streams and reducing costs where possible. **Mitigation**: Maintaining sufficient reserves will help to support income shortfalls and cost pressures in the medium term. A phased cost reduction plan has been implemented. Phase one of the plan presents opportunities to restructure services and work differently without reducing levels of service. When fully implemented this will deliver savings of around £400K. In addition, the investment in our income generation resource will support new activities and income streams. Regular quarterly income and cost forecasting will track and monitor income and expenditure and enable informed decisions.
- The charity receives income from local NHS organisations in England, and from NHS Health Boards in Wales. Overall, this contribution amounts to approximately one-third of the charity's income. Such income has not been increased in line with inflation over the last 12 years and there was a funding cut in 2019 due to pressure on the NHS. **Mitigation:** relationship management with key influencers, a clear communications strategy to express the charity's position.
- Failure to meet staff numbers due to national shortage of nurses and need for suitably trained specialist palliative care workforce. **Mitigation:** a continuous review of skill mix, together with periodic recruitment fairs and the consideration of national advertising.
- Reputational damage arising from data protection breaches. **Mitigation**: regular staff training regarding best practice when dealing with information and working online. IT infrastructure improvements and implementing the latest security enhancements is ongoing.

# Structure, Governance and Management

The roles, responsibilities and accountability of the Chair, Trustees and the senior managers are defined in a Scheme of Corporate Governance.

The Board of Trustees is the custodian of the aims and objects of the charity as set out in the Articles of Association. It is responsible for guiding and shaping policies by which these aims and objects are achieved, and of establishing the philosophy of care, which is at the heart of the work of the Hospice. The Trustees are responsible for taking decisions on the strategic direction of the charity, approving major developments and monitoring the work of its committees, advisory groups, the managers and its subsidiary companies.

In addition to the boards of the subsidiary companies, Hospice Projects Ltd and Severn Promotions Company Ltd, there are six formally constituted committees:

- Finance
- Retail
- Clinical Governance
- Corporate Governance & Human Resources
- Fundraising
- Nominations, Trustee Development & Remuneration

and two formally constituted sub-committees:

- Property & Estates Strategy Group
- Health and Safety Committee

Each committee is chaired by a Trustee and has its major decisions ratified by the full Board. The Finance Committee also acts as an audit committee. All committees operate under specific terms of reference which delegate certain functions from the Board. There is a clear delegated authority framework in place which defines how decisions are ratified by Board, committees and management. Various management working groups such as Clinical Audit report into the appropriate formal sub-committees.

The charity subscribes to the Fundraising Regulator and will receive and act on notifications regarding the Fundraising Preference Service. The Fundraising Committee ensures compliance with Charity Commission guidelines and the Fundraising Regulators Code of Practice (CC20), including a comprehensive risk management framework about income generation. The Charity has always recognised the importance of maintaining a high level of public trust through responsible fundraising and has actively recruited suitable expert representation at all levels. It benefits from having a Trustee Board member with senior fundraising experience.

The Fundraising Committee has principal responsibilities to:

- Assure a range of fundraising activity that is appropriate, has due regard for the reputation of the Hospice, meets voluntary income needs and includes donations, legacies, in memoriam, events, collections, corporate donations and website promotion.
- Ensure that the Executive is performing efficiently, in accordance with legal and other relevant requirements.
- Agree the fundraising strategy.

In order to fulfil these responsibilities, the Fundraising Committee:

- Ensures that appropriate policies and processes are in place, and that reporting on these and any changes or developments are in place.
- Maintains a strategic approach in the development of existing and new income streams and monitors actions to achieve these.

- Receives performance information on finance, activity and efficiency.
- Considers any proposals or changes that require formal approval in line with delegated authorities.

There were 13 formal fundraising complaints during 22/23, 12 relating to the retail operation and 1 relating to lottery. 8 were upheld, 5 not upheld or no further action required. Of the 8 upheld complaints, 6 related to staff conduct and each were investigated and dealt with on an individual basis. 2 complaints related to standard procedures in place across all shops and the procedures reviewed, updated and re-issued to mitigate further complaints.

The charity has not engaged any professional fundraising or external fundraising agents in the year, although Severn Promotions Limited uses the services of a canvassing company for recruiting lottery members.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the Trustees.
- Regular consideration by the Trustees of financial results, variance from budgets, non-financial performance indicators and internal audit.

Trustees are appointed to provide specific skills required by the Board as determined by Trustee annual reviews and the Nominations, Trustee Development & Remuneration Committee. Applications are considered by the Nominations, Trustee Development & Remuneration Committee who undertake formal interviews of suitable candidates and carry out background checks. Formal induction is then arranged for successful candidates in conjunction with the Chair, Chief Executive and members of the senior management team. Trustees are required to undertake certain aspects of mandatory training and encouraged to attend other ongoing training. This includes safeguarding, data protection and diversity training.

Strategic plans and operating budgets are considered and approved by the Board of Trustees. These set the context and limits on management decision making at the operational level. The Board and its committees review compliance and performance in respect of these plans and budgets on a programmed basis.

Pay and remuneration of the senior management team is determined by the Nominations, Trustee Development & Remuneration Committee, a formal committee of the Board, after considering benchmark information based on data for medium sized midland based organisations and the NHS Agenda for Change pay scale as appropriate.

**Stakeholders and Employees**

The Trustees set out to define discrete stakeholder groups and recognise that in many cases they have complementary interests and shared priorities. Stakeholders identified include patients receiving palliative care, their families, donors, staff, volunteers, the Integrated Commissioning Board, local communities, contractors and suppliers.

There is a strategy in place for regular and effective communication with these stakeholders about the charity's purposes, values, work and achievements. Examples of this includes communication methods such as the Yearbook and information leaflets.

The Trustees communicate how the charity is governed and who they are through the Severn Hospice website and the Trustee Annual Report. The Trustees ensure that stakeholders have an opportunity to hold the Board to account through agreed processes and routes such as patient feedback questionnaires, complaints procedures and employee satisfaction surveys.

The Trustees also make sure that there is suitable consultation with stakeholders about significant changes to the charity's services or policies. Staff forums are an example of this.

The charity is committed to the principle of equal opportunities of employment and recognises its obligations under the Equality Act 2010. The charity declares its opposition to any form of less favourable treatment whether through direct or indirect, associated or perceived discrimination accorded to charity staff or job applicants on the grounds of their race/nationality or ethnic origin, disability, sex, age, sexual orientation or gender reassignment, marital and civil partnership status, pregnancy and maternity, religion or belief (otherwise known as protected characteristics as defined by the Equality Act 2010), including human rights.

The charity is committed to creating a positive culture of respect for all its staff and to promote positive practice and to value the diversity of all individuals and communities. It embraces and recognises the importance of diversity, and that different people bring different perspectives, ideas, knowledge and culture.

Continued attention is paid to the health and safety of employees while at work.

Employee views are sought at team meetings, staff forums, and through staff surveys.

## Memberships

To assist in its decision making and ensure current and best practice is always followed, the charity is an active participant in the membership of several not-for-profit organisations. These include:

- Hospice UK
- Health and Care Professions Council
- ICS End of Life Clinical Group
- Institute of Fundraising
- Charity Retail Association
- Hospice Lottery Association
- Gambling Commission
- Charity Finance Group

## Energy audit

The charity is required to submit Energy Saving Opportunities Reports under the Environment Agency ESOS scheme which takes place every three years. The charity engages an independent firm of consultants to undertake the work and to demonstrate compliance. In September 2021 Phase 2 compliance was submitted and recently Phase 3 compliance was undertaken.

Our Phase 2 submission covered the period 2019 and our Phase 3 submission covers 2022.

The table below summarises these periods for annual consumption of gas, electricity and transport and the resulting total carbon dioxide emissions for the charity.

| Energy | To Dec 2022 ESOS Phase 3 | To Dec 2019 ESOS Phase 2 | Change | Note |
|---|---|---|---|---|
| **Gas MWh** | 1616 | 1850 | -13% | |
| **Electricity MWh** | 906 | 760 | +16% | Bicton community building opened Feb 21 (100% electric building) |
| **Transport MWh** | 862 | 1044 | -17% | Reduction after Covid |
| **Tonnes $CO_2$** | 580 | 854 | -32% | |

Under the Streamlined Energy and Carbon Reporting (SECR) 2018 Regulations the charity is required to report their environmental

impact. The guidelines of SECR allow us to choose boundaries, metrics, and targets when reporting and we have therefore chosen to use ESOS data to assess last year's emissions against the current financial year using UK Government GHG Conversion Factors for Company Reporting 2021/2022.

| | 22/23 | 21/22 |
|---|---|---|
| Emissions from Combustion of Gas in tCO2e (Scope 1) | 327 | 344 |
| Emissions from Purchased Electricity in tCO2e (Scope 2) | 175 | 172 |
| Emissions from Combustion of Transport Fuel in tCO2e (Scope 3) | 93 | 104 |
| Total gross Scope 1, 2 & 3 emissions / tCO2e | 595 | 620 |
| Energy consumption used to calculate above emissions kWh | 3,384,000 | 3,425,000 |
| Charity Spend £ | 9,568,000 | 8,938,0000 |
| Intensity ratio: £k per tCO2e (Scope 1,2&3) | 16 | 14 |

**Energy Efficiency Action**

In the period covered by the report the Hospice has improved lighting, heating and hot water building services which is expected to result in energy consumption savings of around 15% over the next 3 years.

**Statement of Trustees' Responsibilities**

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the net movement in funds, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

**Directors' Interests**

As the company is limited by guarantee, the Directors do not hold any shares.

A register of all Directors' interests is kept at the Hospice's headquarters and declarations of general or related interests are made before commencing each formal meeting of the Directors.

# Reference & Administrative Details

**Name & Address**
The full name of the charity is Severn Hospice Limited. It is a company limited by guarantee, No. 1608025. It is registered with the Charity Commission of England & Wales, No. 512394. The address of the registered office is Bicton Heath, Shrewsbury, SY3 8HS.

**Governing Document**
This is the Articles of Association adopted by Special Resolution on 26 September 2013 and altered by Special Resolutions on 29 September 2016, 10 December 2020, 30 September 2021 and 29 September 2022.

**Group Accounts**
The group accounts within these financial statements include the results of Severn Hospice Limited, the Charity, and the results of its wholly owned subsidiary companies, Severn Promotions Company Limited which operates a fund-raising lottery and Hospice Projects Limited which trades in new goods and undertakes other commercial activities. Both companies donate their profits to the Charity.

**President**
Sir Algernon Heber-Percy

**Board of Trustees**
The current Trustees, and those who held office during the financial year to 31 March 2023, are listed below, together with their committee membership (see key).

| | |
|---|---|
| Mrs J Beard (Vice-Chair) | (3,4,6) |
| Mr S Bleakley | (1,8) |
| Mrs S Broomhead (resigned 29.9.22) | (5) |
| Mr A Clarkson | (3,6) |
| Mr P Coackley | (1,4,5) |
| Mr P Donohue | (1,6) |
| Dr A Fraser | (2,4,5) |
| Mr P Gold | (1) |
| Mrs A Johnson (resigned 19.5.23) | (5) |
| Dr D Northern (appointed 25.5.23) | |
| Dr D Ryan | (2,4) |
| Prof. D Towse | (2,7) |
| Mrs B-A Tweedie (resigned 29.9.22) | (2,4) |
| Dr W-J Walton (resigned 29.9.22) | (2,4) |
| Mr J Wardle | (1,3) |
| Mrs J Whitford (Chair) | (1,4,5) |
| Mr F Yates (resigned 29.9.22) | (3,5,8) |

Key to Committee Membership: (1) Finance; (2) Clinical Governance; (3) Retail; (4) Nominations, Trustee Development & Remuneration; (5) Corporate Governance & Human Resources; (6) Fundraising; (7) Property & Estates Strategy Group (Advisory); (8) Health & Safety Committee

**Senior Management Team (Key Management Personnel)**

Chief Executive
Mrs H Tudor

Director of Care
Mrs R Richardson

Director of Finance & Information
Miss K Davies

Director of Income Generation
Miss T Harrison

Medical Director
Professor D Willis

**Vice Presidents**

| | |
|---|---|
| Miss S Astbury | Mrs J Jenkinson |
| Mr M Davis | Mrs H McPhail |
| Dr D Griffiths | Mr J Tancock |

**Bankers**
Santander, Bridle Road, Bootle, Merseyside, L30 4GB

National Westminster Bank PLC, 8 Mardol Head, Shrewsbury.

**Solicitors**
Lanyon Bowdler LLP, Chapter House North, Abbey Lawn, Abbey Foregate, Shrewsbury, SY2 5DE.

Bates Wells LLP
10 Queen Street Place
London, EC4R 1BE

**Investment Managers**
Evelyn Partners Investment Management LLP, 103 Colmore Row, Birmingham, B3 3AG.

Brewin Dolphin Limited, Mutual House, Sitka Drive, Shrewsbury Business Park, Shrewsbury SY2 6LG.

**Auditors**
Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG.

**Membership of the Company**
A Member may be an individual or a body corporate. Applications for Membership are determined by the Board of Directors.

**Appointment of Trustees**
The Board of Trustees shall consist of not less than three or more than 20 Members of the company. It may appoint any Member of the company as a Trustee either to fill a casual vacancy or by way of addition to the Board of Trustees, provided that the prescribed maximum be not thereby exceeded. Any member so appointed shall retain office only until the next Annual General Meeting but he or she shall then be eligible for re-election in accordance with the Governing Document. It is the future intention, and in line with best practice, that all trustees will serve a maximum of nine years in office.

The Board hold five formal Board meetings each year plus an Annual General Meeting to which Hospice members are also invited.

Severn Hospice seeks to ensure that an appropriate range of professional skills are maintained at Board level to fulfil both the governance and business requirements of the Hospice. New Trustees are appointed following regular analysis of skill requirements and sympathy to the charity's principles undertaken by the Nominations, Trustee Development & Remuneration Committee, a formal committee of the Board. Prospective Trustees may apply to the Hospice or may be identified by the Board, and they are interviewed by the Nominations, Trustee Development & Remuneration Committee which then makes its recommendations to the Board. New Trustees are prepared for their role through supply of key documents and through a formal process of induction during which they meet key staff and sit as observers at meetings at the Hospice. Ongoing training is provided on an ad hoc basis through external and in-house training programmes.

**Reappointment of Auditor**
A proposal to re-appoint Haysmacintyre LLP as auditor for the forthcoming year will be put forward at the Annual General Meeting.

In approving this Trustees Annual Report, the Trustees are also approving the Strategic Report included here in their capacity as Company Directors.

This report was approved by the Board of Trustees on 27 July 2023 and signed on its behalf by



**Jeanette Whitford**
**Chair**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SEVERN HOSPICE LIMITED

**Opinion**

We have audited the financial statements of Severn Hospice Limited for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31st March 2023 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's 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. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' 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' Annual Report have been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 for the financial statements**

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

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

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

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:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with regulatory requirements of the Care Quality Commission, Charity Commission, employment law and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such the Companies Act 2006, the Charities Act 2011, payroll taxes and VAT.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to recognition of income and management bias in certain accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting trustees' meeting minutes
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.
This description forms part of our auditor's report.

**Use of 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.



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

15 August 2023

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
## For the Year Ended 31 March 2023

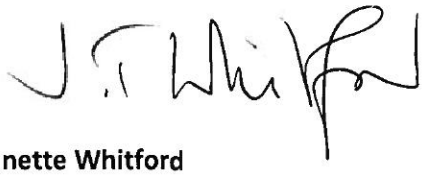
| | Note | Unrestricted Funds 2023 £000 | Restricted Funds 2023 £000 | Total Funds 2023 £000 | Total Funds 2022 £000 |
|---|---|---|---|---|---|
| **Income From:** | | | | | |
| **Donations and legacies:** | | | | | |
| Donations | | 1,366 | 128 | 1,494 | 1,361 |
| Legacies | | 1,974 | 196 | 2,170 | 2,393 |
| Grants from Charitable Trusts | | 33 | 91 | 124 | 324 |
| | | **3,373** | **415** | **3,788** | **4,078** |
| **Charitable Activities** | 4a | **3,460** | **425** | **3,885** | **3,895** |
| **Covid Related Grants** | 4b | - | - | - | **101** |
| **Other trading activities:** | | | | | |
| Lottery | 5a | 1,190 | - | 1,190 | 1,176 |
| Projects | 5b | 420 | - | 420 | 370 |
| Shops | 5c | 4,111 | - | 4,111 | 3,515 |
| Fundraising events | 5d | 302 | - | 302 | 199 |
| | | **6,023** | - | **6,023** | **5,260** |
| **Investments** | 6 | **305** | - | **305** | **188** |
| **Other** | 7 | **89** | 6 | **95** | **87** |
| **Total Income** | | **13,250** | **846** | **14,096** | **13,609** |
| **Expenditure on:** | | | | | |
| **Raising Donations, Legacies and Grants** | 9 | **812** | - | **812** | 705 |
| **Other trading activities:** | | | | | |
| Lottery | 5a,9 | 464 | - | 464 | 428 |
| Projects | 5b,9 | 340 | - | 340 | 304 |
| Shops | 5c,9 | 2,531 | - | 2,531 | 2,408 |
| Fundraising events | 5d,9 | 52 | - | 52 | 18 |
| **Investment management costs** | | 47 | - | 47 | 50 |
| **Costs of raising funds** | | **4,246** | - | **4,246** | **3,913** |
| In patient care | 9 | 4,382 | 481 | 4,863 | 4,600 |
| Day care | 9 | 1,359 | 62 | 1,421 | 1,189 |
| Hospice Outreach | 9 | 973 | 136 | 1,109 | 1,042 |
| Hospice at home | 9 | 1,227 | 90 | 1,317 | 1,285 |
| Education and research | 9 | 281 | 60 | 341 | 274 |
| Hospital services | 9 | 44 | 0 | 44 | 109 |
| Lymphoedema | 9 | 134 | 0 | 134 | 128 |
| Social Work & Chaplaincy | 9 | 339 | 0 | 339 | 311 |
| **Expenditure on charitable activities** | | **8,739** | **829** | **9,568** | **8,938** |
| **Total expenditure** | | **12,985** | **829** | **13,814** | **12,851** |
| **Net income for the year and net movements in funds before (losses)/ gains on investments** | | 265 | 17 | 282 | 758 |
| Net (losses)/ gains on investments | 11 | (685) | - | (685) | 185 |
| **Net (deficit)/ surplus for the year** | | **(420)** | **17** | **(403)** | **943** |
| Transfers between funds | 15, 16 | 135 | (135) | - | - |
| **Net movement in funds** | | (285) | (118) | (403) | **943** |
| ***Reconciliation of funds:*** | | | | | |
| **Total funds brought forward** | | 27,304 | 281 | 27,585 | 26,642 |
| **Total funds carried forward** | | **27,019** | **163** | **27,182** | **27,585** |

## CONSOLIDATED AND CHARITY BALANCE SHEET
## As at 31 March 2023

| | Note | Group 2023 £000 | Group 2022 £000 | Charity 2023 £000 | Charity 2022 £000 |
|---|---|---|---|---|---|
| **Fixed Assets** | | | | | |
| Tangible assets | 10 | 12,199 | 12,151 | 12,199 | 12,151 |
| Investments | 11 | 7,976 | 8,495 | 8,026 | 8,545 |
| | | **20,175** | **20,646** | **20,225** | **20,696** |
| **Current Assets** | | | | | |
| Stock | 12 | 11 | 11 | - | - |
| Debtors | 13 | 2,048 | 1,384 | 2,227 | 1,534 |
| Cash at bank & in hand | | 6,077 | 6,598 | 5,626 | 6,164 |
| | | **8,136** | **7,993** | **7,853** | **7,698** |
| Creditors: amounts falling due within one year | 14 | (1,129) | (1,054) | (913) | (826) |
| **Net current assets** | | **7,007** | **6,939** | **6,940** | **6,872** |
| **Total assets less current liabilities/ Net assets** | | **27,182** | **27,585** | **27,165** | **27,568** |
| **The funds of the charity:** | | | | | |
| Restricted funds | 15 | 163 | 281 | 163 | 281 |
| Unrestricted funds: | | | | | |
| Designated funds | 16 | 15,042 | 15,213 | 15,042 | 15,213 |
| General funds | 17 | 11,977 | 12,091 | 11,960 | 12,074 |
| **Total funds** | | **27,182** | **27,585** | **27,165** | **27,568** |

The net result of the charity's own accounts for 2022/23 was a deficit of £403K (2021/22: surplus of £943K).

These accounts were approved and authorised for issue by the Board of Trustees on 27 July 2023.



**Jeanette Whitford**
**Chair**
**Severn Hospice Limited**
**Registered No. 1608025**

## CONSOLIDATED STATEMENT OF CASH FLOWS
## For the year ended 31 March 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | £000 | £000 |
| **Cash flows from operating activities:** | | | |
| Net cash provided by operating activities | 23 | (39) | 1,058 |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from Investments | | 305 | 188 |
| Purchase of property, plant and equipment | | (621) | (320) |
| Proceeds from sale of investments | | 1,122 | 1,504 |
| Purchase of investments | | (1,434) | (1,506) |
| Decrease/(increase) in investment cash | | 146 | (139) |
| **Net cash used in investing activities** | | **(482)** | **(273)** |
| **Change in cash and cash equivalents in the reporting period** | | **(521)** | **785** |
| **Cash and cash equivalents at the beginning of the reporting period** | | 6,598 | 5,813 |
| **Cash and cash equivalents at the end of the reporting period** | | **6,077** | **6,598** |

**Notes to the Accounts**
**Year ended 31 March 2023**

## 1. Accounting Policies

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

(a) Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

(b) Going Concern

The Trustees consider that there are no material uncertainties about the Hospice's ability to continue as a going concern. The most significant area of uncertainty is the level of income which needs to be raised every year and is covered in more detail in the performance and risk sections of the Trustees' report. Covid-19 impacts have subsided but new factors have since emerged that can directly and indirectly impact the Hospice such as changes to fiscal and monetary policy, the Ukraine war and high inflation. However, the review of the Hospice's financial position, reserves levels and future plans gives Trustees confidence that it remains a going concern for the foreseeable future.

(c) Basis of Consolidation

The statement of financial activities ("the SOFA") and balance sheet consolidate the financial statements of the charitable company and its subsidiary companies, Hospice Projects Limited and Severn Promotions Limited, for the financial year ended 31 March 2023. The results of the subsidiary companies are consolidated on a line-by-line basis. No separate Statement of Financial Activities is presented for the charity alone as permitted by the Companies Act 2006 and the Statement of Recommended Practice for Charities.

(d) Estimation Uncertainty and Judgements

In the application of the accounting policies, Trustees are required to make judgement, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

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

(e) Income

The Hospice recognises income when all the following criteria are met: it has entitlement to the funds and any conditions attached to the items of income have been met; it is probable that the income will be received; and an economic benefit can be reasonably measured. This is applied as follows to these streams of income:

*Donations* are included in income when they are received.

Both pecuniary and residuary *Legacies* are recognised at the earlier of the date the Hospice is informed that probate has been granted or the date we are advised, in writing, by the representative of the estate that payment will be made, or assets transferred, and when, in the opinion of management, the amount can be quantified with reasonable accuracy e.g., using draft estate accounts, and will probably be received. The hospice operates a cut-off window being a practical mechanism to allow for preparation of the accounts. Should a notification be received before the year end but is not quantifiable within six weeks of the year

end then, when measurable and receipt is probable, it will be recognised in subsequent accounting periods. The exception to the six-week window is if the amount is material, then in this case, if the recognition criteria are met before the accounts are signed then it will be recognised within the current accounting period. Where a notification is received within the six-week window and is dated before the year end and is measurable and receipt probable, then this will also be recognised within the current accounting period.

*Grants received from health authorities and other bodies* are recognised when the Hospice has entitlement to the funds, any conditions around the grant have been met, and in the year to which it relates.

*Lottery income* is recognised in respect of those draws which have taken place in the year.

*Other Trading income* is recognised on the point of sale for both donated and new goods and at point of collection for fundraising events.

(f) Expenditure

Expenditure is accounted for on an accruals basis once there is an 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. Where possible costs are allocated directly to main expenditure categories of the SOFA, but where this is not possible these are allocated on the bases set out in the note to the accounts. Expenditure is classified under the following headings:

*Costs of Raising Funds* comprise direct fundraising costs incurred in seeking donations, legacies and grants from trusts, together with direct costs associated with trading income together with an allocation of indirect support costs.
*Expenditure on charitable activities* includes the direct costs of providing specialist palliative care and support community services, research and other educational activities undertaken to further the purposes of the charity, together with an allocation of indirect support costs.

Support costs are those costs which are necessary to the delivery of Hospice services but are not part of the direct costs of the expenditure categories in the SOFA. These relate to governance, premises, catering, central administration, finance, IT and HR and Vehicles.

(g) Operating Leases
Rental costs under operating leases are charged to the SOFA over the period of the lease.
A review of new leases entered this year was undertaken and an adjustment has been made for lease incentives to be accounted for over the full term of the lease.

(h) Fund Accounting
The Hospice maintains various types of funds as follows:

*Restricted Funds:* these are funds subject to specific conditions laid down by the donor or fundraiser. The restriction is released once conditions relating to these have been met, and funds then become unrestricted.

*Unrestricted Funds:* these fall into two categories: designated funds and general funds.

Designated funds represent amounts which have been put aside for particular projects. The designation does not legally restrict the Trustees' discretion to apply these funds. The Hospice has the following designated funds:

Capital Projects Fund: funds set aside for future capital works.

Fixed Asset Fund: represents expenditure on fixed assets that has not been charged to the Statement of financial Activities as depreciation. A large part of this represents the three buildings which the Hospice cannot operate without and which cannot therefore be realised in the normal way of business.

General funds: funds that are expendable at the discretion of the Trustees in the furtherance of the objects of the Charity. Such funds may be held in order to finance both working capital and capital investment. These also include amounts to be retained by the Hospice's Funds Policy.

(i) Tangible Fixed Assets

Freehold properties are stated in the Balance Sheet at the cost or value at the date of receipt, less depreciation.

Tangible fixed assets are stated at cost less depreciation. Any expenditure on individual assets with a value below £3,000 is written off directly to revenue. Depreciation is provided in equal instalments over the estimated lives of the assets.

The useful lives assigned to assets are:

| | |
|---|---|
| Freehold property | 50 years |
| Leasehold premises | 5 to 10 years |
| Furnishings & equipment | 4 to 7 years |
| Motor vehicles | 3 to 4 years |

(j) Investments

Investments include listed investments, investments in group undertakings, and an investment property.

*Listed investments* are a form of basic financial instrument and are initially shown in the financial statements at market value. They are subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Net gains and losses on the Statement of Financial Activities represent realised and unrealised gains on investments. Realised gains or losses are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains or losses are calculated as the difference between the fair value at the year-end and their carrying value.

*Investments in group undertakings* are the shares of the subsidiary companies which are carried at cost.

*Investment property* is a property received as part of a legacy in 2009. It is held at fair value. It is not depreciated.

(k) Stocks

Stocks, which comprise goods for resale, are stated at the lower of cost and net realisable value.

(l) Goods Donated for Resale

Donated items of goods for resale are not included in the financial statements because the Trustees consider it impractical to be able to assess the amount of donated stocks. This is because there are no systems in place to record these goods until they are sold. A stocktake would incur costs to the Charity which would far outweigh the benefits.

(m) Debtors

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

(n) Cash at Bank and in Hand

Cash at bank and in hand includes cash and short term highly liquid investments held within current and deposit accounts.

(o) Creditors and Provisions

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

(p) Volunteers

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

(q) Support Groups

There were 10 official active Support Groups operating bank accounts in the name of the Hospice at 31 March 2023. The majority of these prepare accounts to 31 March. Fundraising income includes gross income raised by these groups, and the expenses they incur are included within fundraising costs.

(r) Pension Costs

The majority of staff are members of either the National Health Service Pension Scheme ("the NHS scheme") or defined contribution schemes operated by the Charity. Contributions are made by both employees and employer. Although the NHS scheme is a defined benefit

scheme, the nature of the scheme is such that the Charity cannot identify its share of the scheme's underlying assets and liabilities. In accordance with FRS102, payments to the NHS scheme have been treated in the same way as contributions to the defined contribution schemes and the payments made by the Charity are charged against the profits of the year in which they become payable.

(s) Financial Instruments

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

2 **Company Status and Members' Liability**

The Charity is a private company limited by guarantee and does not have share capital. The extent of the liability of the members to the Charity on a winding up is limited to a maximum of £1 each.

3 **Taxation**

The company is said to pass the tests carried out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income and capital gains received within categories covered by Chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes. No tax charges have arisen in the year.

No tax charge has arisen in the trading subsidiaries, Severn Promotions Limited and Hospice Projects Ltd due to their policy of gifting all their taxable profits to Severn Hospice Limited.

## 4a Charitable Activities

| | 2023 £000 | 2022 £000 |
|---|---|---|
| NHS income | 3,826 | 3,712 |
| Education income | 59 | 183 |
| | 3,885 | 3,895 |

## 4b Covid Related Grants

| | 2023 £000 | 2022 £000 |
|---|---|---|
| HMRC Furlough grants | - | 16 |
| Council grants | - | 85 |
| | - | 101 |

## 5a Lottery

Severn Promotions Company Limited, a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2973920, operates raffles and a weekly lottery. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2023.

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Lottery income | 1,190 | 1,176 |
| Donations | 35 | 37 |
| Investment income | 5 | 1 |
| Covid Related grants | - | 1 |
| Total income | 1,230 | 1,215 |
| Prizes awarded | (149) | (146) |
| Staff costs | (105) | (118) |
| Other costs | (210) | (164) |
| Total expenditure | (464) | (428) |
| Net lottery income | 766 | 787 |
| Gift Aid payments to Severn Hospice Limited | (766) | (787) |
| Retained in subsidiary | - | - |
| | | |
| Total assets | 285 | 295 |
| Total liabilities | (279) | (289) |
| Funds (representing share capital and reserves) | 6 | 6 |

## 5b Hospice Projects Limited

This is a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2229635. All new goods are sold through this company via the Hospice shops or website. A house clearance service also operates through the company. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2023.

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Projects income | 420 | 370 |
| Donations | 2 | 1 |
| Interest | 2 | 1 |
| Total income | 424 | 372 |
| Cost of goods sold | (286) | (253) |
| Operating costs | (54) | (51) |
| Total expenditure | (340) | (304) |
| **Net trading profit** | 84 | 68 |
| Gift Aid payments to Severn Hospice Limited- provisional amount due for year | (84) | (68) |
| Retained in subsidiary | - | - |
| Total assets | 187 | 159 |
| Total liabilities | (126) | (98) |
| Funds (representing share capital and reserves) | 61 | 61 |

## 5c Hospice Shops

This is the trading arm of Severn Hospice Limited – it is not a separate trading subsidiary company.

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Covid related grants | - | 99 |
| Kickstart grants | - | 36 |
| Non gift –aided donated goods income | 2,126 | 2,011 |
| Gift-aided donated goods income | 1,442 | 1,052 |
| Gift Aid on donated goods income | 342 | 221 |
| Rag income | 122 | 132 |
| Donations | 36 | 38 |
| Other income | 43 | 25 |
| Total income | 4,111 | 3,614 |
| Staff Costs | (1,456) | (1,381) |
| Premises maintenance and rent | (509) | (511) |
| Other costs | (566) | (516) |
| Total expenditure | (2,531) | (2,408) |
| Net shops income | 1,580 | 1,206 |

## 5d Fundraising Events

Income and direct expenditure from the top fundraising events in 2022/23, together with comparatives for 2021/22, is as follows:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Income £000 | Expenditure £000 | Net Income £ | Income £ | Expenditure £ | Net Income £ |
| Wrekin Rowers | - | - | - | 61 | - | 61 |
| Dragons | 67 | (26) | 41 | - | - | - |
| Lights of Love Annual | 57 | (10) | 47 | 48 | (7) | 41 |
| London Marathon | 72 | (4) | 68 | 38 | (1) | 37 |
| | 196 | (40) | 156 | 147 | (8) | 139 |

The income and expenditure for certain events can straddle the financial year end causing fluctuations from year to year in the net income position.

## 6 Investment Income

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Dividends receivable on shares held | 207 | 177 |
| Interest receivable on cash balances | 98 | 11 |
| | 305 | 188 |

## 7 Other Income

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Miscellaneous items of income received for catering, insurance receipts, property rental, wayleaves etc. | 95 | 87 |

## 8 Staff Costs & Pensions (Group)

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Salaries | 8,045 | 7,774 |
| Social security costs | 691 | 633 |
| Pension costs | 495 | 489 |
| Redundancy and Settlement Agreement costs | 7 | 5 |
| | 9,238 | 8,901 |

(Note 1(r) and Note 20 give further information on the pension schemes.)
Pension costs typically increase as a result of a combination of salary increases, and statutory employer contribution rate rises for both the NHS and auto enrolment schemes.

The Charity Trustees received no remuneration or any other benefits from employment or reimbursed expenses with the Hospice or its subsidiaries in the year (Prior year: £nil). A note on related party transactions is given at note 21.

The average monthly headcount and full-time equivalent during the year is:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Headcount | FTE | Headcount | FTE |
| **Admin** | 33 | 21 | 32 | 20 |
| **Income Generation** | 30 | 16 | 25 | 15 |
| **Care** | 299 | 168 | 301 | 173 |
| **Shops** | 94 | 56 | 84 | 52 |
| | **456** | **261** | **442** | **260** |

The number of employees whose emoluments for the year were greater than £60,000 were as follows:

| | 2023 | 2022 |
|---|---|---|
| £60,000 to £70,000 | 2 | 1 |
| £70,000 to £80,000 | 3 | 3 |
| £80,000 to £90,000 | - | - |
| £90,000 to £100,000 | 1 | 1 |
| | 6 | 5 |
| Pension contributions relating to those staff earning over £60,000 | £45,245 | £42,417 |

For the key employed and seconded management personnel, also comprising the Senior Management Team as set out on page 16, the total employee benefits were £555K (prior year £544K).

## 9 Total Expenditure (Group) 2023

| | Direct Costs £000 | Support Costs £000 | Total 2023 £000 | Total 2022 £000 |
|---|---|---|---|---|
| Charitable Activities: | | | | |
| In Patient Care | 3,344 | 1,519 | 4,863 | 4,600 |
| Day Care | 810 | 611 | 1,421 | 1,189 |
| Hospice Outreach | 967 | 142 | 1,109 | 1,042 |
| Hospice at Home | 1,091 | 226 | 1,317 | 1,285 |
| Education & Research | 164 | 177 | 341 | 274 |
| Hospital Services | 44 | - | 44 | 109 |
| Lymphoedema | 102 | 32 | 134 | 128 |
| Social Work & Chaplaincy | 283 | 56 | 339 | 311 |
| Costs of Raising Funds: | | | | |
| Donations, Legacies and Grants | 401 | 411 | 812 | 705 |
| Other trading activities | | | | |
| Hospice Shops | 2,450 | 81 | 2,531 | 2,408 |
| Lottery | 439 | 25 | 464 | 428 |
| Projects | 328 | 12 | 340 | 304 |
| Fundraising Events | 52 | - | 52 | 18 |
| Investment Management | 47 | - | 47 | 50 |
| **Total Expenditure** | 10,522 | 3,292 | 13,814 | 12,851 |

| **Support costs include:** | **Basis of Allocation** | **£000** | **£000** |
|---|---|---|---|
| Premises & Catering | Floor area, estimated time, and cost | 1,806 | 1,579 |
| Central Services | Estimated time | 770 | 685 |
| Finance | Estimated time | 255 | 240 |
| IT Support | Workstations and estimated time | 348 | 339 |
| Vehicles | Estimated time & specific costings | 17 | 11 |
| Governance | Estimated time & costings | 97 | 110 |
| | | 3,292 | 2,964 |

| **Included within group expenditure are:** | | |
|---|---|---|
| Amounts paid or payable to Auditors: | | |
| External annual audit of accounts | 22 | 19 |
| Other fees payable to the Auditors | 1 | 6 |
| Depreciation | 573 | 572 |
| Lease payments | 424 | 427 |

## 9 Total Expenditure (Group) 2022

| | Direct Costs £000 | Support Costs £000 | Total 2022 £000 | Total 2021 £000 |
|---|---|---|---|---|
| Charitable Activities: | | | | |
| In Patient Care | 3,239 | 1,361 | 4,600 | 4,578 |
| Day Care | 640 | 549 | 1,189 | 1,154 |
| Hospice Outreach | 913 | 129 | 1,042 | 958 |
| Hospice at Home | 1,077 | 208 | 1,285 | 1,255 |
| Education & Research | 120 | 154 | 274 | 124 |
| Hospital Services | 109 | - | 109 | 127 |
| Lymphoedema | 98 | 30 | 128 | 113 |
| Social Work & Chaplaincy | 260 | 51 | 311 | 298 |
| Costs of Raising Funds: | | | | |
| Donations, Legacies and Grants | 340 | 365 | 705 | 687 |
| Other trading activities | | | | |
| Hospice Shops | 2,328 | 80 | 2,408 | 2,017 |
| Lottery | 403 | 25 | 428 | 351 |
| Projects | 292 | 12 | 304 | 104 |
| Fundraising Events | 18 | - | 18 | 12 |
| Investment Management | 50 | - | 50 | 43 |
| **Total Expenditure** | 9,887 | 2,964 | 12,851 | 11,821 |

| **Support costs include:** | **Basis of Allocation** | **£000** | **£000** |
|---|---|---|---|
| Premises & Catering | Floor area, estimated time, and cost | 1,579 | 1,289 |
| Central Services | Estimated time | 685 | 647 |
| Finance | Estimated time | 240 | 231 |
| IT Support | Workstations and estimated time | 339 | 270 |
| Vehicles | Estimated time & specific costings | 11 | 10 |
| Governance | Estimated time | 110 | 108 |
| | | 2,964 | 2,555 |

| **Included within group expenditure are:** | | |
|---|---|---|
| Amounts paid or payable to Auditors: | | |
| External annual audit of accounts | 19 | 18 |
| Other fees payable to the Auditors | 6 | 4 |
| Depreciation | 572 | 506 |
| Lease payments | 427 | 331 |

## 10 Fixed Assets

| Charity | Freehold Property £000 | Furnishings & Equipment £000 | Vehicles £000 | Total £000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2022 | 14,928 | 3,295 | 132 | 18,355 |
| Additions | 370 | 228 | 23 | 621 |
| Disposals | - | - | (14) | (14) |
| **At 31 March 2023** | 15,298 | 3,523 | 141 | 18,962 |
| **Depreciation** | | | | |
| At 1 April 2022 | 3,435 | 2,655 | 114 | 6,204 |
| Charge for year | 296 | 268 | 9 | 573 |
| Disposals | - | - | (14) | (14) |
| **At 31 March 2023** | 3,731 | 2,923 | 109 | 6,763 |
| **Net Book Value** | | | | |
| **At 1 April 2022** | 11,493 | 640 | 18 | 12,151 |
| **At 31 March 2023** | 11,567 | 600 | 32 | 12,199 |
| **Group** | | | | |
| **Cost** | | | | |
| At 1 April 2022 | 14,928 | 3,316 | 132 | 18,376 |
| Additions | 370 | 228 | 23 | 621 |
| Disposals | - | - | (14) | (14) |
| **At 31 March 2023** | 15,298 | 3,544 | 141 | 18,983 |
| **Depreciation** | | | | |
| At 1 April 2022 | 3,435 | 2,676 | 114 | 6,225 |
| Charge for year | 296 | 268 | 9 | 573 |
| Disposals | - | - | (14) | (14) |
| **At 31 March 2023** | 3,731 | 2,944 | 109 | 6,784 |
| **Net Book Value** | | | | |
| **At 1 April 2022** | 11,493 | 640 | 18 | 12,151 |
| **At 31 March 2023** | 11,567 | 600 | 32 | 12,199 |

## 11 Investments

| | The Group | | The Charity | |
|---|---|---|---|---|
| | 2023 £000 | 2022 £000 | 2023 £000 | 2022 £000 |
| Listed UK Stock Exchange Investments | 7,736 | 8,310 | 7,736 | 8,310 |
| Shares in subsidiary companies | | - | 50 | 50 |
| Investment Properties | 240 | 185 | 240 | 185 |
| | 7,976 | 8,495 | 8,026 | 8,545 |

The investment property was revalued on 31st March 2023 at open market value by Zaza Johnson and Bath Estate Agents.

| (a) Listed UK Stock Exchange Investments | Group and Charity 2023 £000 | 2022 £000 |
|---|---|---|
| Market Value 1 April 2022 | 7,959 | 7,772 |
| Disposals | (1,122) | (1,504) |
| Acquisitions | 1,434 | 1,506 |
| Realised gains | 78 | 432 |
| Unrealised (losses) | (818) | (247) |
| Market value at 31 March 2023 | 7,531 | 7,959 |
| Cash held for investment | 205 | 351 |
| | **7,736** | **8,310** |

| (b) Analysis of Listed/Discretionary Fund Investments | 2023 £000 | 2022 £000 |
|---|---|---|
| Discretionary Fund managed by Evelyn Partners | 3,852 | 4,079 |
| Discretionary Fund managed by Brewin Dolphin | 3,884 | 4,231 |
| | 7,736 | 8,310 |

| (c) Shares in subsidiary companies at cost | Charity 2023 £000 | 2022 £000 |
|---|---|---|
| Hospice Projects Limited | 50 | 50 |
| Severn Promotions Company Limited | - | - |
| | 50 | 50 |

## 12 Stocks

| | Group | | Charity | |
|---|---|---|---|---|
| | 2023 £000 | 2022 £000 | 2023 £000 | 2022 £000 |
| Goods purchased for resale through Hospice Projects Limited | 11 | 11 | - | - |
| | 11 | 11 | - | - |

## 13 Debtors

| | Group | | Charity | |
|---|---|---|---|---|
| | 2023 £000 | 2022 £000 | 2023 £000 | 2022 £000 |
| Trade debtors | 51 | 49 | 51 | 49 |
| Sundry debtors | 12 | 20 | 12 | 20 |
| Amounts due from subsidiary undertakings | - | - | 179 | 151 |
| Legacies | 1,466 | 964 | 1,466 | 964 |
| Prepayments | 302 | 181 | 302 | 180 |
| Gift aid recoverable | 19 | 54 | 19 | 54 |
| VAT recoverable | 198 | 116 | 198 | 116 |
| | 2,048 | 1,384 | 2,227 | 1,534 |

## 14 Creditors: Amounts Falling Due Within One Year

| | Group | | Charity | |
|---|---|---|---|---|
| | 2023 £000 | 2022 £000 | 2023 £000 | 2022 £000 |
| Trade creditors | 339 | 228 | 317 | 220 |
| Taxation & social security costs | 150 | 145 | 150 | 145 |
| Accruals | 317 | 355 | 309 | 337 |
| Amounts due to subsidiary undertakings | - | - | 9 | 9 |
| Deferred income | 14 | 13 | 14 | 13 |
| Other creditors | 309 | 313 | 114 | 102 |
| | 1,129 | 1,054 | 913 | 826 |

### Creditors: Deferred Income

| | Balance b/fwd 1.4.22 £000 | Released £000 | New Deferred £000 | Amounts Falling Due Within One Year Balance c/fwd 31.3.23 £000 | Greater Than One Year Balance c/fwd 31.3.23 £000 |
|---|---|---|---|---|---|
| **Amounts Falling Due Within One Year** | | | | | |
| Events income | - | - | 1 | 1 | - |
| Men's Health project | 1 | - | - | 1 | - |
| Compassionate Communities fund | 9 | - | - | 9 | - |
| Hospital Development Fund | 3 | - | - | 3 | - |
| | 13 | - | 1 | 14 | - |

## 15 Restricted Funds

The Group and Charity Funds for **2022-23** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

| | Balance at 1.4.22 £000 | Income £000 | Expenditure £000 | Transfer to General Funds £000 | Balance at 31.3.23 £000 |
|---|---|---|---|---|---|
| Donations received for In Patient Care and Bereavement | 119 | 226 | (203) | (135) | 7 |
| Donations received for the Day Units | - | 50 | (50) | - | - |
| Donations received for Care at Home Services | - | 137 | (137) | - | - |
| CCG funding for specifically negotiated services | 162 | 425 | (431) | - | 156 |
| Hospice Garden | - | 8 | (8) | - | - |
| | 281 | 846 | (829) | (135) | 163 |

The transfer to general funds of £135K represents the release of funds for the purchase of assets because the restriction placed on the funding has been met in the year.

The Group and Charity Funds for **2021-22** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

| | Balance at 1.4.21 £000 | Income £000 | Expenditure £000 | Transfer to General Funds £000 | Balance at 31.3.22 £000 |
|---|---|---|---|---|---|
| Donations received for In Patient Care and Bereavement | 7 | 219 | (95) | (12) | 119 |
| Donations received for the Day Units | - | 44 | (44) | - | - |
| Donations received for Care at Home Services | 5 | 56 | (61) | - | - |
| CCG funding for specifically negotiated services | 218 | 1,231 | (1,287) | - | 162 |
| Hospice Garden | - | 1 | (1) | - | - |
| | 230 | 1,551 | (1,488) | (12) | 281 |

## 16 Unrestricted Funds

The Group and Charity Funds for **2022/23** include the following designated and general funds:

| | Balance at 1.4.22 £ | New Designations £ | Utilised/ Released £ | Resources To/From Other Funds £ | Balance at 31.3.23 £ |
|---|---|---|---|---|---|
| **Group:** | | | | | |
| Designated Funds: | | | | | |
| Capital Projects Fund | 2,500 | - | (186) | 529 | 2,843 |
| Fixed Asset Fund | 12,151 | 621 | (573) | - | 12,199 |
| Energy Sustainability Fund | 145 | - | - | (145) | - |
| Service Development Fund | 417 | | (33) | (384) | - |
| Total Designated Funds | 15,213 | 621 | (792) | - | 15,042 |
| Group General Funds | 12,091 | 11,943 | (12,193) | 135 | 11,977 |
| Total Group Unrestricted | 27,304 | 12,565 | (12,985) | 135 | 27,019 |
| **Charity:** | | | | | |
| Total Designated Funds | 15,213 | 621 | (792) | - | 15,042 |
| Charity General Funds | 12,074 | 11,139 | (11,388) | 135 | 11,960 |
| Total Charity Unrestricted | 27,287 | 11,760 | (12,180) | 135 | 27,002 |

The Group and Charity Funds for **2021/22** include the following designated and general funds:

| | Balance at 1.4.21 £ | New Designations £ | Utilised/ Released £ | Resources To/From Other Funds £ | Balance at 31.3.22 £ |
|---|---|---|---|---|---|
| **Group:** | | | | | |
| Designated Funds: | | | | | |
| Capital Fund | - | 2,500 | - | - | 2,500 |
| Fixed Asset Fund | 12,403 | 320 | (572) | - | 12,151 |
| Energy Sustainability Fund | 145 | - | - | - | 145 |
| Service Development Fund | 451 | - | (34) | - | 417 |
| Total Designated Funds | 12,999 | 2,820 | (606) | - | 15,213 |
| Group General Funds | 13,413 | 9,423 | (10,757) | 12 | 12,091 |
| Total Group Unrestricted | 26,412 | 12,243 | (11,363) | 12 | 27,304 |
| **Charity:** | | | | | |
| Total Designated Funds | 12,999 | 2,820 | (606) | - | 15,213 |
| Charity General Funds | 13,396 | 8,692 | (10,026) | 12 | 12,074 |
| Total Charity Unrestricted | 26,395 | 11,512 | (10,632) | 12 | 27,287 |

See Reserves section of the Trustees' Report for more detail on the explanation of the various funds. The (£171K) net movement on designated funds in 22/23 on the SOFA represents the net new designations and releases from these funds. The releases include revenue movements for depreciation, Hospice funding of pharmacist post and spend on capital projects. Balances on the Energy Efficiency Fund and Service Development Fund were swept up into the Capital Projects Fund in year.

## 17 Allocation of Group Net Assets between Funds

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Unrestricted Funds £000 | Restricted Funds £000 | Total £000 | Unrestricted Funds £000 | Restricted Funds £000 | Total £000 |
| Fund balances at 31 March are represented by: | | | | | | |
| Tangible fixed assets | 12,199 | - | 12,199 | 12,151 | - | 12,151 |
| Investments | 7,976 | - | 7,976 | 8,495 | - | 8,495 |
| Current assets | 7,973 | 163 | 8,136 | 7,712 | 281 | 7,993 |
| Creditors due within one year | (1,129) | - | (1,129) | (1,054) | - | (1,054) |
| Creditors due greater than one year | - | - | - | - | - | - |
| Total Net Assets | 27,019 | 163 | 27,182 | 27,304 | 281 | 27,585 |

## 18 Operating Lease Commitments

At March 2023, the charity had future minimum lease payments under non-cancellable operating leases in respect of Hospice shops due as follows:

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Within 1 year | 161 | 215 |
| Between 2 and 5 years | 168 | 319 |
| Over 5 years to end of lease term | - | - |
| | 329 | 534 |

## 19 Controlling Party

The Company, having no share capital, is under the control of the Directors who also act as Trustees.

## 20 Pension Commitments

The Company and its subsidiaries operate a defined contribution scheme available to all permanent employees. Pension auto-enrolment legislation came into force for the Hospice in February 2014 and has been complied with from that date. The Company and its subsidiaries also make contributions to the National Health Service Pension Scheme for certain employees.

Contributions are charged in the financial statements as they are incurred and there were no outstanding contributions as at the balance sheet date. Pension costs charged in the year were £495K consisting of £285K paid to the NHS Scheme, and £210K paid to the defined contribution schemes (2022: £288K and £201K respectively).

## 21 Related Party Transactions

Mike Tudor is the husband of the Chief Executive and is employed by Thornton Firkin who provide Quantity Surveyor services to the Hospice. The charity paid a total of £20K in the year to Thornton Firkin (2022: £1K).

There were no other related party transactions in either the current or previous year.

## 22 Contingent Assets and Liabilities

As at 31 March 2023 the Hospice had been notified of several residuary, pecuniary and specific legacies, some of which have life interests, where the timing of realisation or value of these estates was uncertain. Therefore, no amounts have been accrued in respect of these legacies which are estimated to be in excess of £1,650K (2021/22 in excess of £1,650K).

## 23 Reconciliation of Net Income to Net Cash Flow from Operating Activities

| | Group 2023 £000 | Group 2022 £000 |
|---|---|---|
| **Net (Deficit)/ Income for the reporting period (as per the statement of financial activities)** | **(403)** | **943** |
| **Adjustments for:** | | |
| Depreciation charges | 573 | 572 |
| Dividends, interest, and rents from investments | (305) | (188) |
| Losses/(Gains) on investments | 685 | (185) |
| (Increase)/decrease in stocks | - | 6 |
| (Increase)/Decrease in debtors | (664) | 154 |
| Increase/(decrease) in creditors | 75 | (244) |
| **Net cash provided by operating activities** | **(39)** | **1,058** |

## 24 Analysis of changes in net funds

| | Balance at 1.4.22 £000 | Cash flows £000 | Other non-cash changes £000 | Balance at 31.3.23 £000 |
|---|---|---|---|---|
| Cash and bank | 6,598 | (521) | - | 6,077 |

## 25 Capital Commitments

As at 31 March 2023 Severn Hospice Limited had capital commitments outstanding for the refurbishment of the ward at Telford Hospice totalling in the region of £458k (2022: NIL).

## 26 2021/22 Comparative information

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

## For the Year Ended 31 March 2022

| | Unrestricted Funds 2022 £000 | Restricted Funds 2022 £000 | Total Funds 2022 £000 | Total Funds 2021 £000 |
|---|---|---|---|---|
| **Income From:** | | | | |
| **Donations and legacies:** | | | | |
| Donations | 1,183 | 178 | 1,361 | 1,474 |
| Legacies | 2,371 | 22 | 2,393 | 1,036 |
| Grants from Charitable Trusts | 204 | 120 | 324 | 246 |
| | **3,758** | **320** | **4,078** | **2,756** |
| **Charitable Activities** | **2,664** | **1,231** | **3,895** | **3,951** |
| **Covid Related Grants** | **101** | - | **101** | **3,884** |
| **Other trading activities:** | | | | |
| Lottery | 1,176 | - | 1,176 | 1,240 |
| Projects | 370 | - | 370 | 145 |
| Shops | 3,515 | - | 3,515 | 904 |
| Fundraising events | 199 | - | 199 | 129 |
| | **5,260** | - | **5,260** | **2,418** |
| **Investments** | **188** | - | **188** | **166** |
| **Other** | **87** | - | **87** | **45** |
| **Total Income** | **12,058** | **1,551** | **13,609** | **13,220** |
| **Expenditure on:** | | | | |
| **Raising Donations, Legacies and Grants** | 705 | - | 705 | 687 |
| **Other trading activities:** | | | | |
| Lottery | 428 | - | 428 | 351 |
| Projects | 304 | - | 304 | 104 |
| Shops | 2,408 | - | 2,408 | 2,017 |
| Fundraising events | 18 | - | 18 | 12 |
| **Investment management costs** | 50 | - | 50 | 43 |
| **Costs of raising funds** | **3,913** | - | **3,913** | **3,214** |
| In patient care | 4,427 | 173 | 4,600 | 4,578 |
| Day care | 1,041 | 148 | 1,189 | 1,154 |
| Hospice Outreach | 837 | 205 | 1,042 | 958 |
| Hospice at home | 600 | 685 | 1,285 | 1,255 |
| Education and research | 88 | 186 | 274 | 124 |
| Hospital services | 53 | 56 | 109 | 127 |
| Lymphoedema | 93 | 35 | 128 | 113 |
| Social Work & Chaplaincy | 311 | - | 311 | 298 |
| **Expenditure on charitable activities** | **7,450** | **1,488** | **8,938** | **8,607** |
| **Total expenditure** | **11,363** | **1,488** | **12,851** | **11,821** |
| **Net income for the year and net movements in funds before gains on investments** | 695 | 63 | 758 | 1,399 |
| Net gains on investments | 185 | - | 185 | 2,025 |
| **Net income for the year** | **880** | **63** | **943** | **3,424** |
| Transfers between funds | 12 | -12 | - | - |
| **Net movement in funds** | **892** | **51** | **943** | **3,424** |
| ***Reconciliation of funds:*** | | | | |
| **Total funds brought forward** | 26,412 | 230 | 26,642 | 23,218 |
| **Total funds carried forward** | **27,304** | **281** | **27,585** | **26,642** |

**SEVERN HOSPICE LIMITED**

England & Wales - Charity number 512394

# Accounts

Severn Hospice
here and at home

# Report and Accounts

## Year ended 31 March 2022

**Severn Hospice Limited**
A Registered Charity No. 512394
A Company Limited by Guarantee No.1608025
Registered Office: Bicton Heath, Shrewsbury SY3 8HS
Tel: 01743 236565
**www.severnhospice.org.uk**

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# Trustees' Annual Report

The Trustees (the Directors for Company Law purposes) submit their annual report and the audited financial statements for the year ended 31 March 2022. The annual report and financial statements of the charity have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

## Objectives and Activities

### Statement of Public Benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The mission statement of Severn Hospice sets out the activities which the charity undertakes for the public benefit. These services are provided free of charge to the residents of Shropshire, Telford & Wrekin, North Powys, Ceredigion and, when appropriate, to people living outside this catchment area e.g. when their families live locally.

### Mission Statement

Our mission is to provide the best care and a better life for people living with an incurable illness and for those important to them.
To achieve our mission, we will:

- Care for patients and their families as individuals and strive to meet their unique needs
- Provide appropriate choice to people in where they receive their treatment and care, whether this is in the home, as outpatients, with our day services or in our wards
- Provide high quality and timely information about conditions, treatment and the range of services available
- Provide high quality, evidence-based clinical services
- Create care environments which meet regulatory requirements, are welcoming, attractive and homely
- Provide care which neither hastens nor postpones death but which enables people to live as well as they can and to end their lives in peace and with dignity
- Support families through bereavement following loss of a loved one
- Nurture and support the skills, contribution and well-being of our staff and volunteers as our most valuable resource
- Provide all our services free of charge by raising sufficient income from charitable and non-charitable sources
- Share knowledge and skills with other health care professionals at home and abroad

## Objectives

The general aims and objectives of the Hospice are to support and care for people living with a terminal illness within the catchment of Shropshire, Telford & Wrekin, North Powys and Ceredigion, in particular by:

- Providing a range of services providing palliative and end of life care for people suffering from a terminal illness
- Conducting, promoting and encouraging research into the care and treatment of people suffering from a terminal illness and for the dissemination of the results of such research
- Promoting, encouraging and assisting in the teaching or training of doctors, nurses, physiotherapists and other professions.

The charity aims to meet these objectives by achieving a service provision which:

- Demonstrates a holistic, person-centred approach to the care of people with life-limiting illnesses adopting the principles stated in the accepted definitions of palliative care
- Offers a well-co-ordinated, multi-professional and 'seamless' service which integrates specialist palliative care services with primary, secondary and tertiary health care services, voluntary agencies and social services
- Offers a wide range of services that are both clinically and cost effective and are accessible to all residents in the area
- Provides support and training to all members of staff involved in the care of people with terminal illnesses

## Activities

## Our Wards

We provide 24 hour care for patients with complex needs within consultant led inpatient wards at both our Shrewsbury and Telford sites. We currently have 22 beds.

Care is provided through a multi-disciplinary team which includes doctors, nurses, a range of therapists, chaplains, and social workers.

The majority of rooms have en-suite facilities to ensure and protect the privacy and dignity of patients and all rooms look out onto our tranquil gardens with direct access to the grounds. With the exception of pandemic restrictions, families can visit whenever they want, and they can even bring their pets if they wish to. This is a small example that demonstrates the difference between a Hospice and Hospital setting for patients requiring palliative care.

## Day Services

Four out of five patients referred to Severn Hospice are cared for in their own homes. The Hospice prides itself in delivering day services in line with the concept of 'Living Well'. Within therapeutic environments, which includes the Community Services Centre, we offer specialist

palliative care which includes access to consultant and specialist nursing advice, a range of therapies including palliative rehabilitation, group activities, counselling, and bereavement support. Our teams work with patients to identify their specific needs and personal goals for living, and support them to live as well as possible within the constraints of their illness.

In addition, the day services team organise community coffee mornings at a number of locations across our catchment area with the aim to make Hospice care more accessible within familiar, relaxed and informal surroundings.

## Outreach

The Hospice Outreach Service provides specialist support to patients registered with GPs across Shropshire and Telford & Wrekin. This community focused service offers specialist advice and support either on the telephone or by visiting patients at home where they undertake assessments, plan care, support patients to make care decisions and carry out specialist clinical interventions.

The two-tier service consists of Palliative Care Nurse Practitioners and Palliative Outreach Nurses who work across the whole healthcare network – in hospitals, at surgeries, and with GPs and district nurses. They are specialist practitioners who coordinate the delivery of palliative care.

## Hospice at Home

The Hospice at Home service provides hands on nursing care to people in the last weeks of life who have chosen to remain at home. Working alongside other community health professionals including GPs, the Hospice at Home service provides end of life care for periods of time through the day and night.

## Bereavement and Family Counselling Support Services

The Hospice has a social work team which supports patients and their families whether they are being cared for in the community or on a ward. A significant part of their work is the provision of a bereavement service for both adults and children.

## Chaplaincy

We have a team of chaplains who direct and support the delivery of spiritual care within the Hospice on a non-denominational basis. At both Shrewsbury and Telford Hospice there is a sanctuary, a quiet, reflective space close to the wards which anyone is free to use.

## Voluntary Services

The work of the Hospice is supported by a body of volunteers. Our volunteers support all areas of the Hospice including services, administration, income generation, shops, gardens,

and with fundraising events. This support is estimated at an annual value in excess of £2 million but cannot be measured in purely monetary terms. Without volunteers the Hospice would struggle to provide the level of services that it does. During the pandemic volunteers were stepped down for their own protection. Most have returned and in some instances to newly developed roles.

# Strategic Report

## Achievements and Performance

| What we committed to do in 2021-22 | How we performed |
|---|---|
| Launch our Patient Experience Project which focuses on all elements of the patient experience including hospitality, environments and patient & family feedback.<br><br>Within this the board of trustees approved the planning of 2 capital projects.<br><br>1) To undertake a refurbishment of Apley reception and Inpatient Unit.<br>2) To extend and refurbish the Inpatient Unit at Bicton and to ensure that all patient rooms have ensuite facilities and garden views. | A Housekeeping Manager and two Ward based housekeepers, funded through efficiencies, have been appointed.<br>Planning for the two capital projects is almost complete. The detail, costs and priorities of these important projects will be presented to the board of trustees during 2022. |
| Determine the future inpatient service model, specifically the number of beds required on each site to meet demand and support choice. | During 2021 we piloted a more equal split of beds across the two sites. This pilot aimed to address pressures on capacity and resulting longer waiting times at Apley.<br>Due to the pandemic and effects on activity we extended this pilot. Our activity data was therefore closely monitored for a full 2 years and demonstrated that demand for beds was met and patients were admitted to the site closest to their home. |
| To carefully monitor the impact of the pandemic on the hospice finances for an extended period identifying actions to reduce services and associated costs if remedial action were necessary. | There is no doubt that the pandemic had a significant negative impact on our ability to raise funds for a period of 2 years. Despite the successful reopening of our shops and a slower reinstatement of community fundraising activities our 3-year financial projections show significant deficits. In 2021/22 however unexpected legacies mitigated the expected deficit. We will continue to progress with caution as we balance further developments and investment with protecting a strong reserves position. |

| | |
|---|---|
| Secure the level of funding required to meet our ambitions and strategic objectives. | We saw a positive reinstatement of the retail and events income streams as restrictions eased. As well as working to increase income from Trusts our Director of Income Generation is beginning to explore potential of new income streams. Our primary aim during the year was to maximise our income and maintain healthy reserves. Whilst we undertake the planning of projects, progressing these is dependent on our financial position and board approval. |
| Our challenge is to maintain engagement with our commissioners as the local Clinical Commissioning Group (CCG) makes the transition to Integrated Care System (ICS). To secure appropriate NHS funding and ensure that our service strategy is aligned with our partners we commit to establish engagement and mechanisms that ensure that the contribution of the hospice is evident and understood. | Fundamental changes within local commissioning including two restructures in management have made it difficult to identify key leads with whom to engage. Fortunately, during the pandemic this did not hinder our ability to maintain our core services and therefore support the NHS in very difficult times. This was clearly recognised and although engagement at a very senior level has yet to be made, we are working to advise and support key initiatives raising our profile further. |
| To address the warning notice issued by the CQC in the previous year. | A complaint by the Hospice regarding the report was not upheld. Aside from this, the matters raised were promptly dealt with and a follow up audit across both sites undertaken in January 2022 resulted in the notice being removed and the rating upgraded to good. |
| Completion of our Community Service Centre | Severn Hospice First Contact was initiated to ensure that anyone who needs our care, support or advice can easily navigate access to services through a single-entry point. Specialist support led clinics commenced. The new building has supported seamless transition of care, with all the community services, now in one place. The café has proved to be the conduit to reaching out to our communities to build valuable relations. |

## Activity for 2021-22

Severn Hospice provides palliative and end of life care for a combined population of around 713,000 in Shropshire, Telford & Wrekin, North Powys and Ceredigion. Population profiles demonstrate the mix of urban and rural communities in our patch. This puts a greater emphasis on the need to be flexible in our approach and in our provision of services.

Our service strategy is designed to reflect the diversity of the communities it serves to improve access to Hospice care and to support our NHS partners through the delivery of specialist palliative and end of life care both within our wards and within the community. We aim to support the patient choice and personal goals. During the year we have received over 2,967 patient referrals across our services, an increase of 8% on last year. General access to GPs and hospital care continues to be impacted by the pandemic and ways of working which has led to delays in referral to hospital, treatment and diagnosis. As a result, referral for hospice care is also delayed meaning that some patients are dying more quickly. The demand for home care increased throughout the pandemic but has plateaued since. A gradual reinstatement of day services is now complete which is now being seen in our activity data.

## Our Priorities for 2022-23

- Throughout the pandemic we were proud to have maintained the hospice core services to patients and in turn support our NHS partners. This resulted in greater recognition of our contribution and our profile within the local health economy. As we work to maintain levels of engagement we will take opportunities to lead on initiatives that improve palliative and end of life care services within the county of Shropshire, Telford & Wrekin, Ceredigion and North Powys.
- To engage to evolving ICS in discussions that maximise the opportunity for further investment in hospice services.
- With the reinstatement of the range of community services we will now focus on the development of programs for palliative rehabilitation.
- To work with the ICS to improve access to palliative and end of life care advice for patients through a single point of access. This has the potential to secure addition funding to support increased referrals of patients assessed as being in the last year of life.
- To secure approval and funding to support the 'Patient Experience Project' as we work to improve care environments.
- To increase our community reach by securing a community bus as an approach to providing information advice and a route for referral to the range of hospice services.
- Working further to improve our systems of reporting to demonstrate activity, quality, effectiveness and compliance.
- To further develop the monitoring of clinical governance and clinical standards through the establishment of a dedicated clinical governance team.
- To maximise existing and explore new income streams.

# Financial Review

## Annual Activity

The charity made a surplus of income over expenditure of £758K before investment gains/losses. A better than anticipated recovery of shops and events income streams have been experienced since Covid-19 pandemic lockdowns, together with the realisation of a significant legacy. At the same time job vacancy levels in some areas of the Hospice resulted in expenditure outturn being lower than expected. These factors have resulted in a much-improved outturn to that budgeted. The financial year saw significant fluctuations in the stock markets linked to global events. At 31st March 2022, net investment gains of £185K were achieved giving an overall surplus for the financial year of £943K. Since then there has been a fall in the value of our portfolio in line with stock market trends.

## Income

Total group income, before investment gains/losses, for the year ended 31 March 2022 was £13,609K an increase of £389K on the previous year. The principal funding sources for the charity were:

- donations and legacies £4,078K
- charitable activities £3,895K
- other trading activities £5,260K
- investments £188K
- other income £87K
- Covid grants £101K

*Covid grants* these consist of HMRC job retention scheme grants, and government grants to help mitigate the impact of shop closures. The Charity did not apply for NHS England Covid related funding for bed capacity or community support this financial year.

*Donations and legacy income* rose significantly by £1,322K in 21/22 mainly due to higher legacy income. Legacy income fluctuates from year to year depending on number of legacies, probate dates and notifications from solicitors. In 21/22 this represents 18% of total group income, compared to 8% in the previous year. A legacy strategy is in place to try to influence this unpredictable source of income which the charity is very much reliant upon. Budgetary assumptions for legacy income are approved by the Finance Committee and the Reserves policy has also been developed to mitigate any short-term risk from any downward trend. The realisation of one large legacy has contributed significantly to the increase in legacy income.

*Charitable activities* comprise the income received from NHS Clinical Commissioning Groups (CCGs), health care bodies and other governmental organisations. This income is received towards the treatment and care of people diagnosed with a terminal illness, together with income towards the education and training of the professionals delivering the treatment and care.

| ***2021-22 Sources of Group Income*** | ***Income £000*** | ***Cost of Raising Funds £000*** | ***Income Net of Costs of Generation £000*** | ***% of Total Net Income 2021-22*** | ***% of Total Net Income 2020-21*** |
|---|---|---|---|---|---|
| *Donations & Legacies* | 4,078 | 705 | 3,373 | *35%* | *21%* |
| *Shops, Projects, Lottery, Events* | 5,260 | 3,158 | 2,102 | *22%* | *(1%)* |
| ***Total Fundraising Activities*** | **9,338** | **3,863** | **5,475** | ***57%*** | ***20%*** |
| *Charitable Activities* | 3,895 | 0 | 3,895 | *40%* | *39%* |
| *Investment & Other* | 275 | 50 | 225 | *2%* | *2%* |
| *Covid related grants* | 101 | 0 | 101 | *1%* | *39%* |
| ***Total*** | **13,609** | **3,913** | **9,696** | ***100%*** | ***100%*** |

*Other trading activities* comprise income generated through the shop network, lottery operation and fundraising events. Trading income has recovered well from lockdowns and has been bolstered this year by the opening of an on-site café in the new Community Services Centre. Net attrition continues to erode our lottery membership and strategies to increase recruitment are in place. In total, trading income increased by £2,842K.

*Retail* was particularly badly hit during the pandemic period, with most shops closed for over 6 months and most staff furloughed for this time. Since the end of lockdowns, recovery has been strong with income increasing by £2,611K year on year and with the opening of the Arleston shop in September 21 (the 29th shop), income has been at the highest level ever.

Regarding Hospice Projects Limited, core sales come from Christmas cards and Refresh café sales. Card sales have yet again been very strong and although the café is not yet profit making, strategies are in place to improve on its loss-making position in 2022

*The Hospice Lottery* continues to provide a predictable income source, contributing £787K in respect of plays and donations, down on the previous year by £165K. The restarting of recruitment by the canvassing company has resulted in increased costs to invest in players for the future.

*Fundraising events* have always been a very visible and therefore important income source. The London Marathon, Lights of Love Annual Memorial Service and skydives have been very successful together with the Wrekin Rowers Atlantic Challenge. Events income increased by £70K primarily due to the Atlantic Challenge income. Details of the top four events in the year are given at note 5d.

*Investment* markets fluctuated significantly in the financial year resulting in an investment gain of £185K. Investments increased in value by 4% over the year. The charity continues to hold a mixed portfolio of high-quality investments, with the investment strategy reviewed regularly by the Finance Committee.

## Expenditure

Total group costs for the year ended 31 March 2022 were £12,851K, an increase of £1,030K on the previous year. Inflationary cost pressures across all areas are already evident and there is an expectation that this will continue in the medium term.

Costs associated with charitable activities increased by £331K with all services showing increased costs except Hospital Services. The Hospital Services nurse posts based at the hospitals but partially funded by the Hospice were transferred over to the NHS towards the end of the financial year.

Costs associated with raising funds through fundraising and trading activities increased by a net £692K; £391K relates to shops which had benefited from lower rent charges or breaks during Covid-19 lockdowns and reduced staff costs for those who were furloughed in the previous financial year. Hospice Projects costs increased by £200K mostly attributable to the new Refresh café. Lottery costs were higher by £77K mainly due to increased activity by the canvassing company following lockdowns.

Post the Covid-19 lockdowns, fundraising income has seen a substantial recovery. Driven mainly by higher legacy and shops income. As a large proportion of costs are fixed, a significant swing in income, especially when attributable to legacies, can cause a significant impact on the fundraising cost ratio. This financial year we are pleased to report that it has decreased to 12 pence in the pound (2020-21 at 17.5p/pound). The ratio excludes costs attributed to Retail, Severn Promotions Company Limited and Hospice Projects Limited. This approach is consistent with reporting within the sector, enabling fair comparisons to be made.

Support costs, apportioned within the total expenditure costs, total £2,964K and include the costs of running and maintaining the Hospice buildings, vehicles and gardens; catering costs; costs of the central governance and administrative functions including HR and Communications; Finance and IT support functions. These have increased by £409K. £129K of this increase relates to the full year of running the new community services building. However, overall support costs have stayed steady as a proportion of total group expenditure at 23%. Further breakdowns of costs are given in note 9 of the accounts.

## Surplus/Deficit

Overall, income exceeded expenditure excluding investment gains/losses by £758K. The overall surplus for the year of £943K was stated after recognising the effect of £185K of net investment gains.

## Funds and Reserves Policy

The total funds of the Group at 31 March 2022 are split between:

- Restricted funds £281K
- Designated Funds £15,213K
- General Funds £12,091K

### Restricted Funds

During 2020-21, donations and funding totalling £1,551K was received to enable specific expenditure to be undertaken. At the end of the financial year, £281K remained unspent. £100K of this relates to Trust funding for future improvements at the Apley Hospice.

### Designated Funds

The Trustees have established four designated funds which are explained as follows:

### Fixed Assets Fund

The Fixed Assets Fund represents the book value of the charity's tangible fixed assets – money already spent but to be charged through the Statement of Financial Activities in future years. At 31 March 2022 this fund stood at £12,151K. Although these funds are unrestricted, they cannot be realised for other use without undermining the charity's work. In order to fulfil its charitable objectives, the organisation needs several properties, fixtures and fittings, other contents of the properties and motor vehicles.

### Service Development Fund

This was established in 2017-18. The charity continues to develop its services based on the concept of Living Well to help its patients achieve as high a quality of life as they can, with an emphasis of them achieving this in their own homes. The fund has been established to finance this development before it can become self-sustaining. It has also been used to fund a pharmacist following removal of this funding from the CCG. The fund is likely to be used within a medium-term timeframe. At 31 March 2022 this fund stood at £417K.

### Capital Fund

This fund represents funds set aside for capital works. Several projects have been identified, including refurbishment to the ward and reception area at Telford and major works to the Perry ward in Shrewsbury to extend and improve some rooms to include provision of en-suite facilities. In total for this, and other smaller capital projects, £2.5M has been designated into the capital fund due to future forecast deficits.

### Energy Sustainability Fund

Due to the 365 days a year in-house services it provides, the charity uses a significant amount of energy. This fund was established in 2017-18 to reduce reliance on third party suppliers and become more self-sustainable, with the view to capping future energy bills. This fund stands at £145K and consideration is currently being given to the use of this fund as part of recommendations arising from a recent energy efficient audit.

### General Fund

The Trustees consider that in order to fulfil the charity's obligations to the communities it serves, to existing and future patients and their families and to the paid staff, it is a desirable objective for there to be reserves available at

any time between 75% and 125% of the following year's estimated group running costs. Sufficient funds are held in cash to cover our immediate working capital requirements and any other short to medium term committed expenditure. The remainder is invested in accordance with the Investment policy.

At 31 March 2022, the group's reserves were £12,091K representing approximately 11.4 months or 95% of the following year's estimated group running costs. Even though income has recovered well post Covid-lockdowns, there is new uncertainty in respect of the economic inflationary cost pressures, the Russian war with Ukraine, future Covid 19 outbreaks, peoples changing behaviour and government fiscal and monetary policy. Negative consequences will have an inevitable impact on reserves. The Trustees accordingly remain vigilant but confident that the Hospice will continue as a going concern for the foreseeable future.

## Investment Policy

The charity's main investment portfolio is professionally managed by external fund managers with the objective of balancing capital growth and income within risk profiles defined by the Trustees and operational requirements.

The investment portfolios consist of a mixture of equities, bonds and property assets. Individual investments within each category of the portfolio will vary according to market conditions and the portfolios are actively managed with quarterly reporting and annual presentations to the Finance Committee. The Trustees regularly monitor the ethical instruction of the charity investments and, as a result of this, tobacco companies are specifically excluded from the portfolio. No highly speculative investments, investments in derivatives markets, hedging or forward investments are included in the portfolios.

The practice of holding portfolios of investments with different and diversifying performance characteristics leaves the portfolio less exposed to movements in any particular asset class and the income generated continues to compare very favourably with the interest which would have been earned had the portfolio been invested in bank and building society accounts. Overall, the portfolios continue to be sufficiently diversified and are producing good returns over the medium term and no major change in strategy is contemplated soon.

## Risk Management – Principal Risks and Uncertainties

The Trustees have a formal risk management process to assess the major risks to which the charity is exposed. This involves identifying the types of risks, prioritising them in terms of potential impact and likelihood of occurrence, and reviewing the systems established to mitigate the risks. The major risks, as identified by the Trustees, have been reviewed in accordance with this process and are identified as follows:

- The Covid-19 pandemic is well into the recovery phase. However, there is still a risk the pandemic could spike again and bring a reduction to the maintenance of core services. **Mitigation:** Continue to source and utilise PPE and lateral flow test kits. Home working can be re-introduced in certain areas.
- The Covid- 19 pandemic impacts on fundraising income are receding, however other economic and global challenges are now evident bringing different challenges that could affect income and costs. Significant inflation levels causing cost pressures for the hospice and its donors, changes to fiscal and monetary policy such as higher interest rates and reduced quantitative easing, the war in Ukraine all of which is creating enormous uncertainty. **Mitigation:** Holding sufficient reserves will help to support income shortfalls and cost pressures in the medium term. Regular

quarterly income and cost forecasting continues to monitor financial impacts to enable informed decisions. Cost reduction measures could be introduced but may have a service impact.

- The charity receives income from local NHS organisations in England, and from NHS Health Boards in Wales. Overall, this contribution amounts to approximately one-third of the charity's income. Such income has not been increased in line with inflation over the last 12 years and there was a funding cut in 2019 due to pressure on the NHS. **Mitigation:** relationship management with key influencers, a clear communications strategy to express the charity's position. Closure of beds if required, vacancy freezes, efficiency projects.
- A fall in legacy income which the charity is increasingly reliant on, but which is difficult to predict and control. **Mitigation:** a legacy officer is in post, together with a marketing and promotion strategy. Budgetary assumptions on legacies are approved by the Trustees and the Funds policy provides short term protection from the volatility of this income stream.
- Failure to meet staff numbers due to national shortage of nurses and need for suitably trained specialist palliative care workforce. **Mitigation:** a continuous review of skill mix, together with the consideration of national advertising.
- Reputational damage arising from data protection breaches. **Mitigation**: regular staff training regarding best practice when dealing with information and working online. IT infrastructure and security improvements continue.
- The charity relies on over 1,400 volunteers within mainstream operations, some who may be vulnerable. **Mitigation:** monitoring of staffing levels to ensure that supervision is available and that any concerns are monitored and outcomes from actions assessed for continuous learning and development.

## Structure, Governance and Management

The roles, responsibilities and accountability of the Chair, Trustees and the senior managers are defined in a Scheme of Corporate Governance. This was reviewed and updated during 2021 and the revised version approved by the Board of Trustees.

The Board of Trustees is the custodian of the aims and objects of the charity as set out in the Articles of Association. It is responsible for guiding and shaping policies by which these aims and objects are achieved, and of establishing the philosophy of care, which is at the heart of the work of the Hospice. The Trustees are responsible for taking decisions on the strategic direction of the charity, approving major developments and monitoring the work of its committees, advisory groups, the managers and its subsidiary companies.

In addition to the boards of the subsidiary companies, there are six formally constituted committees:

- Finance
- Retail
- Clinical Governance
- Corporate Governance & Human Resources
- Fundraising
- Nominations

and two formally constituted sub-committees:

- Property & Estates Strategy Group
- Health and Safety Committee

Each committee is chaired by a Trustee and has its major decisions ratified by the full Board. The Finance Committee also acts as an audit committee. All committees operate under specific terms of reference which delegate certain functions from the Board. There is a clear delegated authority framework in place which defines how decisions are ratified by

Board, committees and management. Various management working groups such as Clinical Audit report into the appropriate formal sub-committees.

The charity subscribes to the Fundraising Regulator and will receive and act on notifications regarding the Fundraising Preference Service. The Fundraising Committee ensures compliance with Charity Commission guidelines and the Fundraising Regulators Code of Practice (CC20), including a comprehensive risk management framework about income generation. The Charity has always recognised the importance of maintaining a high level of public trust through responsible fundraising and has actively recruited suitable expert representation at all levels. It benefits from having a Trustee Board member with senior fundraising experience.

The Fundraising Committee has principal responsibilities to:

- Assure a range of fundraising activity that is appropriate, has due regard for the reputation of the Hospice, meets voluntary income needs and includes donations, legacies, in memoriam, events, collections, corporate donations and website promotion.
- Ensure that the Executive is performing efficiently, in accordance with legal and other relevant requirements.
- Agree the fundraising strategy.

In order to fulfil these responsibilities, the Fundraising Committee:

- Ensures that appropriate policies and processes are in place, and that reporting on these and any changes or developments are in place.
- Maintains a strategic approach in the development of existing and new income streams and monitors actions to achieve these.
- Receives performance information on finance, activity and efficiency.
- Considers any proposals or changes that require formal approval in line with delegated authorities.

There were 11 formal fundraising complaints during the year relating to the retail operation. 5 were upheld, 5 not upheld or no further action required and 1 is still being investigated.

The charity has not engaged any professional fundraising or external fundraising agents in the year, although Severn Promotions Limited uses the services of a canvassing company for recruiting lottery members.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the Trustees.
- Regular consideration by the Trustees of financial results, variance from budgets, non-financial performance indicators and internal audit.

Trustees are appointed to provide specific skills required by the Board as determined by Trustee annual reviews and the Nominations Committee. Applications are considered by the Nominations Committee who undertake formal interviews of suitable candidates and carry out background checks. Formal induction is then arranged for successful candidates in conjunction with the Chair, Chief Executive and members of the senior management team. Trustees are required to undertake certain aspects of mandatory training and encouraged to attend other ongoing training. This includes safeguarding, data protection and diversity training.

Strategic plans and operating budgets are considered and approved by the Board of Trustees. These set the context and limits on

management decision making at the operational level. The Board and its committees review compliance and performance in respect of these plans and budgets on a programmed basis.

Pay and remuneration of the senior management team is determined by the Nominations Committee, a formal committee of the Board, after considering benchmark information from other Hospices and local employment market conditions.

**Stakeholders and Employees**

The Trustees set out to define discrete stakeholder groups and recognise that in many cases they have complementary interests and shared priorities. Stakeholders identified include patients receiving palliative care, their families, donors, staff, volunteers, the Integrated Commissioning Board, local communities, contractors and suppliers.

There is a strategy in place for regular and effective communication with these stakeholders about the charity's purposes, values, work and achievements. Examples of this includes communication methods such as the Yearbook and information leaflets.

The Trustees communicate how the charity is governed and who they are through the Severn Hospice website and the Trustee Annual Report. The Trustees ensure that stakeholders have an opportunity to hold the Board to account through agreed processes and routes such as patient feedback questionnaires, complaints procedures and employee satisfaction surveys.

The Trustees also make sure that there is suitable consultation with stakeholders about significant changes to the charity's services or policies. Staff forums are an example of this.

The charity is committed to the principle of equal opportunities of employment and recognises its obligations under the Equality Act 2010. The charity declares its opposition to any form of less favourable treatment whether through direct or indirect, associated or perceived discrimination accorded to charity staff or job applicants on the grounds of their race/nationality or ethnic origin, disability, sex, age, sexual orientation or gender reassignment, marital and civil partnership status, pregnancy and maternity, religion or belief (otherwise known as protected characteristics as defined by the Equality Act 2010), including human rights.

The charity is committed to creating a positive culture of respect for all its staff and to promote positive practice and to value the diversity of all individuals and communities. It embraces and recognises the importance of diversity, and that different people bring different perspectives, ideas, knowledge and culture.

Continued attention is paid to the health and safety of employees while at work.

Employee views are sought at team meetings, staff forums, and through staff surveys.

**Memberships**

To assist in its decision making and ensure current and best practice is always followed, the charity is an active participant in the membership of several not-for-profit organisations. These include:

- Hospice UK
- Health and Care Professions Council
- ICS End of Life Clinical Group
- Institute of Fundraising
- Charity Retail Association
- Hospice Lottery Association
- Gambling Commission
- Charity Finance Group

**Energy audit**

The charity engaged an independent firm of consultants to demonstrate compliance under the Energy Savings and Opportunities Scheme (ESOS). This work was completed in September 2021 and involved assessing the

organisation's current energy usage including business, transport, and process and suggesting energy efficiency opportunities.

Data was evaluated for the period 2019 and the organisation's annual usage for gas and electricity was 2,609,320 kWh and for transport was 1,052,163 kWh. This equates to 853,638 CO2e.

When assessed against the organisation's charitable spend of £8,798K gives an intensity ratio of 1 CO2e : £10.30 charitable spend.

The report suggested the top five energy opportunities which are currently being considered by the senior management team and Trustees are:

- Upgrade to LED lighting
- Hybrid boilers
- Additional ground source heat pumps (new Community Services Centre already has one installed)
- Better controls to govern air conditioning use
- Intelligent power strips

A further ESOS audit will be conducted in the Autumn of 2022. There is not expected to be a material difference in data.

**Statement of Trustees' Responsibilities**

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

**Directors' Interests**

As the company is limited by guarantee, the Directors do not hold any shares.
A register of all Directors' interests is kept at the Hospice's headquarters and declarations of general or related interests are made before commencing each formal meeting of the Directors.

The charity uses the services of Wace Morgan LLP Solicitors for employment advice. Zara Oliver, a Trustee of the charity until her retirement 16.2.22, is a partner in that firm.

## Reference & Administrative Details

**Name & Address**
The full name of the charity is Severn Hospice Limited. It is a company limited by guarantee, No. 1608025. It is registered with the Charity Commission of England & Wales, No. 512394. The address of the registered office is Bicton Heath, Shrewsbury, SY3 8HS.

**Governing Document**
This is the Articles of Association adopted by Special Resolution on 26 September 2013 and altered by Special Resolutions on 29 September 2016, and 10 December 2020, and 30 September 2021.

**Group Accounts**
The group accounts within these financial statements include the results of Severn Hospice Limited, the Charity, and the results of its wholly owned subsidiary companies, Severn Promotions Company Limited which operates a fund-raising lottery and Hospice Projects Limited which trades in new goods and undertakes other commercial activities. Both companies donate their profits to the Charity.

**President**
Sir Algernon Heber-Percy

**Board of Trustees**
The current Trustees, and those who held office during the financial year to 31 March 2022, are listed below, together with their committee membership (see key).

| | |
|---|---|
| Mrs J Beard (Vice-Chair) | (3,4,6) |
| Mr S Bleakley (appointed 27.1.22) | (1,8) |
| Mrs S Broomhead | (5) |
| Mr A Clarkson (appointed 29.3.22) | (3,6) |
| Mr P Coackley | (1,4,5) |
| Mr P Donohue | (1,6) |
| Dr A Fraser (appointed 27.1.22) | (2,5) |
| Mr P Gold (appointed 29.3.22) | (1) |
| Mrs A Johnson | (5) |
| Mrs Z Oliver (retired 16.2.22) | (1,5,7) |
| Dr D Ryan | (2,4) |
| Prof. D Towse (appointed 27.1.22) | (2) |
| Mrs B-A Tweedie | (2,4) |
| Dr W-J Walton | (2,4) |
| Mr J Wardle | (1,3) |
| Mrs J Whitford (Chair) | (1,4,5) |
| Mr F Yates | (3,5,8) |

Key to Committee Membership: (1) Finance; (2) Clinical Governance; (3) Retail; (4) Nominations; (5) Corporate Governance & Human Resources; (6) Fundraising; (7) Property & Estates Strategy Group (Advisory); (8) Health & Safety Committee

**Senior Management Team (Key Management Personnel)**

Chief Executive
Mrs H Tudor

Director of Care
Mrs R Richardson

Director of Finance & Information
Miss K Davies

Director of Income Generation
Mrs N Ross (retired 18.2.22)
Miss T Harrison (appointed 7.3.22)

Medical Director
Professor D Willis

**Vice Presidents**

| | |
|---|---|
| Miss S Astbury | Mrs J Jenkinson |
| Mr M Davis | Mrs H McPhail |
| Dr D Griffiths | Mr J Tancock |

**Bankers**
Santander, Bridle Road, Bootle, Merseyside, L30 4GB

National Westminster Bank PLC, 8 Mardol Head, Shrewsbury.

**Solicitors**
Lanyon Bowdler LLP, Chapter House North, Abbey Lawn, Abbey Foregate, Shrewsbury, SY2 5DE.

Bates Wells LLP
10 Queen Street Place
London, EC4R 1BE

**Investment Managers**
Evelyn Partners Investment Management LLP, 103 Colmore Row, Birmingham, B3 3AG.
Brewin Dolphin Limited, Mutual House, Sitka Drive, Shrewsbury Business Park, Shrewsbury SY2 6LG.

**Auditors**
Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG.

**Membership of the Company**
A Member may be an individual or a body corporate. Applications for Membership are determined by the Board of Directors.

**Appointment of Trustees**
The Board of Trustees shall consist of not less than three or more than 20 Members of the company. It may appoint any Member of the company as a Trustee either to fill a casual vacancy or by way of addition to the Board of Trustees, provided that the prescribed maximum be not thereby exceeded. Any member so appointed shall retain office only until the next Annual General Meeting but he or she shall then be eligible for re-election in accordance with the Governing Document. It is the future intention, and in line with best practice, that all trustees will serve a maximum of nine years in office.

The Board hold four formal Board meetings each year plus an Annual General Meeting to which Hospice members are also invited.

Severn Hospice seeks to ensure that an appropriate range of professional skills are maintained at Board level to fulfil both the governance and business requirements of the Hospice. New Trustees are appointed following regular analysis of skill requirements and sympathy to the charity's principles undertaken by the Nominations Committee, a formal committee of the Board. Prospective Trustees may apply to the Hospice or may be identified by the Board, and they are interviewed by the Nominations Committee which then makes its recommendations to the Board. New Trustees are prepared for their role through supply of key documents and through a formal process of induction during which they meet key staff and sit as observers at meetings at the Hospice. Ongoing training is provided on an ad hoc basis through external and in-house training programmes.

**Reappointment of Auditor**
A proposal to re-appoint Haysmacintyre LLP as auditor for the forthcoming year will be put forward at the Annual General Meeting.

In approving this Trustees Annual Report, the Trustees are also approving the Strategic Report included here in their capacity as Company Directors.

This report was approved by the Board of Trustees on 28 July 2022 and signed on its behalf by:



**Jeanette Whitford**
**Chair**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SEVERN HOSPICE LIMITED

**Opinion**

We have audited the financial statements of Severn Hospice Limited for the year ended 31 March 2022 which comprise the Consolidated and Parent Charitable Company Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31st March 2022 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity/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 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. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' 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' Annual Report have been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with regulatory requirements of the Care Quality Commission, Charity Commission, employment law and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such the Companies Act 2006, the Charities Act 2011, payroll taxes and VAT.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to recognition of income and management bias in certain accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting trustees' meeting minutes
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular Journal entries posted at year end or with unusual descriptions; and

- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.
This description forms part of our auditor's report.

**Use of 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.

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

23 August 2022

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
## For the Year Ended 31 March 2022

| | Note | Unrestricted Funds 2022 £000 | Restricted Funds 2022 £000 | Total Funds 2022 £000 | Total Funds 2021 £000 |
|---|---|---|---|---|---|
| **Income From:** | | | | | |
| **Donations and legacies:** | | | | | |
| Donations | | 1,183 | 178 | 1,361 | 1,474 |
| Legacies | | 2,371 | 22 | 2,393 | 1,036 |
| Grants from Charitable Trusts | | 204 | 120 | 324 | 246 |
| | | **3,758** | **320** | **4,078** | **2,756** |
| **Charitable Activities** | 4a | **2,664** | **1,231** | **3,895** | **3,951** |
| **Covid Related Grants** | 4b | **101** | - | **101** | **3,884** |
| **Other trading activities:** | | | | | |
| Lottery | 5a | 1,176 | - | 1,176 | 1,240 |
| Projects | 5b | 370 | - | 370 | 145 |
| Shops | 5c | 3,515 | - | 3,515 | 904 |
| Fundraising events | 5d | 199 | - | 199 | 129 |
| | | **5,260** | - | **5,260** | **2,418** |
| **Investments** | 6 | **188** | - | **188** | **166** |
| **Other** | 7 | **87** | - | **87** | **45** |
| **Total Income** | | **12,058** | **1,551** | **13,609** | **13,220** |
| **Expenditure on:** | | | | | |
| **Raising Donations, Legacies and Grants** | 9 | 705 | - | 705 | 687 |
| **Other trading activities:** | | | | | |
| Lottery | 5a,9 | 428 | - | 428 | 351 |
| Projects | 5b,9 | 304 | - | 304 | 104 |
| Shops | 5c,9 | 2,408 | - | 2,408 | 2,017 |
| Fundraising events | 5d,9 | 18 | - | 18 | 12 |
| **Investment management costs** | | 50 | - | 50 | 43 |
| **Costs of raising funds** | | **3,913** | - | **3,913** | **3,214** |
| In patient care | 9 | 4,427 | 173 | 4,600 | 4,578 |
| Day care | 9 | 1,041 | 148 | 1,189 | 1,154 |
| Hospice Outreach | 9 | 837 | 205 | 1,042 | 958 |
| Hospice at home | 9 | 600 | 685 | 1,285 | 1,255 |
| Education and research | 9 | 88 | 186 | 274 | 124 |
| Hospital services | 9 | 53 | 56 | 109 | 127 |
| Lymphoedema | 9 | 93 | 35 | 128 | 113 |
| Social Work & Chaplaincy | 9 | 311 | - | 311 | 298 |
| **Expenditure on charitable activities** | | **7,450** | **1,488** | **8,938** | **8,607** |
| **Total expenditure** | | **11,363** | **1,488** | **12,851** | **11,821** |
| **Net income for the year and net movements in funds before gains on investments** | | 695 | 63 | 758 | 1,399 |
| Net gains on investments | 11 | 185 | - | 185 | 2,025 |
| **Net income for the year** | | **880** | **63** | **943** | **3,424** |
| Transfers between funds | 16, 17 | 12 | -12 | - | - |
| **Net movement in funds** | | **892** | **51** | **943** | **3,424** |
| ***Reconciliation of funds:*** | | | | | |
| **Total funds brought forward** | | 26,412 | 230 | 26,642 | 23,218 |
| **Total funds carried forward** | | **27,304** | **281** | **27,585** | **26,642** |

## CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
## For the Year Ended 31 March 2022

| | Note | Unrestricted Funds 2022 £000 | Restricted Funds 2022 £000 | Total Funds 2022 £000 | Total Funds 2021 £000 |
|---|---|---|---|---|---|
| **Income From:** | | | | | |
| **Donations and legacies:** | | | | | |
| Donations | | 1,144 | 178 | 1,322 | 1,429 |
| Legacies | | 2,371 | 22 | 2,393 | 1,036 |
| Grants from Charitable Trusts | | 204 | 120 | 324 | 246 |
| | | **3,719** | **320** | **4,039** | **2,711** |
| **Charitable Activities** | 4a | **2,664** | **1,231** | **3,895** | **3,951** |
| **Covid Related Grants** | 4b | **100** | - | **100** | **3,866** |
| **Other trading activities:** | | | | | |
| Lottery | 5a | 787 | - | 787 | 952 |
| Projects | 5b | 68 | - | 68 | 44 |
| Shops | 5c | 3,515 | - | 3,515 | 904 |
| Fundraising events | 5d | 199 | - | 199 | 129 |
| **Total other trading activities** | | **4,569** | - | **4,569** | **2,029** |
| **Investments** | 6 | **188** | - | **188** | **165** |
| **Other** | 7 | **87** | - | **87** | **44** |
| **Total Income** | | **11,327** | **1,551** | **12,878** | **12,765** |
| **Expenditure on:** | | | | | |
| **Raising Donations, Legacies and Grants** | 9 | 705 | - | 705 | 687 |
| **Other trading activities:** | | | | | |
| Lottery | 5a,9 | - | - | - | - |
| Projects | 5b,9 | - | - | - | - |
| Shops | 5c,9 | 2,408 | - | 2,408 | 2,017 |
| Fundraising events | 5d,9 | 18 | - | 18 | 12 |
| **Investment management costs** | | 51 | - | 51 | 43 |
| **Costs of raising funds** | | **3,182** | - | **3,182** | **2,759** |
| In patient care | 9 | 4,427 | 173 | 4,600 | 4,578 |
| Day care | 9 | 1,041 | 148 | 1,189 | 1,154 |
| Hospice Outreach | 9 | 837 | 205 | 1,042 | 958 |
| Hospice at home | 9 | 600 | 685 | 1,285 | 1,255 |
| Education and research | 9 | 88 | 186 | 274 | 124 |
| Hospital services | 9 | 53 | 56 | 109 | 127 |
| Lymphoedema | 9 | 93 | 35 | 128 | 113 |
| Social Work & Chaplaincy | 9 | 311 | - | 311 | 298 |
| **Expenditure on charitable activities** | | **7,450** | **1,488** | **8,938** | **8,607** |
| **Total expenditure** | | **10,632** | **1,488** | **12,120** | **11,366** |
| **Net income for the year and net movements in funds before gains on investments** | | 695 | 63 | 758 | 1,399 |
| Net gains on investments | 11 | 185 | - | 185 | 2,025 |
| **Net income for the year** | | **880** | **63** | **943** | **3,424** |
| Transfers between funds | 16, 17 | 12 | -12 | - | - |
| **Net movement in funds** | | **892** | **51** | **943** | **3,424** |
| ***Reconciliation of funds:*** | | | | | |
| **Total funds brought forward** | | 26,395 | 230 | 26,625 | 23,201 |
| **Total funds carried forward** | | **27,287** | **281** | **27,568** | **26,625** |

## CONSOLIDATED AND CHARITY BALANCE SHEET
## As at 31 March 2022

| | Note | Group 2022 | Group 2021 | Charity 2022 | Charity 2021 |
|---|---|---|---|---|---|
| | | £000 | £000 | £000 | £000 |
| **Fixed Assets** | | | | | |
| Tangible assets | 10 | 12,151 | 12,403 | 12,151 | 12,403 |
| Investments | 11 | 8,495 | 8,169 | 8,545 | 8,219 |
| | | **20,646** | **20,572** | **20,696** | **20,622** |
| **Current Assets** | | | | | |
| Stock | 12 | 11 | 17 | - | - |
| Debtors | 13 | 1,384 | 1,538 | 1,534 | 1,663 |
| Cash at bank & in hand | | 6,598 | 5,813 | 6,164 | 5,415 |
| | | **7,993** | **7,368** | **7,698** | **7,078** |
| Creditors: amounts falling due within one year | 14 | (1,054) | (1,291) | (826) | (1,068) |
| **Net current assets** | | **6,939** | **6,077** | **6,872** | **6,010** |
| **Total assets less current liabilities** | | **27,585** | **26,649** | **27,568** | **26,632** |
| Creditors: amounts falling due greater than one year | 14 | - | (7) | - | (7) |
| **Total Net assets** | | **27,585** | **26,642** | **27,568** | **26,625** |
| **The funds of the charity:** | | | | | |
| Restricted funds | 15 | 281 | 230 | 281 | 230 |
| Unrestricted funds: | | | | | |
| Designated funds | 16 | 15,213 | 12,999 | 15,213 | 12,999 |
| General funds | 17 | 12,091 | 13,413 | 12,074 | 13,396 |
| **Total funds** | | **27,585** | **26,642** | **27,568** | **26,625** |

The net result of the charity's own accounts for 2021/22 was a surplus of £943K (2020/21: surplus of £3,424K).

These accounts were approved and authorised for issue by the Board of Trustees on 28 July 2022.

**Jeanette Whitford**
**Chair**
**Severn Hospice Limited**
**Registered No. 1608025**

## CONSOLIDATED STATEMENT OF CASH FLOWS
## For the year ended 31 March 2022

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | £000 | £000 |
| **Cash flows from operating activities:** | | | |
| Net cash provided by operating activities | 23 | 1,058 | 2,112 |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from investments | | 188 | 166 |
| Purchase of property, plant and equipment | | (320) | (2,697) |
| Proceeds from sale of investments | | 1,504 | 1,620 |
| Purchase of investments | | (1,506) | (1,967) |
| (Increase)/decrease in investment cash | | (139) | 238 |
| **Net cash used in investing activities** | | **(273)** | **(2,640)** |
| **Change in cash and cash equivalents in the reporting period** | | **785** | **(528)** |
| **Cash and cash equivalents at the beginning of the reporting period** | | 5,813 | 6,341 |
| **Cash and cash equivalents at the end of the reporting period** | | **6,598** | **5,813** |

**Notes to the Accounts**
**Year ended 31 March 2022**

## 1. Accounting Policies

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

(a) Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

(b) Going Concern

The Trustees consider that there are no material uncertainties about the Hospice's ability to continue as a going concern. The most significant area of uncertainty is the level of income which needs to be raised every year and is covered in more detail in the performance and risk sections of the Trustees' report. Covid-19 impacts have subsided but new factors have since emerged that can directly and indirectly impact the Hospice such as changes to fiscal and monetary policy, the Ukraine war and high inflation. However, the review of the Hospice's financial position, reserves levels and future plans gives Trustees confidence that it remains a going concern for the foreseeable future.

(c) Basis of Consolidation

The statement of financial activities ("the SOFA") and balance sheet consolidate the financial statements of the charitable company and its subsidiary companies, Hospice Projects Limited and Severn Promotions Limited, for the financial year ended 31 March 2022. The results of the subsidiary companies are consolidated on a line by line basis.

(d) Estimation Uncertainty and Judgements

In the application of the accounting policies, Trustees are required to make judgement, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

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

(e) Income

The Hospice recognises income when all of the following criteria are met: it has entitlement to the funds and any conditions attached to the items of income have been met; it is probable that the income will be received; and an economic benefit can be reasonably measured. This is applied as follows to these streams of income:

*Donations* are included in income when they are received.

*Legacies* are recognised when it is probable that they will be received. Receipt is probable when there has been grant of probate; the executors have established that there are sufficient assets in the estate, after settling any liabilities; and any conditions attached to the legacy are either within the control of the Hospice or have been met. If the legacy is in the form of an asset other than cash or shares listed on a recognised stock exchange, recognition is subject to the value of the asset being able to be reliably measured and title to the asset being transferred to the Hospice. Where legacies have been notified to the Hospice and the Hospice is aware of granting of probate, but the criteria for income recognition have not been met, then the legacy

is treated as a contingent asset and disclosed in the notes to the accounts.

*Grants received from health authorities and other bodies* are recognised when the Hospice has entitlement to the funds, any conditions around the grant have been met, and in the year to which it relates. HMRC furlough grants represent the amounts claimed from HM Revenue and Customs under the Coronavirus Job Retention Scheme (CJRS). The income is accounted for in the period in which the salary payments are made to furloughed staff.

*Lottery income* is recognised in respect of those draws which have taken place in the year.

*Other Trading income* is recognised on the point of sale for both donated and new goods and at point of collection for fundraising events.

(f) Expenditure

Expenditure is accounted for on an accruals basis once there is an 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. Where possible costs are allocated directly to main expenditure categories of the SOFA, but where this is not possible these are allocated on the bases set out in the note to the accounts. Expenditure is classified under the following headings:

*Costs of Raising Funds* comprise direct fundraising costs incurred in seeking donations, legacies and grants from trusts, together with direct costs associated with trading income together with an allocation of indirect support costs.

*Expenditure on charitable activities* includes the direct costs of providing specialist palliative care and support community services, research and other educational activities undertaken to further the purposes of the charity, together with an allocation of indirect support costs.

Support costs are those costs which are necessary to the delivery of Hospice services but are not part of the direct costs of the expenditure categories in the SOFA. These relate to governance, premises, catering, central administration, finance, IT and HR and Vehicles.

(g) Operating Leases

Rental costs under operating leases are charged to the SOFA over the period of the lease.
A review of new leases entered this year was undertaken and an adjustment has been made for lease incentives to be accounted for over the full term of the lease.

(h) Fund Accounting

The Hospice maintains various types of funds as follows:

*Restricted Funds:* these are funds subject to specific conditions laid down by the donor or fundraiser. The restriction is released once conditions relating to these have been met, and funds then become unrestricted.

*Unrestricted Funds:* these fall into two categories: designated funds and general funds.

Designated funds represent amounts which have been put aside for particular projects. The designation does not legally restrict the Trustees' discretion to apply these funds. The Hospice has the following designated funds:

Capital Fund: funds set aside for future capital works.

Fixed Asset Fund: represents expenditure on fixed assets that has not been charged to the Statement of financial Activities as depreciation. A large part of this represents the three buildings which the Hospice cannot operate without and which cannot therefore be realised in the normal way of business.

Energy Sustainability Fund: funds set aside to reduce the Hospice's reliance on third part suppliers, being more self-sustainable and capping its future energy bills.

Service Development Fund: this is for the Hospice to continue to develop the model for its services based on a concept of Living Well to help its patients achieve as high a quality of life as they can.

General funds: funds that are expendable at the discretion of the Trustees in the furtherance of the objects of the Charity. Such funds may be held in order to finance both working capital and capital investment. These also include amounts to be retained by the Hospice's Funds Policy.

(i) Tangible Fixed Assets

Freehold properties are stated in the Balance Sheet at the cost or value at the date of receipt, less depreciation.

Tangible fixed assets are stated at cost less depreciation. Any expenditure on individual assets with a value below £3,000 is written off directly to revenue. Depreciation is provided in equal instalments over the estimated lives of the assets.

The useful lives assigned to assets are:

| | |
|---|---|
| Freehold property | 50 years |
| Leasehold premises | 5 to 10 years |
| Furnishings & equipment | 4 to 7 years |
| Motor vehicles | 3 to 4 years |

(j) Investments

Investments include listed investments, investments in group undertakings, and an investment property.

*Listed investments* are a form of basic financial instrument and are initially shown in the financial statements at market value. They are subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Net gains and losses on the Statement of Financial Activities represent realised and unrealised gains on investments. Realised gains or losses are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains or losses are calculated as the difference between the fair value at the year-end and their carrying value.

*Investments in group undertakings* are the shares of the subsidiary companies which are carried at cost.

*Investment property* is a property received as part of a legacy in 2009. It is held at fair value. It is not depreciated.

(k) Stocks

Stocks, which comprise goods for resale, are stated at the lower of cost and net realisable value.

(l) Goods Donated for Resale

Donated items of goods for resale are not included in the financial statements because the Trustees consider it impractical to be able to assess the amount of donated stocks. This is because there are no systems in place to record these goods until they are sold. A stocktake would incur costs to the Charity which would far outweigh the benefits.

(m) Debtors

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

(n) Cash at Bank and in Hand

Cash at bank and in hand includes cash and short term highly liquid investments held within current and deposit accounts.

(o) Creditors and Provisions

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

(p) Volunteers

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

(q) Support Groups

There were 13 official active Support Groups operating bank accounts in the name of the Hospice at 31 March 2022. The majority of these prepare accounts to 31 March. Fundraising income includes gross income raised by these groups, and the expenses they incur are included within fundraising costs.

(r) Pension Costs

The majority of staff are members of either the National Health Service Pension Scheme ("the NHS scheme") or defined contribution schemes operated by the Charity. Contributions are made by both employees and employer. Although the NHS scheme is a defined benefit scheme, the nature of the scheme is such that the Charity cannot identify its share of the scheme's underlying assets and liabilities. In accordance with FRS102, payments to the NHS scheme have been treated in the same way as contributions to the defined contribution schemes and the payments made by the Charity are charged against the profits of the year in which they become payable.

(s) Financial Instruments

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

2 **Company Status and Members' Liability**

The Charity is a private company limited by guarantee and does not have share capital. The extent of the liability of the members to the Charity on a winding up is limited to a maximum of £1 each.

3 **Taxation**

The company is said to pass the tests carried out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income and capital gains received within categories covered by Chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes. No tax charges have arisen in the year.

No tax charge has arisen in the trading subsidiaries, Severn Promotions Limited and Hospice Projects Ltd due to their policy of gifting all their taxable profits to Severn Hospice Limited.

## 4a Charitable Activities

| | 2022 £000 | 2021 £000 |
|---|---|---|
| NHS income | 3,712 | 3,807 |
| Education income | 183 | 144 |
| | 3,895 | 3,951 |

## 4b Covid Related Grants

| | 2022 £000 | 2021 £000 |
|---|---|---|
| NHS England grants | - | 2,310 |
| NHS Wales grants | - | 88 |
| HMRC Furlough grants | 16 | 745 |
| Council grants | 85 | 741 |
| | 101 | 3,884 |

## 5a Lottery

Severn Promotions Company Limited, a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2973920, operates raffles and a weekly lottery. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2022.

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Lottery income | 1,176 | 1,240 |
| Donations | 37 | 44 |
| Investment income | 1 | 1 |
| Covid Related grants | 1 | 18 |
| Total income | 1,215 | 1,303 |
| Prizes awarded | (146) | (146) |
| Staff costs | (118) | (105) |
| Other costs | (164) | (100) |
| Total expenditure | (428) | (351) |
| Net lottery income | 787 | 952 |
| Gift Aid payments to Severn Hospice Limited | (787) | (952) |
| Retained in subsidiary | - | - |
| | | |
| Total assets | 295 | 297 |
| Total liabilities | (289) | (291) |
| Funds (representing share capital and reserves) | 6 | 6 |

## 5b Hospice Projects Limited

This is a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2229635. All new goods are sold through this company via the Hospice shops or website. A house clearance service also operates through the company. A café was opened in 2021 in the new Community Services building and its income and costs are now included. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2022.

| | 2022<br>£000 | 2021<br>£000 |
|---|---|---|
| Projects income | 370 | 145 |
| Donations | 1 | 2 |
| Interest | 1 | 1 |
| Total income | 372 | 148 |
| Cost of goods sold | (253) | (51) |
| Operating costs | (51) | (53) |
| Total expenditure | (304) | (104) |
| **Net trading profit** | 68 | 44 |
| Gift Aid payments to Severn Hospice Limited- provisional amount due for year | (68) | (44) |
| Retained in subsidiary | - | - |
| Total assets | 159 | 118 |
| Total liabilities | (98) | (57) |
| Funds (representing share capital and reserves) | 61 | 61 |

## 5c Hospice Shops

This is the trading arm of Severn Hospice Limited – it is not a separate trading subsidiary company.

| | 2022<br>£000 | 2021<br>£000 |
|---|---|---|
| Covid related grants | 99 | 1,264 |
| Kickstart grants | 36 | - |
| Non gift –aided donated goods income | 2,011 | 622 |
| Gift-aided donated goods income | 1,052 | 118 |
| Gift Aid on donated goods income | 221 | 80 |
| Rag income | 132 | 36 |
| Donations | 38 | 29 |
| Other income | 25 | 19 |
| Total income | 3,614 | 2,168 |
| Staff Costs | (1,381) | (1,219) |
| Premises maintenance and rent | (511) | (378) |
| Other costs | (516) | (420) |
| Total expenditure | (2,408) | (2,017) |
| Net shops income | 1,206 | 151 |

## 5d Fundraising Events

Income and direct expenditure from the top fundraising events in 2021/22, together with comparatives for 2020/21, is as follows:

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Income | Expenditure | Net Income | Income | Expenditure | Net Income |
| | £000 | £000 | £ | £ | £ | £ |
| Wrekin Rowers | 61 | - | 61 | - | - | - |
| Lights of Love Annual | 48 | (7) | 41 | 52 | (5) | 47 |
| London Marathon | 38 | (1) | 37 | 43 | (5) | 38 |
| Skydives | 16 | (3) | 13 | 18 | (2) | 16 |
| | 163 | (11) | 152 | 113 | (12) | 101 |

The income and expenditure for certain events can straddle the financial year end causing fluctuations from year to year in the net income position.

## 6 Investment Income

| | 2022 | 2021 |
|---|---|---|
| | £000 | £000 |
| Dividends receivable on shares held | 177 | 150 |
| Interest receivable on cash balances | 11 | 16 |
| | 188 | 166 |

## 7 Other Income

| | 2022 | 2021 |
|---|---|---|
| | £000 | £000 |
| Miscellaneous items of income received for catering, insurance receipts, property rental, wayleaves etc. | 87 | 45 |

## 8 Staff Costs & Pensions (Group)

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Salaries | 7,774 | 7,402 |
| Social security costs | 633 | 610 |
| Pension costs | 489 | 489 |
| Redundancy and Settlement Agreement costs | 5 | 6 |
| | 8,901 | 8,507 |

(Note 1(r) and Note 20 give further information on the pension schemes.)
Pension costs typically increase as a result of a combination of salary increases, and statutory employer contribution rate rises for both the NHS and auto enrolment schemes.

The Charity Trustees received no remuneration or any other benefits from employment with the Hospice or its subsidiaries in the year (Prior year: £nil). A note on related party transactions is given at note 21.

The average monthly headcount and full-time equivalent during the year is:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Headcount | FTE | Headcount | FTE |
| Admin | 32 | 20 | 32 | 20 |
| Income Generation | 25 | 15 | 18 | 12 |
| Care | 301 | 173 | 309 | 164 |
| Shops | 84 | 52 | 86 | 52 |
| | **442** | **260** | **445** | **248** |

The number of employees whose emoluments for the year were greater than £60,000 were as follows:

| | 2022 | 2021 |
|---|---|---|
| £60,000 to £70,000 | 1 | 3 |
| £70,000 to £80,000 | 3 | 1 |
| £80,000 to £90,000 | - | 1 |
| £90,000 to £100,000 | 1 | - |
| | 5 | 5 |
| Pension contributions relating to those staff earning over £60,000 | £42,417 | £36,473 |

For the key employed and seconded management personnel, also comprising the Senior Management Team as set out on page 16, the total employee benefits were £544K (prior year £523K).

During the year, the Hospice did not pay out any redundancy payments (prior year £Nil). Two members of staff left the Hospice from the Retail operation under settlement agreements totalling £5K (prior year £6K)

## 9 Total Expenditure (Group) 2022

| | Direct Costs £000 | Support Costs £000 | Total 2022 £000 | Total 2021 £000 |
|---|---|---|---|---|
| Charitable Activities: | | | | |
| In Patient Care | 3,239 | 1,361 | 4,600 | 4,578 |
| Day Care | 640 | 549 | 1,189 | 1,154 |
| Hospice Outreach | 913 | 129 | 1,042 | 958 |
| Hospice at Home | 1,077 | 208 | 1,285 | 1,255 |
| Education & Research | 120 | 154 | 274 | 124 |
| Hospital & Community Services | 109 | - | 109 | 127 |
| Lymphoedema | 98 | 30 | 128 | 113 |
| Social Work & Chaplaincy | 260 | 51 | 311 | 298 |
| Costs of Raising Funds: | | | | |
| Donations, Legacies and Grants | 340 | 365 | 705 | 687 |
| Other trading activities | | | | |
| Hospice Shops | 2,328 | 80 | 2,408 | 2,017 |
| Lottery | 403 | 25 | 428 | 351 |
| Projects | 292 | 12 | 304 | 104 |
| Fundraising Events | 18 | - | 18 | 12 |
| Investment Management | 50 | - | 50 | 43 |
| **Total Expenditure** | 9,887 | 2,964 | 12,851 | 11,821 |

| **Support costs include:** | **Basis of Allocation** | **£000** | **£000** |
|---|---|---|---|
| Premises & Catering | Floor area, estimated time, and cost | 1,579 | 1,289 |
| Central Services | Estimated time | 685 | 647 |
| Finance | Estimated time | 240 | 231 |
| IT Support | Workstations and estimated time | 339 | 270 |
| Vehicles | Estimated time & specific costings | 11 | 10 |
| Governance | Estimated time | 110 | 108 |
| | | 2,964 | 2,555 |

| **Included within group expenditure are:** | | |
|---|---|---|
| Amounts paid or payable to Auditors: | | |
| External annual audit of accounts | 19 | 18 |
| Other fees payable to the Auditors | 6 | 4 |
| Depreciation | 572 | 506 |
| Lease payments | 427 | 331 |

## 9 Total Expenditure (Group) 2021

| | Direct Costs £000 | Support Costs £000 | Total 2021 £000 | Total 2020 £000 |
|---|---|---|---|---|
| Charitable Activities: | | | | |
| In Patient Care | 3,272 | 1,306 | 4,578 | 4,790 |
| Day Care | 684 | 470 | 1,154 | 1,191 |
| Hospice Outreach | 845 | 113 | 958 | 966 |
| Hospice at Home | 1,076 | 179 | 1,255 | 1,117 |
| Education & Research | 85 | 39 | 124 | 121 |
| Hospital & Community Services | 127 | - | 127 | 156 |
| Lymphoedema | 88 | 25 | 113 | 123 |
| Social Work & Chaplaincy | 255 | 43 | 298 | 334 |
| Costs of Raising Funds: | | | | |
| Donations, Legacies and Grants | 375 | 312 | 687 | 761 |
| Other trading activities | | | | |
| Hospice Shops | 1,977 | 40 | 2,017 | 2,134 |
| Lottery | 325 | 26 | 351 | 416 |
| Projects | 102 | 2 | 104 | 84 |
| Fundraising Events | 12 | - | 12 | 93 |
| Investment Management | 43 | - | 43 | 42 |
| **Total Expenditure** | 9,266 | 2,555 | 11,821 | 12,328 |

| **Support costs include:** | **Basis of Allocation** | **£000** | **£000** |
|---|---|---|---|
| Premises & Catering | Floor area, estimated time, and cost | 1,289 | 1,159 |
| Central Services | Estimated time | 647 | 514 |
| Finance | Estimated time | 231 | 264 |
| IT Support | Workstations and estimated time | 270 | 281 |
| Vehicles | Estimated time & specific costings | 10 | 18 |
| Governance | Estimated time | 108 | 82 |
| | | 2,555 | 2,318 |

| **Included within group expenditure are:** | | |
|---|---|---|
| Amounts paid or payable to Auditors: | | |
| External annual audit of accounts | 18 | 20 |
| Other fees payable to the Auditors | 4 | 3 |
| Depreciation | 506 | 486 |
| Lease payments | 331 | 408 |

## 10 Fixed Assets

| Charity | Freehold Property £000 | Furnishings & Equipment £000 | Vehicles £000 | Total £000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2021 | 14,818 | 3,106 | 124 | 18,048 |
| Additions | 110 | 189 | 21 | 320 |
| Disposals | - | - | (13) | (13) |
| **At 31 March 2022** | 14,928 | 3,295 | 132 | 18,355 |
| **Depreciation** | | | | |
| At 1 April 2021 | 3,142 | 2,379 | 124 | 5,645 |
| Charge for year | 293 | 276 | 3 | 572 |
| Disposals | - | - | (13) | (13) |
| **At 31 March 2022** | 3,435 | 2,655 | 114 | 6,204 |
| **Net Book Value** | | | | |
| **At 1 April 2021** | 11,676 | 727 | - | 12,403 |
| **At 31 March 2022** | 11,493 | 640 | 18 | 12,151 |

| Group | | | | |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2021 | 14,818 | 3,127 | 124 | 18,069 |
| Additions | 110 | 189 | 21 | 320 |
| Disposals | - | - | (13) | (13) |
| **At 31 March 2022** | 14,928 | 3,316 | 132 | 18,376 |
| **Depreciation** | | | | |
| At 1 April 2021 | 3,142 | 2,400 | 124 | 5,666 |
| Charge for year | 293 | 276 | 3 | 572 |
| Disposals | - | - | (13) | (13) |
| **At 31 March 2022** | 3,435 | 2,676 | 114 | 6,225 |
| **Net Book Value** | | | | |
| **At 1 April 2021** | 11,676 | 727 | - | 12,403 |
| **At 31 March 2022** | 11,493 | 640 | 18 | 12,151 |

## 11 Investments

| | The Group | | The Charity | |
|---|---|---|---|---|
| | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 |
| Listed UK Stock Exchange Investments | 8,310 | 7,984 | 8,310 | 7,984 |
| Shares in subsidiary companies | - | - | 50 | 50 |
| Investment Properties | 185 | 185 | 185 | 185 |
| | 8,495 | 8,169 | 8,545 | 8,219 |

The investment property was revalued on 31st March 2021 at open market value by Zaza Johnson and Bath Estate Agents. The Trustees believe the value has not significantly changed since that date.

**(a) Listed UK Stock Exchange Investments**

| | Group and Charity | |
|---|---|---|
| | 2022 £000 | 2021 £000 |
| Market Value 1 April 2021 | 7,772 | 5,415 |
| Disposals | (1,504) | (1,620) |
| Acquisitions | 1,506 | 1,967 |
| Unrealised gains | 432 | 157 |
| Realised (losses)/gains | (247) | 1,853 |
| Market value at 31 March 2022 | 7,959 | 7,772 |
| Cash held for investment | 351 | 212 |
| | **8,310** | **7,984** |

**(b) Analysis of Listed/Discretionary Fund Investments**

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Discretionary Fund managed by Evelyn Partners | 4,079 | 3,802 |
| Discretionary Fund managed by Brewin Dolphin | 4,231 | 4,182 |
| | 8,310 | 7,984 |

**(c) Shares in subsidiary companies at cost**

| | Charity | |
|---|---|---|
| | 2022 £000 | 2021 £000 |
| Hospice Projects Limited | 50 | 50 |
| Severn Promotions Limited | - | - |
| | 50 | 50 |

## 12 Stocks

| | Group | | Charity | |
|---|---|---|---|---|
| | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 |
| Goods purchased for resale through Hospice Projects Limited | 11 | 17 | - | - |
| | 11 | 17 | - | - |

## 13 Debtors

| | Group | | Charity | |
|---|---|---|---|---|
| | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 |
| Trade debtors | 49 | 232 | 49 | 232 |
| Sundry debtors | 20 | 20 | 20 | 20 |
| Amounts due from subsidiary undertakings | - | - | 151 | 125 |
| Legacies & Covid grants | 964 | 986 | 964 | 986 |
| Prepayments | 181 | 151 | 180 | 151 |
| Income tax recoverable | 54 | - | 54 | - |
| VAT recoverable | 116 | 149 | 116 | 149 |
| | 1,384 | 1,538 | 1,534 | 1,663 |

## 14 Creditors: Amounts Falling Due Within One Year

| | Group | | Charity | |
|---|---|---|---|---|
| | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 |
| Trade creditors | 228 | 267 | 220 | 267 |
| Taxation & social security costs | 145 | 142 | 145 | 142 |
| Accruals | 355 | 430 | 337 | 418 |
| Amounts due to subsidiary undertakings | - | - | 9 | 1 |
| Deferred income | 13 | 149 | 13 | 149 |
| Other creditors | 313 | 303 | 102 | 91 |
| | 1,054 | 1,291 | 826 | 1,068 |

### Creditors: Amounts Falling Due Greater Than One Year

| | Group | | Charity | |
|---|---|---|---|---|
| | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 |
| Deferred income | - | 7 | - | 7 |
| | - | 7 | - | 7 |

Deferred income of £13k mostly relates to two hospital and community funds. This is money received in advance for services to be carried out in the future.

**Creditors: Deferred Income**

| | Balance b/fwd 1.4.21 £000 | Released £000 | New Deferred £000 | Amounts Falling Due Within One Year Balance c/fwd 31.3.22 £000 | Greater Than One Year Balance c/fwd 31.3.22 £000 |
|---|---|---|---|---|---|
| **Amounts Falling Due Within One Year** | | | | | |
| Events income | 2 | 2 | - | - | - |
| Complementary Therapy | 5 | 5 | - | - | - |
| Training Income | 132 | 132 | - | - | - |
| Men's Health project | 1 | - | - | 1 | - |
| Compassionate Communities fund | 12 | 3 | - | 9 | - |
| Hospital Development Fund | 3 | - | - | 3 | - |
| | 155 | 142 | - | 13 | - |

## 15 Restricted Funds

The Group and Charity Funds for **2021/22** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

| | Balance at 1.4.21 £000 | Income £000 | Expenditure £000 | Transfer to General Funds £000 | Balance at 31.3.22 £000 |
|---|---|---|---|---|---|
| Donations received for In Patient Care and Bereavement | 7 | 219 | (95) | (12) | 119 |
| Donations received for the Day Units | - | 44 | (44) | - | - |
| Donations received for Care at Home Services | 5 | 56 | (61) | - | - |
| CCG funding for specifically negotiated services | 218 | 1,231 | (1,287) | - | 162 |
| Hospice Garden | - | 1 | (1) | - | - |
| | 230 | 1,551 | (1,488) | (12) | 281 |

The transfer to general funds of £12K represents the release of funds for the purchase of assets because the restriction placed on the funding has been met in the year.

The Group and Charity Funds for **2020/21** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

| | Balance at 1.4.20 £000 | Income £000 | Expenditure £000 | Transfer to General Funds £000 | Balance at 31.3.21 £000 |
|---|---|---|---|---|---|
| Donations received for In Patient Care and Bereavement | 3 | 129 | (125) | - | 7 |
| Donations received for the Day Units | - | 49 | - | (49) | - |
| Donations received for Living Well | - | 3 | (3) | - | - |
| Donations received for Care at Home Services | - | 76 | (71) | - | 5 |
| CCG funding for specifically negotiated services | 48 | 4,440 | (4,270) | - | 218 |
| Hospice Garden | - | 1 | (1) | - | - |
| | 51 | 4,698 | (4,470) | (49) | 230 |

## 16 Unrestricted Funds

The Group and Charity Funds for **2021/22** include the following designated and general funds:

| | Balance at 1.4.21 £ | New Designations £ | Utilised/ Released £ | Resources To/From General Funds £ | Balance at 31.3.22 £ |
|---|---|---|---|---|---|
| **Group:** | | | | | |
| Designated Funds: | | | | | |
| Capital Fund | - | 2,500 | - | - | 2,500 |
| Fixed Asset Fund | 12,403 | 320 | (572) | - | 12,151 |
| Energy Sustainability Fund | 145 | - | - | - | 145 |
| Service Development Fund | 451 | - | (34) | - | 417 |
| Total Designated Funds | 12,999 | 2,820 | (606) | - | 15,213 |
| Group General Funds | 13,413 | 9,423 | (10,757) | 12 | 12,091 |
| Total Group Unrestricted | 26,412 | 12,243 | (11,363) | 12 | 27,304 |
| **Charity:** | | | | | |
| Total Designated Funds | 12,999 | 2,820 | (606) | - | 15,213 |
| Charity General Funds | 13,396 | 8,692 | (10,026) | 12 | 12,074 |
| Total Charity Unrestricted | 26,395 | 11,512 | (10,632) | 12 | 27,287 |

See page 10 for more detail on the explanation of the various funds. The £2,214K net movement on designated funds on the SOFA represents the net new designations and releases from these funds. The releases include revenue movements for depreciation and Hospice funding of pharmacist post. The new designation of £2,500K is for various capital improvement projects.

The Group and Charity Funds for **2020/21** include the following designated and general funds:

| | Balance at 1.4.20 £000 | New Designations £000 | Utilised/ Released £000 | Resources To/From General Funds £000 | Balance at 31.3.21 £000 |
|---|---|---|---|---|---|
| **Group:** | | | | | |
| Designated Funds: | | | | | |
| Capital Fund | 2,400 | - | 2,400 | - | - |
| Fixed Asset Fund | 10,218 | 2,672 | 487 | - | 12,403 |
| Energy Sustainability Fund | 145 | - | - | - | 145 |
| Service Development Fund | 482 | - | 31 | - | 451 |
| Total Designated Funds | 13,245 | 2,672 | 2,918 | - | 12,999 |
| Group General Funds | 9,922 | 10,548 | 7,352 | 295 | 13,413 |
| Total Group Unrestricted | 23,167 | 13,220 | 10,270 | 295 | 26,412 |
| **Charity:** | | | | | |
| Total Designated Funds | 13,245 | 2,673 | 2,919 | | 12,999 |
| Charity General Funds | 9,905 | 10,092 | 6,896 | 295 | 13,396 |
| Total Charity Unrestricted | 23,150 | 12,765 | 9,815 | 295 | 26,395 |

## 17 Allocation of Group Net Assets between Funds

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Unrestricted Funds £000 | Restricted Funds £000 | Total £000 | Unrestricted Funds £000 | Restricted Funds £000 | Total £000 |
| Fund balances at 31 March are represented by: | | | | | | |
| Tangible fixed assets | 12,151 | - | 12,151 | 12,403 | - | 12,403 |
| Investments | 8,495 | - | 8,495 | 8,169 | - | 8,169 |
| Current assets | 7,712 | 281 | 7,993 | 7,138 | 230 | 7,368 |
| Creditors due within one year | (1,054) | - | (1,054) | (1,291) | - | (1,291) |
| Creditors due greater than one year | - | - | - | (7) | - | (7) |
| Total Net Assets | 27,304 | 281 | 27,585 | 26,412 | 230 | 26,642 |

## 18 Operating Lease Commitments

At March 2022, the charity had future minimum lease payments under non-cancellable operating leases in respect of Hospice shops due as follows:

| | 2022 | 2021 |
|---|---|---|
| | £000 | £000 |
| Within 1 year | 215 | 241 |
| Between 2 and 5 years | 319 | 325 |
| Over 5 years to end of lease term | - | - |
| | 534 | 566 |

## 19 Controlling Party

The Company, having no share capital, is under the control of the Directors who also act as Trustees.

## 20 Pension Commitments

The Company and its subsidiaries operate a defined contribution scheme available to all permanent employees. Pension auto-enrolment legislation came into force for the Hospice in February 2014 and has been complied with from that date. The Company and its subsidiaries also make contributions to the National Health Service Pension Scheme for certain employees.

Contributions are charged in the financial statements as they are incurred and there were no outstanding contributions as at the balance sheet date. Pension costs charged in the year were £489K consisting of £288K paid to the NHS Scheme, and £201K paid to the defined contribution schemes (2021: £309K and £180K respectively).

## 21 Related Party Transactions

The charity paid a total of £10K in the year to Wace Morgan LLP, Solicitors for employment advice (£10K 2020/21 for employment advice and insurance). Zara Oliver, a Trustee of the charity (retired 16.2.22), is a partner in Wace Morgan LLP. There were no amounts owed or owing at the year-end. Mike Tudor is the husband of the Chief Executive and is employed by Thornton Firkin who provide Quantity Surveyor services to the Hospice. The charity paid a total of £1K in the year to Thornton Firkin. There were no other related party transactions in either the current or previous year.

## 22 Contingent Assets and Liabilities

As at 31 March 2022 the Hospice had been notified of several residuary, pecuniary and specific legacies, some of which have life interests, where the timing of realisation or value of these estates was uncertain. Therefore, no amounts have been accrued in respect of these legacies which are estimated to be in excess of £1,650K (2020/21 in excess of £2,000K).

## 23 Reconciliation of Net Income to Net Cash Flow from Operating Activities

| | Group 2022 £000 | Group 2021 £000 |
|---|---|---|
| **Net Income for the reporting period (as per the statement of financial activities)** | **943** | **3,424** |
| **Adjustments for:** | | |
| Depreciation charges | 572 | 506 |
| Dividends, interest, and rents from investments | (188) | (166) |
| (Gains) on investments | (185) | (2,025) |
| Decrease/(increase) in stocks | 6 | (2) |
| Decrease in debtors | 154 | 269 |
| (Decrease)/increase in creditors | (244) | 106 |
| **Net cash provided by operating activities** | **1,058** | **2,112** |

## 24 Analysis of changes in net funds

| | Balance at 1.4.21 £000 | Cash flows £000 | Other non-cash changes £000 | Balance at 31.3.22 £000 |
|---|---|---|---|---|
| Cash and bank | 5,813 | 785 | - | 6,598 |

## 25 Capital Commitments

As at 31 March 2022 Severn Hospice Limited had capital commitments outstanding for the new Community Services centre at Bicton totalling in the region of £90,000 (2021: £180,000).

## 26 2020/21 Comparative information

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
## For the Year Ended 31 March 2022

| | Unrestricted 2021 £000 | Restricted 2021 £000 | Total Funds 2021 £000 | Total Funds 2020 £000 |
|---|---|---|---|---|
| **Income From:** | | | | |
| **Donations and Legacies:** | | | | |
| Donations | 1,334 | 140 | 1,474 | 1,543 |
| Legacies | 1,036 | 0 | 1,036 | 1,822 |
| Grants from Charitable Trusts | 129 | 117 | 246 | 642 |
| | **2,499** | **257** | **2,756** | **4,007** |
| **Charitable Activities** | **1,909** | **2,042** | **3,951** | **3,714** |
| **Covid Related Grants** | **1,486** | **2,398** | **3,884** | **0** |
| **Other trading activities:** | | | | |
| Lottery | 1,240 | 0 | 1,240 | 1,273 |
| Projects | 145 | 0 | 145 | 171 |
| Shops | 904 | 0 | 904 | 3,115 |
| Fundraising Events | 129 | 0 | 129 | 305 |
| | **2,418** | **0** | **2,418** | **4,864** |
| **Investments** | **166** | **0** | **166** | **246** |
| **Other Income** | **45** | **0** | **45** | **76** |
| **Total Income** | **8,523** | **4,697** | **13,220** | **19,907** |
| **Expenditure on:** | | | | |
| **Raising Donations, Legacies and Grants** | 687 | 0 | 687 | 761 |
| **Other trading activities:** | | | | |
| Lottery | 351 | 0 | 351 | 416 |
| Projects | 104 | 0 | 104 | 84 |
| Shops | 2,017 | 0 | 2,017 | 2,134 |
| Fundraising Events | 12 | 0 | 12 | 93 |
| **Investment Management Costs** | 43 | 0 | 43 | 42 |
| **Costs of raising funds** | **3,214** | **0** | **3,214** | **3,530** |
| In patient care | 1,980 | 2,598 | 4,578 | 4,790 |
| Day care | 1,050 | 104 | 1,154 | 1,191 |
| Hospice outreach | 547 | 410 | 957 | 966 |
| Hospice at home | 50 | 1,205 | 1,255 | 1,117 |
| Education | 102 | 22 | 124 | 121 |
| Hospital & Community services | 70 | 57 | 127 | 156 |
| Lymphoedema | 43 | 70 | 113 | 123 |
| Social Work & Chaplaincy | 297 | 1 | 298 | 334 |
| **Expenditure on charitable activities** | **4,139** | **4,468** | **8,607** | **8,798** |
| **Total Expenditure** | **7,353** | **4,468** | **11,821** | **12,328** |
| **Net income for the year and net movements in funds before gains and losses on investments** | 1,171 | 228 | 1,399 | 579 |
| Net gains/(losses) on investments | 2,025 | 0 | 2,025 | -702 |
| **Net income/(expenditure) for the year** | **3,196** | **228** | **3,424** | **-123** |
| Transfers between funds | 49 | -49 | 0 | 0 |
| **Net movement in funds** | **3,245** | **179** | **3,424** | **-123** |
| ***Reconciliation of funds:*** | | | | |
| Total funds brought forward | 23,167 | 51 | 23,218 | 23,341 |
| **Total funds carried forward** | **26,412** | **230** | **26,642** | **23,218** |

**SEVERN HOSPICE LIMITED**

England & Wales - Charity number 512394

# Accounts

Severn Hospice
here and at home

# Report and Accounts

## Year ended 31 March 2021

**Severn Hospice Limited**
A Registered Charity No. 512394
A Company Limited by Guarantee No.1608025
Registered Office: Bicton Heath, Shrewsbury SY3 8HS
Tel: 01743 236565
**www.severnhospice.org.uk**

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# Trustees' Annual Report

The Trustees (the Directors for Company Law purposes) submit their annual report and the audited financial statements for the year ended 31 March 2021. The annual report and financial statements of the charity have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

## Objectives and Activities

### Statement of Public Benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The mission statement of Severn Hospice sets out the activities which the charity undertakes for the public benefit. These services are provided free of charge to the residents of Shropshire, Telford & Wrekin, North Powys, Ceredigion and, when appropriate, to people living outside this catchment area e.g. when their families live locally.

### Mission Statement

Our mission is to provide the best care and a better life for people living with an incurable illness and for those important to them.
To achieve our mission, we will:

- Care for patients and their families as individuals and strive to meet their unique needs
- Provide appropriate choice to people in where they receive their treatment and care, whether this is in the home, as outpatients, with our day services or in our wards
- Provide high quality and timely information about conditions, treatment and the range of services available
- Provide high quality, evidence-based clinical services
- Create care environments which are welcoming, attractive and homely
- Provide care which neither hastens nor postpones death but which enables people to live as well as they can and to end their lives in peace and with dignity
- Support families through bereavement following loss of a loved one
- Nurture and support the skills, contribution and well-being of our staff and volunteers as our most valuable resource
- Provide all our services free of charge by raising sufficient income from charitable and non-charitable sources
- Share knowledge and skills with other health care professionals at home and abroad

## Objectives

The general aims and objectives of the Hospice are to support and care for people living with a terminal illness within the catchment of Shropshire, Telford & Wrekin, North Powys and Ceredigion, in particular by:

- Providing a range of services that support people suffering from a terminal illness
- Conducting, promoting and encouraging research into the care and treatment of people suffering from a terminal illness and for the dissemination of the results of such research
- Promoting, encouraging and assisting in the teaching or training of doctors, nurses, physiotherapists and other professions engaged in any branch of medicine, surgery, nursing or allied services

The charity aims to meet these objectives by achieving a service provision which:

- Demonstrates a holistic, person-centred approach to the care of people with life-limiting illnesses adopting the principles stated in the accepted definitions of palliative care
- Offers a well-co-ordinated, multi-professional and 'seamless' service which integrates specialist palliative care services with primary, secondary and tertiary health care services, voluntary agencies and social services
- Offers a wide range of services that are both clinically and cost effective and are accessible to all residents in the area
- Provides support and training to all members of staff involved in the care of people with life-threatening illnesses

## Activities

## Our Wards

We provide 24hour care for patients with complex needs in consultant led inpatient wards at both our Shrewsbury and Telford sites. We currently have 23 beds.

Care is provided through a multi-disciplinary team which includes doctors, nurses, a range of therapists, chaplains, and social workers.

The majority of rooms have en-suite facilities to ensure and protect the privacy and dignity of patients and all rooms look out onto our tranquil gardens with direct access to the grounds. Families can visit whenever they want, and they can even bring their pets if they wish to. This is a small example that demonstrates the difference between a Hospice and Hospital setting for palliative care.

## Day Services

Four out of five patients referred for Hospice support are cared for in their homes. The Hospice has redesigned the way it delivers day services within the concept of 'Living Well'. Our day services allow people to access specialist palliative care support for information and advice, therapy sessions, consultations with a specialist doctor or nurse, or to engage in a wide range of activities. A team of palliative care specialists work with patients to identify their personal goals for living and support them to live as well as possible within the constraints of their illness. Within therapeutic environments we offer specialist medical clinics, access to medical and nursing advice, a range of therapies, counselling, and bereavement support.

In addition, the day services team organise community coffee mornings at a number of locations across our catchment area. This outreaching into the community makes Hospice care more accessible within familiar, relaxed and informal environments.

## Outreach

The Hospice Outreach Service provides support to patients registered with GPs across the county. This community focused service offers specialist advice and support either on the telephone or by visiting patients at home where they can carry out specialist clinical interventions.

The two-tier service consists of Palliative Care Nurse Practitioners and Palliative Outreach Nurses who work across the whole healthcare network – in hospitals, at surgeries, and with GPs and district nurses. They are specialist practitioners who coordinate the delivery of palliative care.

## Hospice at Home

The Hospice at Home service provides hands on nursing care to people in the last weeks of life choosing to remain at home. Working alongside other community health professionals including GPs, the Hospice at Home service provides end of life care for periods of time through the day and night.

## Hospital Support

It is our philosophy to influence high standards of end-of-life care wherever that care takes place.

The Hospice currently funds one whole-time equivalent Clinical Nurse Specialist. In addition, the Hospice works closely with hospital teams in supporting education to ensure high standards of Palliative and End of Life Care. The Hospice Medical Director also chairs and contributes to the county-wide End of Life Care Group supporting collaboration and the coordination of care across organisations.

## Bereavement and Family Counselling Support Services

The Hospice has a social work team which supports patients and their families whether they are being cared for in the community or on a ward. A significant part of their work is the provision of a bereavement service for both adults and children.

## Chaplaincy

We have a team of chaplains who direct and support the delivery of spiritual care within the Hospice on a non-denominational basis. At both Shrewsbury and Telford Hospice there is a sanctuary; a quiet, reflective space close to the wards which anyone is free to use.

## Voluntary Services

The Hospice is supported by volunteers. Unfortunately, due to Covid-19 we did suspend volunteer services for most of the year. During normal times, our volunteers support us in all areas of the Hospice and within our shops and gardens, and with fundraising events. This support is estimated at an annual value in excess of £2 million but cannot be measured in purely monetary terms. Without volunteers the Hospice would struggle to provide the level of services that it does. In recognition of this outstanding support, the Hospice received royal recognition with the Queen's Award for Voluntary Service.

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# Strategic Report

## Achievements and Performance

| What we committed to do in 2020-21 | How we performed |
|---|---|
| Open our Community Services Centre at Bicton and rehabilitation centre at Apley. | The Apley rehabilitation centre was successfully opened in June 2020.<br>After an unsurprising Covid associated delay in completion, the new facility at Bicton opened in February 2021 and accepted its first patients in March 2021.<br>Within the build is a new venture 'Refresh' our first café.<br>The new facilities support our strategy for community services within the concept of 'Living Well'. |
| Determine the future inpatient service model, specifically the number of beds required on each site to meet demand and support choice. | During 2021 we piloted a more equal split of beds across the two sites. This pilot aimed to address pressures on capacity and resulting longer waiting times at Apley.<br>Our activity data has been closely monitored throughout and now supports this as the model going forward. |
| In light of Covid-19 monitor the impact of the pandemic on the hospice finances and take remedial action where necessary | There is no doubt that the pandemic has had a significant negative impact on our ability to raise funds. With the closure of our 28 shops and restrictions on other fundraising activities we were predicting a significant deficit.<br>Our strong reserves position and access to the range of government support schemes mitigated this and we have ended the financial year in a very positive position.<br>It is important to recognise that the impact of covid will run through the current financial year and it is important to monitor income closely and protect our reserves position |

| | |
|---|---|
| Secure the level of funding required to meet the demand on services and support specific service developments. | We anticipate the reinstatement of previous fundraising activities including retail. We will also be exploring new income generating ideas. To maximise our income and maintain healthy reserves we will not be progressing further capital projects in the short term. |
| Engage the newly formed single CCG to secure an appropriate financial contribution through robust commissioning contracts. | There is a great deal of change and uncertainty within the local CCG including the need to appoint a new CEO. We will be monitoring this to identify new contacts and establish regular engagement with the overall aim of raising the profile and understanding of the hospice and its place in the local healthcare economy. |
| Continue to invest in successful income streams such as retail, lottery, and legacies. In addition, explore new income generating possibilities including virtual activities | Although the impact on retail generally is still not known there are no indications to change our retail strategy for growth. We will watch this landscape closely and progress with caution. Virtual events in the fundraising area contributed welcome donations when normal activities could not be held. Research into new income streams are progressing. |

## Activity for 2020-21

Severn Hospice provides palliative and end of life care for a combined population of around 630,000 in Shropshire, Telford & Wrekin, North Powys and Ceredigion. Population profiles demonstrate the mix of urban and rural communities in our patch. This puts a greater emphasis on the need to be flexible in our approach and in our provision of services.

The broad focus of our service strategy is to improve access to Hospice care and to safeguard NHS capacity where we can. We aim to provide specialist palliative care both within our wards and within the community and we support patient's choice to be cared for and die at home whenever possible. During the year, Covid has had an impact on activity across the range of services. We handled over 2,751 total patient referrals across our services, a decrease of 8% on last year. General access to GPs and hospital care diminished and the demand for critical (such as Covid illness) care accelerated resulting in lower referrals to the Hospice. However, within those numbers, there has been a marked shift with regards to where people received our care. Patients were more inclined to want to stay at home rather than travel to the Hospice and consequently 500 more people were treated in the community.

## Our Priorities for 2021-22

- Throughout the pandemic we are proud to have maintained the hospice core services. Due to COVID restrictions however we were forced to suspend services that were deemed to be less essential and involved bringing groups of people together. In the coming months as social distancing restrictions are no longer necessary, we will be reinstating these daytime activities, inviting people to attend group activities and the wider range of support.
- We will be extending our palliative rehabilitation programmes with the opening of the new facilities at Bicton.
- We will be testing a single point of access initiative which aims to assess referrals and direct people to the range of hospice community support services.
- We aim to further explore community clinics, aiming to support people closer to home.
- We aim to reinstate our coffee mornings, encouraging self-referral.
- We aim to extend the pilot that has tested a more equal split of beds across the two sites in order to understand the impact of the pandemic on inpatient activity, further confirming the model to be right.
- We will be reviewing our social work service aiming to identify needs and structure resources to meet those needs.
- We will be working to improve our systems of reporting to better demonstrate compliance.
- We will be further developing our education programs aiming to support high standards of Palliative and End of Life Care across the health economy.
- We will be working to reinstate all previous income streams, specifically events, community fundraising and retail.
- We will be working to progress our retail strategy.
- We will be working to identify new income streams.

# Financial Review

## Annual Activity

The charity made a surplus of income over expenditure of £1,399,234 before investment gains/losses. Although some areas of income such as retail and events seriously suffered as a result of the Covid-19 pandemic, these shortfalls were more than offset by various grants the charity received. At the same time some internal restructuring, slippage in the completion of the new Community Services Centre, and reduction in some general operating costs resulted in expenditure outturn to be lower than expected. The financial year saw stock market recovery following the Covid related volatility seen in the previous year. As a result, net investment gains of £2,024,771 were achieved giving an overall surplus for the financial year of £3,424,005. It's important to point out that due to the pandemic impacts on income, had the charity not received the compensating Covid related grants, then it would be reporting an overall financial loss.

## Income

Total group income, before investment gains/losses, for the year ended 31 March 2021 was £13,220,206 an increase of £312,946 on the previous year. The principal funding sources for the charity were:

- covid related grants £3,883,693;
- donations and legacies £2,756,419;
- charitable activities £3,950,997;
- other trading activities £2,418,968;
- investments £166,044;
- other income £44,085.

*Covid related grants* these consist of NHS England grants, HMRC job retention scheme grants, and council grants towards shops closures which the Charity benefitted from. The NHS England awarded £2,310,052 of funding in total to allow the Hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose.

*Donations and legacies* fell significantly by £1,250,717 this financial year mainly due to lower legacy income and Trust income. Legacy income fluctuates from year to year depending on probate dates and notifications from solicitors. It currently represents 8% of total group income, a drop from 14% last year. A legacy strategy is in place to try to influence this unpredictable source of income which the charity is very much reliant upon. Legacy budgetary assumptions are approved by the Finance Committee and the Reserves policy has also been developed to allow room for planning should the charity be left in an otherwise vulnerable position from any downward trend. The pandemic has slowed communications from solicitors and the Directors are satisfied that this is the reason for the reduction in legacy income this year. Although Trust income has dropped this year, this was in line with expectations – this income stream was particularly high last year following successful applications to Trusts towards the building of the new Community Services Centre.

| ***2020-21 Sources of Group Income*** | ***Income £*** | ***Cost of Raising Funds £*** | ***Income Net of Costs of Generation £*** | ***% of Total Net Income 2020-21*** | ***% of Total Net Income 2019-20*** |
|---|---|---|---|---|---|
| *Donations & Legacies* | 2,756,419 | 686,388 | *2,070,031* | *21%* | *35%* |
| *Shops, Projects, Lottery, Events* | 2,418,968 | 2,484,302 | *(65,334)* | *(1%)* | *22%* |
| ***Total Fundraising Activities*** | **5,175,387** | **3,170,690** | ***2,004,697*** | ***20%*** | ***57%*** |
| *Charitable Activities* | 3,950,997 | 0 | *3,950,997* | *39%* | *40%* |
| *Investment & Other* | 210,129 | 42,974 | *167,155* | *2%* | *3%* |
| *Covid related grants* | *3,883,693* | 0 | *3,883,693* | *39%* | *0%* |
| ***Total*** | **13,220,206** | **3,213,664** | ***10,006,542*** | *100%* | *100%* |

*Charitable activities* comprise the income received from NHS Clinical Commissioning Groups (CCGs), other health care and governmental organisations. This income is received towards the treatment and care of people diagnosed with a terminal illness, together with income towards the education and training of the professionals delivering the treatment and care. In 2020/21 this stream of income increased by £236,602. Three education grants were received at the end of the financial year, together with additional grant funding for the Hospice at Home service.

*Other trading activities* comprise income generated through the shop network, lottery operation and fundraising events. For tax purposes the sale of new goods is recognised in the group subsidiary Hospice Projects Limited, rather than the main charity. Although the lottery operation, and in particular the bi-annual raffles and associated donations performed very well and exceeded expectations, other activities were badly impacted by Covid-19. In total, trading income reduced by £2,445,462.

*Retail* was particularly badly hit by the pandemic, with most shops closed for over 6 months and most staff furloughed for this time. eBay trading was able to continue during lockdowns and the shops benefitted from large quantities of donations at the end of lockdowns. Income reduced by £2,211,108 year on year. Considering the *£1,264,355* of covid related grants received relating to shops, an overall contribution to the hospice of £150,790 was made, a reduction of £829,951 year on year. Since reopening sales have been strong in some areas and the overall strategy remains under review.

Regarding Hospice Projects Limited, core sales come from Christmas cards but at the end of the financial year a café was opened in the new Bicton Community Services Centre. Initial one-off opening costs were incurred and long term this venture will diversify the income of this company. A contribution of £44,315 will be paid over to the main Charity.

*The Hospice lottery* continues to provide a steady and predictable income source, contributing £951,709 which was above budget and up on the previous year by £66,583. Attrition rates have not been as high as were feared at the start of the year, and successful raffles, together with good levels of donations, has meant a very successful year. When considering gift aided donations collected as part of the raffle, but recognised in Hospice accounts, the lottery team has raised more than £1M. During much of the year, door to door canvassing and collections were temporarily stood down because of Covid-19. However, relationships with a new canvassing company have been developed and this is progressing well.

*Fundraising events* have always been a very visible and therefore important income source. The impact of Covid-19 decimated the events season. However, the London Marathon and Lights of Love events were successful virtual events and Skydives also continued for some of the year. Events income has dropped by £175,744 to £129,228. Details of the top three events in the year are given at note 5d.

*Investment* markets made a significant recovery in the financial year meaning that previous losses were more than recovered. The Hospice investment portfolio accrued a net realised/unrealised gain of £2,009,771, with a further £15,000 being made on the investment property. Investments increased in value by 35% over the year. The charity continues to hold a mixed portfolio of high-quality investments, with the investment strategy reviewed regularly by the Finance Committee.

## Expenditure

Total group costs for the year ended 31 March 2021 were £11,820,972, a decrease of £507,521 on the previous year.
Costs associated with charitable activities decreased by £190,840 with all services showing lower costs except for Hospice at Home and Education. Increases from cost of

living and contractual increments in pay, and inflationary supplier cost rises, have been offset by efficiency and restructuring of teams.

Costs associated with raising funds through fundraising and trading activities decreased by a net £316,681; £116,802 relates to shops which benefited from lower rent charges or breaks during Covid-19 lockdowns and experienced reduced staff costs for those who were furloughed. £80,635 relates to lower events costs due to the cancellation of much of the annual programme. Lottery costs were lower by £65,746 mainly due to the canvassing company being unable to recruit during lockdowns. Staff vacancies and other general lower net fundraising costs account for the remaining £53,498.

The impact of the Covid 19 pandemic has, except for lottery, caused a reduction in fundraising income across the board. This has been compensated by some reduction in costs but as a large proportion of costs are fixed it's not possible to undertake a substantial mitigation. This has unfortunately, but not unexpectedly, resulted in the fundraising ratio increasing to 17.5p/pound (2019-20 at 14p/pound). The ratio excludes costs attributed to Retail, Severn Promotions Company Limited and Hospice Projects Limited. This approach is consistent with reporting within the sector, enabling fair comparisons to be made.

Support costs apportioned within the above total £2,555,140 and include the costs of running and maintaining the Hospice buildings, vehicles and gardens; catering costs; costs of the central governance and administrative functions including HR and Communications; finance and IT support functions. These have increased by £236,480 and grown from 19% to 22% of total group expenditure. This reflects the costs of the new Community Building at Bicton for part of the year, together with the recategorisation of the communications team to a centralised department. Further breakdowns of costs are given in note 9 of the accounts.

## Surplus/Deficit

Overall, income exceeded expenditure excluding investment gains/losses by £1,399,234. The overall surplus for the year of £3,424,005 was stated after recognising the effect of £2,024,771 of net investment gains acquired due to stock market recovery and further gains during the year.

## Funds and Reserves Policy

The total funds of the Group at 31 March 2021 are split between:

- Restricted funds £230,305
- Designated Funds £12,998,516
- General Funds £13,413,583

**Restricted Funds**

During 2020-21, donations and funding totalling £4,696,685 was received to enable specific expenditure to be undertaken. At the end of the financial year, £230,305 remained unspent, largely relating to funding for specific education and hospice at home services by NHS.

**Designated Funds**

The Trustees have established four designated funds which are explained as follows:

**Fixed Assets Fund**

The Fixed Assets Fund represents the book value of the charity's tangible fixed assets. At 31 March 2021 this fund stood at £12,403,447. Although these funds are unrestricted, they cannot be realised for other use without undermining the charity's work. In order to fulfil its charitable objectives, the organisation needs several properties, fixtures and fittings, other contents of the properties and motor vehicles.

**Service Development Fund**

This was established in 2017-18. The charity is developing a model for its services based on the concept of Living Well to help its patients achieve as high a quality of life as they can, with an emphasis of them achieving this in their own homes. The fund has been

established to finance this development before it can become self-sustaining. It has also been used to fund the pharmacist following removal of this funding from CCG. The fund is likely to be used within a medium-term timeframe following completion of the buildings associated with Living Well. At 31 March 2021 this fund stood at £450,069.

**Capital Fund**
This fund represents funds set aside for capital works. The new community building at Bicton and the extension of the existing building at Apley, both to support the Living Well project, are now complete and the capital fund has been reduced to zero during the year.

**Energy Sustainability Fund**
Due to the 365 days a year in-house services it provides, the charity uses a significant amount of energy. This fund was established in 2017-18 to reduce reliance on third party suppliers and become more self-sustainable, with the view to capping future energy bills. This fund stands at £145,000.

**General Fund**
The Trustees consider that in order to fulfil the charity's obligations to the communities it serves, to existing and future patients and their families and to the paid staff, it is a desirable objective for there to be unrestricted funds available at any time equivalent to at least 12 months of the following year's estimated group running costs, and for such funds to be in cash or investments. This decision was made following considerable consideration by the Trustees of Charity Commission papers (CC19), and independent scrutiny of this approach by a consultant. Sufficient funds are held in cash to cover our immediate working capital requirements and any other short to medium term committed expenditure. The remainder is invested in accordance with the reserves and investments policy.

At 31 March 2021, the group's free reserves of £13,413,583 represented approximately 14.8 months or 123% of the following year's estimated group running costs. The recovery and further gains on the stock market together with significant government support and continued support from donors during the pandemic has strengthened the reserves base considerably. However, there is still much uncertainty regarding the longer-term impacts of Covid 19 in respect of the economy, future outbreaks, peoples changing behaviour and government fiscal and monetary policy. Negative consequences will have an inevitable impact on free reserves. The Trustees accordingly remain vigilant but are not unduly concerned at this stage and so remain confident that the Hospice will continue as a going concern for the foreseeable future.

## Investment Policy

The charity's main investment portfolio is professionally managed by external fund managers with the objective of balancing capital growth and income within risk profiles defined by the Trustees and operational requirements.

The investment portfolios consist of a mixture of equities, bonds and property assets. Individual investments within each category of the portfolio will vary according to market conditions and the portfolios are actively managed with quarterly reporting and annual presentations to the Finance Committee. The Trustees regularly monitor the ethical basis of the charity investments and, as a result of this, tobacco companies are specifically excluded from the portfolio. No highly speculative investments, investments in derivatives markets, hedging or forward investments are included in the portfolios.

The practice of holding portfolios of investments with different and diversifying performance characteristics leaves the portfolio less exposed to movements in any particular asset class and the income generated continues to compare very favourably with the interest which would have been earned had the portfolio been invested in bank and building society accounts. Overall the portfolios continue to be sufficiently diversified and are producing good returns and

no major change in strategy is contemplated soon.

## Risk Management – Principal Risks and Uncertainties

The Trustees have a formal risk management process to assess the major risks to which the charity is exposed. This involves identifying the types of risks, prioritising them in terms of potential impact and likelihood of occurrence, and reviewing the systems established to mitigate the risks. The major risks, as identified by the Trustees, have been reviewed in accordance with this process and are identified as follows:

- The Covid-19 pandemic has created significant uncertainty in many areas. Raising voluntary income, volunteer numbers, maintaining services in light of potential pressure on staff resources, operating services safely. **Mitigation:** Obtaining enough PPE has been a challenge but has been overcome. Staff are using PPE to safely provide the service. Risk assessments have guided high standards of operating procedures. Home working has been effective in certain areas. Strong reserves and government support through grants are helping to support income shortfalls. Scenario planning is ongoing to monitor financial impact and make informed decisions.

- The charity receives income from local NHS Clinical Commissioning Groups in Telford and Wrekin and in Shropshire, and from NHS Health Boards in Wales. Overall, this contribution amounts to approximately one-third of the charity's income. Such income has not been increased in line with inflation over the last 10 years and there has been a funding cut in 2019 due to pressure on the NHS. **Mitigation:** relationship management with key influencers, a clear communications strategy to express the charity position. Closure of beds, vacancy freezes, efficiency projects to model allocating current beds numbers equally across two sites.

- Legacy income which the charity is increasingly reliant on, but which is difficult to predict and control. **Mitigation:** a legacy officer is in post, together with an increased marketing and promotion strategy. Budgetary assumptions on legacies are approved by the Trustees and reserves policy ensures that the Hospice is protected from the volatility of this income stream.
- Failure to meet staff requirements due to national shortage of nurses and need for suitably trained specialist palliative care workforce. **Mitigation:** a continuous review of skill mix, together with the consideration of national advertising.
- Reputational damage arising from data protection breaches. **Mitigation**: regular staff training regarding best practice when dealing with information and working online. Ongoing IT infrastructure and security improvements.
- The charity relies on over 1,400 volunteers within mainstream operations, some who may be vulnerable. **Mitigation:** monitoring of staffing levels to ensure that supervision is available and that any concerns are monitored and outcomes from actions assessed for continuous learning and development. Recruit more volunteers in light of Covid-19 impact

## Structure, Governance and Management

The roles, responsibilities and accountability of the Chair, Trustees and the senior managers are defined in a Scheme of Corporate Governance.

The Board of Trustees is the custodian of the aims and objects of the charity as set out in the Articles of Association. It is responsible for guiding and shaping policies by which these aims and objects are achieved, and of establishing the philosophy of care, which is at the heart of the work of the Hospice. The Trustees are responsible for taking decisions on the strategic direction of the charity, approving major developments and monitoring the work of its committees,

advisory groups, the managers and its subsidiary companies.

In addition to the boards of the subsidiary companies, there are six formally constituted committees:

- Finance
- Retail
- Clinical Governance
- Corporate Governance & Human Resources
- Fundraising
- Nominations

and three formally constituted sub-committees:

- Property & Estates Strategy Group
- Communications & Marketing Sub Committee
- Health and Safety Committee

Each committee has its major decisions ratified by the full Board. The Finance Committee also acts as an audit committee. All committees operate under specific terms of reference which delegate certain functions from the Board. There is a clear delegated authority framework in place which defines how decisions are ratified by Board, committees and management. Various management working groups such as Clinical Audit report into the appropriate formal sub-committees.

The charity subscribes to the Fundraising Regulator and will receive and act on notifications regarding the Fundraising Preference Service. The Fundraising Committee ensures compliance with Charity Commission guidelines and the Fundraising Regulators Code of Practice (CC20), including a comprehensive risk management framework about income generation. The Charity has always recognised the importance of maintaining a high level of public trust through responsible fundraising and has actively recruited suitable expert representation at all levels. It benefits from having a Trustee Board member with senior fundraising experience.

The Fundraising Committee has principal responsibilities to:

- Assure a range of fundraising activity that is appropriate, has due regard for the reputation of the Hospice, meets voluntary income needs and includes donations, legacies, in memoriam, events, collections, corporate donations and website promotion.
- Ensure that the Executive is performing efficiently, in accordance with legal and other relevant requirements.
- Agree the fundraising strategy.

In order to fulfil these responsibilities, the Fundraising Committee:

- Ensures that appropriate policies and processes are in place, and that reporting on these and any changes or developments are in place.
- Maintains a strategic approach in the development of existing and new income streams and monitors actions to achieve these.
- Receives performance information on finance, activity and efficiency.
- Considers any proposals or changes that require formal approval in line with delegated authorities.

There was 1 fundraising complaint during the year relating to fundraising, lottery and retail operations. The complaint, concerning a house prize draw run by a supporter, was not upheld.

The charity has not engaged any professional fundraising or external fundraising agents in the year, although Severn Promotions Limited uses the services of a canvassing company for recruiting lottery members.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the Trustees.
- Regular consideration by the Trustees of financial results, variance from budgets, non-financial performance indicators and internal audit.

Trustees are appointed to provide specific skills required by the Board as determined by Trustee annual reviews and the Nominations Committee. Applications are considered by the Nominations Committee who undertake formal interviews of suitable candidates. Formal induction is then arranged for successful candidates in conjunction with the Chief Executive and other members of the senior management team. Trustees are encouraged to attend ongoing training.

Strategic plans and operating budgets are considered and approved by the Board of Trustees. These set the context and limits on management decision making at the operational level. The Board and its committees review compliance and performance in respect of these plans and budgets on a quarterly basis.

Pay and remuneration of the senior management team is determined by the Nominations Committee, a formal committee of the Board, after considering benchmark information from other Hospices and local employment market conditions.

**Statement of Trustees' Responsibilities**

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

**Directors' Interests**

As the company is limited by guarantee, the Directors do not hold any shares.

A register of all Directors' interests is kept at the Hospice headquarters and declarations of general or related interests are made before commencing each formal meeting of the Directors.

The charity uses the services of Wace Morgan LLP Solicitors for employment advice. Zara Oliver, a Trustee of the charity, is a partner in that firm.

## Reference & Administrative Details

**Name & Address**
The full name of the charity is Severn Hospice Limited. It is a company limited by guarantee, No. 1608025. It is registered with the Charity Commissioners of England & Wales, No. 512394. The address of the registered office is Bicton Heath, Shrewsbury, SY3 8HS.

**Governing Document**
This is the Articles of Association adopted by Special Resolution on 26 September 2013 and altered by Special Resolutions on 29 September 2016 and 10 December 2020.

**Group Accounts**
The group accounts within these financial statements include the results of Severn Hospice Limited, the Charity, and the results of its wholly owned subsidiary companies, Severn Promotions Company Limited which operates a fund-raising lottery and Hospice Projects Limited which trades in new goods and other commercial activities. Both companies donate their profits to the Charity.

**President**
Sir Algernon Heber-Percy (Lord Lieutenant of Shropshire until January 2019).

**Board of Trustees**
The current Trustees, and those who held office during the financial year to 31 March 2021, are listed below, together with their committee membership (see key).

| | |
|---|---|
| Mrs J Beard (Vice-Chair) | (6,3,8) |
| Mrs S Broomhead | (5) |
| Mr P Coackley | (1, 5) |
| Mr A Cordery (Chair - retired 9.9.20) | (1,3,4,7,8) |
| Mr P Donohue | (1,6) |
| Mrs A Johnson | (5) |
| Mrs Z Oliver | (1,5,7) |
| Dr D Ryan | (2,4) |
| Mrs B-A Tweedie | (2,4) |
| Dr W-J Walton | (2,4) |
| Mr J Wardle | (1,3) |
| Mrs G de Wet (retired 10.12.20) | (6) |
| Mrs J Whitford (Chair from 9.9.20) | (1,4,5) |
| Mr F Yates | (3,5,9) |

There were no further Trustee changes after the year end to the date of accounts sign off.

Key to Committee Membership: (1) Finance; (2) Clinical Governance; (3) Retail; (4) Nominations; (5) Corporate Governance & Human Resources; (6) Fundraising; (7) Property & Estates Strategy Group (Advisory); (8) Communications & Marketing Sub Committee (Advisory); (9) Health & Safety Committee

**Senior Management Team (Key Management Personnel)**

Chief Executive
Mrs H Tudor

Director of Care
Mrs R Richardson

Director of Finance & Information
Miss K Davies

Director of Income Generation
Mrs N Ross

Medical Director
Professor D Willis

**Vice Presidents**

Miss S Astbury
Mr P Bevan (d. 15.9.20)
Mr M Davis
Dr D Griffiths
Mrs J Jenkinson
Mrs H McPhail
Mr J Tancock

**Bankers**
Santander, Bridle Road, Bootle, Merseyside, L30 4GB
National Westminster Bank PLC, 8 Mardol Head, Shrewsbury.

**Solicitors**
Lanyon Bowdler LLP, Chapter House North, Abbey Lawn, Abbey Foregate, Shrewsbury, SY2 5DE.

Bates Wells LLP
10 Queen Street Place
London, EC4R 1BE

**Investment Managers**
Smith & Williamson LLP, 9 Colmore Row, Birmingham, B3 2BJ.
Brewin Dolphin Limited, Mutual House, Sitka Drive, Shrewsbury Business Park, Shrewsbury SY2 6LG.

**Auditors**
Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG.

**Membership of the Company**
A Member may be an individual or a body corporate. Applications for Membership are determined by the Board of Directors.

**Appointment of Trustees**
The Board of Trustees shall consist of not less than three or more than 20 Members of the company. It may appoint any Member of the company as a Trustee either to fill a casual vacancy or by way of addition to the Board of Trustees, provided that the prescribed maximum be not thereby exceeded. Any member so appointed shall retain office only until the next Annual General Meeting but he or she shall then be eligible for re-election.

Severn Hospice seeks to ensure that an appropriate range of professional skills are maintained at Board level to fulfil both the governance and business requirements of the Hospice. New Trustees are appointed following regular analysis of skill requirements and sympathy to the charity's principles undertaken by the Nominations Committee, a formal committee of the Board. Prospective Trustees may apply to the Hospice or may be identified by the Board, and they are interviewed by the Nominations Committee which then makes its recommendations to the Board. New Trustees are prepared for their role through supply of key documents and through a formal process of induction during which they meet key staff and sit as observers at meetings at the Hospice. Ongoing training is provided on an ad hoc basis through external and in-house training programmes.

**Reappointment of Auditors**
A proposal to re-appoint Haysmacintyre LLP as auditors for the forthcoming year will be put forward at the Annual General Meeting.

In approving this Trustees Annual Report, the Trustees are also approving the Strategic Report included here in their capacity as Company Directors.

This report was approved by the Board of Trustees on 29 July 2021 and signed on its behalf by:



**J Whitford**
**Chair**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SEVERN HOSPICE LIMITED

**Opinion**

We have audited the financial statements of Severn Hospice Limited for the year ended 31 March 2021 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31st March 2021 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity/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 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. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' 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' Annual Report have been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on pages 14 to 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with regulatory requirements of the Care Quality Commission, Charity Commission, employment law and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such the Companies Act 2006, the Charities Act 2011, payroll taxes and VAT.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to recognition of income and management bias in certain accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting trustees' meeting minutes
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and

- Challenging assumptions and judgements made by management in their critical accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.
This description forms part of our auditor's report.

**Use of 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.



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

~~29th July 2021~~
6 September 2021

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
## For the Year Ended 31 March 2021

| | Note | Unrestricted Funds General 2021 £ | Designated 2021 £ | Restricted Funds 2021 £ | Total Funds 2021 £ | Total Funds 2020 £ |
|---|---|---|---|---|---|---|
| **Income From:** | | | | | | |
| **Donations and legacies:** | | | | | | |
| Donations | | 1,334,292 | - | 139,756 | 1,474,048 | 1,543,467 |
| Legacies | | 1,036,383 | - | - | 1,036,383 | 1,822,001 |
| Grants from Charitable Trusts | | 128,966 | - | 117,022 | 245,988 | 641,668 |
| | | **2,499,641** | - | **256,778** | **2,756,419** | **4,007,136** |
| **Charitable Activities** | 4a | **1,909,272** | - | **2,041,725** | **3,950,997** | **3,714,395** |
| **Covid Related Grants** | 4b | **1,485,511** | - | **2,398,182** | **3,883,693** | - |
| **Other trading activities:** | | | | | | |
| Lottery | 5a | 1,240,438 | - | - | 1,240,438 | 1,273,195 |
| Projects | 5b | 145,420 | - | - | 145,420 | 171,273 |
| Shops | 5c | 903,882 | - | - | 903,882 | 3,114,990 |
| Fundraising events | 5d | 129,228 | - | - | 129,228 | 304,972 |
| | | **2,418,968** | - | - | **2,418,968** | **4,864,430** |
| **Investments** | 6 | **166,044** | - | - | **166,044** | 245,838 |
| **Other** | 7 | **44,085** | - | - | **44,085** | 75,461 |
| **Total Income** | | **8,523,521** | - | **4,696,685** | **13,220,206** | **12,907,260** |
| **Expenditure on:** | | | | | | |
| **Raising Donations, Legacies and Grants** | 9 | **686,388** | - | - | **686,388** | **761,157** |
| **Other trading activities:** | | | | | | |
| Lottery | 5a,9 | 350,540 | - | - | 350,540 | 416,286 |
| Projects | 5b,9 | 104,301 | - | - | 104,301 | 84,093 |
| Shops | 5c,9 | 2,017,447 | - | - | 2,017,447 | 2,134,249 |
| Fundraising events | 5d,9 | 12,014 | - | - | 12,014 | 92,649 |
| **Investment management costs** | | 42,974 | - | - | 42,974 | 41,911 |
| **Costs of raising funds** | | **3,213,664** | - | - | **3,213,664** | **3,530,345** |
| In patient care | 9 | 1,980,475 | - | 2,597,628 | 4,578,103 | 4,790,486 |
| Day care | 9 | 1,049,907 | - | 104,320 | 1,154,227 | 1,191,396 |
| Hospice Outreach | 9 | 547,179 | - | 410,376 | 957,555 | 965,544 |
| Hospice at home | 9 | 49,833 | - | 1,205,357 | 1,255,190 | 1,116,705 |
| Education and research | 9 | 101,930 | - | 22,430 | 124,360 | 120,400 |
| Hospital services | 9 | 69,612 | - | 57,256 | 126,868 | 156,246 |
| Lymphoedema | 9 | 43,237 | - | 70,224 | 113,461 | 123,247 |
| Social Work & Chaplaincy | 9 | 296,544 | - | 1,000 | 297,544 | 334,124 |
| **Expenditure on charitable activities** | | **4,138,717** | - | **4,468,591** | **8,607,308** | **8,798,148** |
| **Total expenditure** | | **7,352,381** | - | **4,468,591** | **11,820,972** | **12,328,493** |
| **Net income for the year and net movements in funds before gains and losses on investments** | | 1,171,140 | - | 228,094 | 1,399,234 | 578,767 |
| Net gains/(losses) on investments | 11 | 2,024,771 | - | - | 2,024,771 | (702,045) |
| **Net income/(expenditure) for the year** | | **3,195,911** | - | **228,094** | **3,424,005** | **(123,278)** |
| Transfers between funds | 16, 17 | 295,491 | (245,962) | (49,529) | - | - |
| **Net movement in funds** | | 3,491,402 | (245,962) | 178,565 | 3,424,005 | **(123,278)** |
| ***Reconciliation of funds:*** | | | | | | |
| **Total funds brought forward** | | 9,922,181 | 13,244,478 | 51,740 | 23,218,399 | 23,341,677 |
| **Total funds carried forward** | | **13,413,583** | **12,998,516** | **230,305** | **26,642,404** | **23,218,399** |

## CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
## For the Year Ended 31 March 2021

| | | Unrestricted Funds | | | | |
|---|---|---|---|---|---|---|
| | | General | Designated | Restricted Funds | Total Funds | Total Funds |
| | | 2021 | 2021 | 2021 | 2021 | 2020 |
| | | £ | £ | £ | £ | £ |
| **Income From:** | Note | | | | | |
| **Donations and legacies:** | | | | | | |
| Donations | | 1,288,880 | - | 139,756 | 1,428,636 | 1,516,600 |
| Legacies | | 1,036,383 | - | - | 1,036,383 | 1,822,001 |
| Grants from Charitable Trusts | | 128,966 | - | 117,022 | 245,988 | 641,668 |
| | | **2,454,229** | - | **256,778** | **2,711,007** | **3,980,269** |
| **Charitable Activities** | 4a | **1,909,272** | - | **2,041,725** | **3,950,997** | **3,714,395** |
| **Covid Related Grants** | 4b | **1,467,133** | - | **2,398,182** | **3,865,315** | - |
| **Other trading activities:** | | | | | | |
| Lottery | 5a | 951,709 | - | - | 951,709 | 885,126 |
| Projects | 5b | 44,315 | - | - | 44,315 | 89,086 |
| Shops | 5c | 903,882 | - | - | 903,882 | 3,114,990 |
| Fundraising events | 5d | 129,228 | - | - | 129,228 | 304,972 |
| **Total other trading activities** | | **2,029,134** | - | - | **2,029,134** | **4,394,174** |
| **Investments** | 6 | **164,827** | | | **164,827** | 242,582 |
| **Other** | 7 | **44,085** | | - | **44,085** | 75,461 |
| **Total Income** | | **8,068,680** | - | **4,696,685** | **12,765,365** | **12,406,881** |
| **Expenditure on:** | | | | | | |
| **Raising Donations, Legacies and Grants** | 9 | 686,388 | - | - | 686,388 | **761,157** |
| **Other trading activities:** | | | | | | |
| Lottery | 5a,9 | - | - | - | - | - |
| Projects | 5b,9 | - | - | - | - | - |
| Shops | 5c,9 | 2,017,447 | - | - | 2,017,447 | 2,134,249 |
| Fundraising events | 5d,9 | 12,014 | - | - | 12,014 | 92,649 |
| **Investment management costs** | | 42,974 | - | - | 42,974 | 41,911 |
| **Costs of raising funds** | | **2,758,823** | - | - | **2,758,823** | **3,029,966** |
| In patient care | 9 | 1,980,475 | - | 2,597,628 | 4,578,103 | 4,790,486 |
| Day care | 9 | 1,049,907 | - | 104,320 | 1,154,227 | 1,191,396 |
| Hospice Outreach | 9 | 547,179 | - | 410,376 | 957,555 | 965,544 |
| Hospice at home | 9 | 49,833 | - | 1,205,357 | 1,255,190 | 1,116,705 |
| Education and research | 9 | 101,930 | - | 22,430 | 124,360 | 120,400 |
| Hospital services | 9 | 69,612 | - | 57,256 | 126,868 | 156,246 |
| Lymphoedema | 9 | 43,237 | - | 70,224 | 113,461 | 123,247 |
| Social Work & Chaplaincy | 9 | 296,544 | - | 1,000 | 297,544 | 334,124 |
| **Expenditure on charitable activities** | | **4,138,717** | - | **4,468,591** | **8,607,308** | **8,798,148** |
| **Total expenditure** | | **6,897,540** | - | **4,468,591** | **11,366,131** | **11,828,114** |
| **Net income for the year and net movements in funds before gains and losses on investments** | | 1,171,140 | - | 228,094 | 1,399,234 | 578,767 |
| Net gains/(losses) on Investments | 11 | 2,024,771 | - | - | 2,024,771 | (702,045) |
| **Net income/(expenditure) for the year** | | **3,195,911** | - | **228,094** | **3,424,005** | **(123,278)** |
| Transfers between funds | 16, 17 | 295,491 | (245,962) | (49,529) | - | - |
| **Net movement in funds** | | 3,491,402 | (245,962) | 178,565 | 3,424,005 | **(123,278)** |
| ***Reconciliation of funds:*** | | | | | | |
| **Total funds brought forward** | | 9,905,155 | 13,244,478 | 51,740 | 23,201,373 | 23,324,651 |
| **Total funds carried forward** | | **13,396,567** | **12,998,516** | **230,305** | **26,625,378** | **23,201,373** |

## CONSOLIDATED AND CHARITY BALANCE SHEET
## As at 31 March 2021

| | Note | Group 2021 | Group 2020 | Charity 2021 | Charity 2020 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Fixed Assets** | | | | | |
| Tangible assets | 10 | 12,403,447 | 10,218,668 | 12,403,447 | 10,218,668 |
| Investments | 11 | 8,168,569 | 6,034,537 | 8,218,669 | 6,084,637 |
| | | **20,572,016** | **16,253,205** | **20,622,116** | **16,303,305** |
| **Current Assets** | | | | | |
| Stock | 12 | 16,484 | 14,909 | - | - |
| Debtors | 13 | 1,537,674 | 1,807,112 | 1,662,721 | 1,971,464 |
| Cash at bank & in hand | | 5,813,342 | 6,341,319 | 5,415,097 | 5,904,110 |
| | | **7,367,500** | **8,163,340** | **7,077,818** | **7,875,574** |
| Creditors: amounts falling due within one year | 14 | (1,290,652) | (1,189,646) | (1,068,096) | (969,006) |
| **Net current assets** | | **6,076,848** | **6,973,694** | **6,009,722** | **6,906,568** |
| **Total assets less current liabilities** | 14 | **26,648,864** | **23,226,899** | **26,631,838** | **23,209,873** |
| Creditors: amounts falling due greater than one year | 14 | (6,460) | (8,500) | (6,460) | (8,500) |
| **Total Net assets** | | **26,642,404** | **23,218,399** | **26,625,378** | **23,201,373** |
| **The funds of the charity:** | | | | | |
| Restricted funds | 15 | 230,305 | 51,740 | 230,305 | 51,740 |
| Unrestricted funds: | | | | | |
| Designated funds | 16 | 12,998,516 | 13,244,478 | 12,998,516 | 13,244,478 |
| General funds | 17 | 13,413,583 | 9,922,181 | 13,396,557 | 9,905,155 |
| **Total funds** | | **26,642,404** | **23,218,399** | **26,625,378** | **23,201,373** |

The net result of the charity's own accounts for 2020/21 was a surplus of £3,424,005 (2019-20: deficit of £123,278)

These accounts were approved and authorised for issue by the Board of Trustees on 29 July 2021.

**J Whitford**
**Chair**
**Severn Hospice Limited**
**Registered No. 1608025**



## CONSOLIDATED STATEMENT OF CASH FLOWS
## For the year ended 31 March 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | £ | £ |
| **Cash flows from operating activities:** | | | |
| Net cash provided by operating activities | 23 | 2,111,807 | 1,549,207 |
| **Cash flows from investing activities:** | | | |
| Dividends and interest from Investments | | 166,044 | 245,838 |
| Purchase of property, plant and equipment | | (2,696,568) | (1,996,921) |
| Proceeds from sale of investments | | 1,620,322 | 1,653,275 |
| Purchase of investments | | (1,967,496) | (1,507,481) |
| (Increase)/decrease in investment cash | | 237,914 | (291,983) |
| **Net cash used in investing activities** | | **(2,639,784)** | **(1,897,272)** |
| **Change in cash and cash equivalents in the reporting period** | | **(527,977)** | **(348,065)** |
| **Cash and cash equivalents at the beginning of the reporting period** | | 6,341,319 | 6,689,384 |
| **Cash and cash equivalents at the end of the reporting period** | | **5,813,342** | **6,341,319** |

**Notes to the Accounts**
**Year ended 31 March 2021**

## 1. Accounting Policies

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

(a) Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

(b) Going Concern

The Trustees consider that there are no material uncertainties about the Hospice's ability to continue as a going concern. The most significant area of uncertainty is the level of income which needs to be raised every year and is covered in more detail in the performance and risk sections of the Trustee's report. Covid-19 has impacted several revenue streams especially retail and events. However, the review of the Hospice's financial position, reserves levels and future plans gives Trustees confidence that it remains a going concern for the foreseeable future.

(c) Basis of Consolidation

The statement of financial activities ("the SOFA") and balance sheet consolidate the financial statements of the charitable company and its subsidiary companies, Hospice Projects Limited and Severn Promotions Limited, for the financial year ended 31 March 2021. The results of the subsidiary companies are consolidated on a line by line basis.

(d) Estimation Uncertainty and Judgements

In the application of the accounting policies, Trustees are required to make judgement, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period and future periods.

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

(e) Income

The Hospice recognises income when all of the following criteria are met: it has entitlement to the funds and any conditions attached to the items of income have been met; it is probable that the income will be received; and an economic benefit can be reasonably measured. This is applied as follows to these streams of income:

*Donations* are included in income when they are received.

*Legacies* are recognised when it is probable that they will be received. Receipt is probable when there has been grant of probate; the executors have established that there are sufficient assets in the estate, after settling any liabilities; and any conditions attached to the legacy are either within the control of the Hospice or have been met. If the legacy is in the form of an asset other than cash or shares listed on a recognised stock exchange, recognition is subject to the value of the asset being able to be reliably measured and title to the asset being transferred to the

Hospice. Where legacies have been notified to the Hospice and the Hospice is aware of granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed in the notes to the accounts.

*Grants received from health authorities and other bodies* are recognised when the Hospice has entitlement to the funds, any conditions around the grant have been met, and in the year to which it relates. HMRC furlough grants represent the total amount claimed from HM Revenue and Customs under the Coronavirus Job Retention Scheme (CJRS). The income is accounted for in the period in which the salary payments are made to furloughed staff.

*Lottery income* is recognised in respect of those draws which have taken place in the year.

*Other Trading income* is recognised on the point of sale for both donated and new goods and at point of collection for fundraising events.

(f) Expenditure

Expenditure is accounted for on an accruals basis once there is an 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. Where possible costs are allocated directly to main expenditure categories of the SOFA, but where this is not possible these are allocated on the bases set out in the note to the accounts. Expenditure is classified under the following headings:

*Costs of Raising Funds* comprise direct fundraising costs incurred in seeking donations, legacies and grants from trusts, together with direct costs associated with trading income together with an allocation of indirect support costs.

*Expenditure on charitable activities* includes the direct costs of providing specialist palliative care and support community services, research and other educational activities undertaken to further the purposes of the charity, together with an allocation of indirect support costs.

Support costs are those costs which are necessary to the delivery of Hospice services but are not part of the direct costs of the expenditure categories in the SOFA. These relate to governance, premises, catering, central administration, finance, IT and HR and Vehicles.

(g) Operating Leases

Rental costs under operating leases are charged to the SOFA over the period of the lease.
A review of new leases entered this year was undertaken and an adjustment has been made for lease incentives to be accounted for over the full term of the lease.

(h) Fund Accounting

The Hospice maintains various types of funds as follows:

*Restricted Funds:* these are funds subject to specific conditions laid down by the donor or fundraiser. The restriction is released once conditions relating to these have been met, and funds then become unrestricted.

*Unrestricted Funds:* these fall into two categories: designated funds and general unrestricted funds.

Designated funds represent amounts which have been put aside out of unrestricted funds at the discretion of the Trustees for particular projects. The designation is for administrative purposes only and does not legally restrict the Trustees' discretion to apply these funds. The Hospice has the following designated funds:

Capital Fund: funds set aside for capital works which was fully drawn on for a new building at Bicton and the extension of the building at Apley.

Fixed Asset Fund: represents reserves tied up in fixed assets equivalent to the net book value of these. A large part of this represents the three Hospice buildings which the Hospice cannot operate without and which cannot therefore be realised in the normal way of business.

Energy Sustainability Fund: funds set aside to reduce the Hospice's reliance on third part suppliers, being more self-sustainable and capping its future energy bills.

Service Development Fund: this is for the Hospice developing a new model for its services based on a concept of Living Well to help its

patients achieve as high a quality of life as they can.

General unrestricted funds: funds that are expendable at the discretion of the Trustees in the furtherance of the objects of the Charity. Such funds may be held in order to finance both working capital and capital investment.

(i) Tangible Fixed Assets

Freehold properties are stated in the Balance Sheet at the cost or value at the date of receipt, less depreciation.

Tangible fixed assets are stated at cost less depreciation. Any expenditure on individual assets with a value below £3,000 is written off directly to revenue. Depreciation is provided in equal instalments over the estimated lives of the assets.

The useful lives assigned to other assets are:

| | |
|---|---|
| Freehold property | 50 years |
| Leasehold premises | 5 to 10 years |
| Furnishings & equipment | 4 to 7 years |
| Motor vehicles | 3 to 4 years |

(j) Investments

Investments include listed investments, investments in group undertakings, and an investment property.

*Listed investments* are a form of basic financial instrument and are initially shown in the financial statements at market value. They are subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Net gains and losses on the SOFA represent realised and unrealised gains on investments. Realised gains or losses are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains or losses are calculated as the difference between the fair value at the year-end and their carrying value.

*Investments in group undertakings* are the shares of the subsidiary companies which are carried at cost.

*Investment property* is a property received as part of a legacy in 2009. It was revalued at 31st March 2021 balance sheet date. It is not depreciated.

(k) Stocks

Stocks, which comprise goods for resale, are stated at the lower of cost and net realisable value.

(l) Goods Donated for Resale

Donated items of goods for resale are not included in the financial statements because the Trustees consider it impractical to be able to assess the amount of donated stocks. This is because there are no systems in place to record these goods until they are sold. A stocktake would incur costs to the Charity which would far outweigh the benefits.

(m) Debtors

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

(n) Cash at Bank and in Hand

Cash at bank and in hand includes cash and short term highly liquid investments.

(o) Creditors and Provisions

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

(p) Volunteers

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

(q) Support Groups

There were 14 official active Support Groups operating bank accounts in the name of the Hospice at 31 March 2021. The majority of these prepare accounts to 31 March. Fundraising income includes gross income raised by these groups, and the expenses they incur are included within fundraising costs.

(r) Pension Costs

The majority of staff are members of either the National Health Service Pension Scheme ("the NHS scheme") or defined contribution schemes operated by the Charity. Contributions are made by both employees and employer. Although the NHS scheme is a defined benefit scheme, the nature of the scheme is such that the Charity cannot identify its share of the scheme's underlying assets and liabilities. In accordance with FRS102, payments to the NHS scheme have been treated in the same way as contributions to the defined contribution schemes and the payments made by the Charity are charged against the profits of the year in which they become payable.

The Hospice's employer contribution to the NHS Pension Scheme is 14.38%, a rate set by the Government Actuary. The Hospice's employer contribution to defined contribution schemes is in accordance with the rules of the schemes and where applicable auto-enrolment rules.

(s) Financial Instruments

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

2 **Company Status and Members' Liability**

The Charity is a private company limited by guarantee and does not have share capital. The extent of the liability of the members to the Charity on a winding up is limited to a maximum of £1 each.

3 **Taxation**

The company is said to pass the tests carried out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income and capital gains received within categories covered by Chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes. No tax charges have arisen in the year.

No tax charge has arisen in the trading subsidiaries, Severn Promotions Limited and Hospice Projects Ltd due to their policy of gifting all their taxable profits to Severn Hospice Ltd.

## 4a Charitable Activities

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| NHS income | 3,806,527 | 3,630,441 |
| Education income | 144,470 | 83,954 |
| | 3,950,997 | 3,714,395 |

## 4b Covid related Grants

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| NHS England grants | 2,310,052 | - |
| NHS Wales grants | 88,130 | |
| HMRC Furlough grants | 745,183 | - |
| Council grants | 740,328 | - |
| | 3,883,693 | - |

## 5a Lottery

Severn Promotions Company Limited, a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2973920, operates raffles and a weekly lottery. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2021.

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Lottery income | 1,240,438 | 1,273,195 |
| Donations | 42,404 | 25,857 |
| Investment income | 1,029 | 2,360 |
| Covid Related grants | 18,378 | - |
| Total income | 1,302,249 | 1,301,412 |
| Prizes awarded | (146,400) | (146,400) |
| Staff costs | (105,042) | (108,349) |
| Other costs | (99,098) | (161,537) |
| Total expenditure | (350,540) | (416,286) |
| Net lottery income | 951,709 | 885,126 |
| Gift Aid payments to Severn Hospice Limited | (951,709) | (885,126) |
| Retained in subsidiary | - | - |
| | | |
| Total assets | 296,746 | 297,071 |
| Total liabilities | (290,560) | (290,885) |
| Funds (representing share capital and reserves) | 6,186 | 6,186 |

## 5b Hospice Projects Limited

This is a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2229635. All new goods are sold through this company via the Hospice shops or website. A house clearance service also operates through the company. In February a café was opened in the new community building and its income and costs are now included. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2021.

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Projects income | 145,420 | 171,273 |
| Donations | 3,008 | 1,010 |
| Interest | 188 | 896 |
| Total income | 148,616 | 173,179 |
| Cost of goods sold | (50,711) | (59,831) |
| Operating costs | (53,590) | (24,262) |
| Total expenditure | (104,301) | (84,093) |
| **Net trading profit** | 44,315 | 89,086 |
| Gift Aid payments to Severn Hospice Limited- provisional amount due for year | (44,315) | (89,086) |
| Retained in subsidiary | - | - |
| Total assets | 155,889 | 155,889 |
| Total liabilities | (94,947) | (94,947) |
| Funds (representing share capital and reserves) | 60,942 | 60,942 |

## 5c Hospice Shops

This is the trading arm of Severn Hospice Limited – it is not a separate trading subsidiary company.

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Covid related grants | 1,264,355 | - |
| Non gift –aided donated goods income | 622,061 | 1,750,720 |
| Gift-aided donated goods income | 118,239 | 890,058 |
| Gift Aid on donated goods income | 79,608 | 200,855 |
| Rag income | 35,841 | 182,722 |
| Donations | 29,583 | 60,222 |
| Other income | 18,550 | 30,413 |
| Total income | 2,168,237 | 3,114,990 |
| Staff Costs | (1,218,867) | (1,252,341) |
| Premises maintenance and rent | (378,037) | (465,635) |
| Other costs | (420,543) | (416,273) |
| Total expenditure | 2,017,447 | (2,134,249) |
| Net shops income | 150,790 | 980,741 |

## 5d Fundraising Events

Income and direct expenditure from the top fundraising events in 2020/21, together with comparatives for 2019/20, is as follows:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Income | Expenditure | Net Income | Income | Expenditure | Net Income |
| | £ | £ | £ | £ | £ | £ |
| Lights of Love | 51,823 | (4,615) | 47,208 | 62,766 | (6,945) | 55,821 |
| Dragon Boats | - | - | - | 57,104 | (21,346) | 35,758 |
| Shropshire Colour Run | - | - | - | 31,678 | (11,073) | 20,605 |
| London Marathon | 43,388 | (4,860) | 38,528 | 25,399 | (3,960) | 21,439 |
| Pontesbury Potter | - | - | - | 14,577 | (1,790) | 12,787 |
| Skydives | 18,241 | (2,070) | 16,171 | - | - | - |
| | 113,452 | (11,545) | 101,907 | 191,524 | (45,114) | 146,410 |

The income and expenditure for certain events can straddle the financial year end causing fluctuations from year to year in the net income position.

## 6 Investment Income

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Dividends receivable on shares held | 149,998 | 187,612 |
| Interest receivable on cash balances | 16,046 | 58,226 |
| | 166,044 | 245,838 |

## 7 Other Income

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Miscellaneous items of income received for catering, insurance receipts, property rental, wayleaves etc. | 44,085 | 75,461 |

## 8 Staff Costs & Pensions (Group)

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Salaries | 7,401,618 | 7,439,983 |
| Social security costs | 610,163 | 607,196 |
| Pension costs | 488,642 | 482,613 |
| Redundancy and Settlement Agreement costs | 6,500 | 6,926 |
| | 8,506,923 | 8,536,718 |

(Note 1(r) and Note 20 give further information on the pension schemes.)
Pension costs are increasing as a result of a combination of salary increases, and statutory employer contribution rate rises for both the NHS and auto enrolment schemes.

The Charity Trustees received no remuneration or any other benefits from employment with the Hospice or its subsidiaries in the year (Prior year: £nil). A note on related party transactions is given at note 21.

The average monthly headcount and full-time equivalent during the year is shown below:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Headcount | FTE | Headcount | FTE |
| Admin | 25 | 15 | 24 | 14 |
| Income Generation | 18 | 12 | 25 | 18 |
| Care | 316 | 169 | 307 | 180 |
| Shops | 86 | 52 | 85 | 58 |
| | **445** | **248** | **441** | **270** |

The number of employees whose emoluments for the year were greater than £60,000 were as follows:

| | 2021 | 2020 |
|---|---|---|
| £60,000 to £70,000 | 3 | 3 |
| £70,000 to £80,000 | 1 | 1 |
| £80,000 to £90,000 | 1 | 1 |
| | 5 | 5 |
| Pension contributions relating to those staff earning over £60,000 | £36,473 | £34,951 |

For the key employed and seconded management personnel, also comprising the Senior Management Team as set out on page 16, the total employee benefits were £522,558 (prior year £502,737).

During the year, the Hospice did not pay out any redundancy payments (prior year £Nil). Two members of staff left the Hospice from the Retail operation under settlement agreements totalling £6,500 (prior year £6,926)

## 9 Total Expenditure (Group) 2021

| | Direct Costs £ | Support Costs £ | Total 2021 £ | Total 2020 £ |
|---|---|---|---|---|
| Charitable Activities: | | | | |
| In Patient Care | 3,272,215 | 1,305,888 | 4,578,103 | 4,790,486 |
| Day Care | 684,183 | 470,044 | 1,154,227 | 1,191,396 |
| Hospice Outreach | 844,608 | 112,947 | 957,555 | 965,544 |
| Hospice at Home | 1,076,345 | 178,845 | 1,255,190 | 1,116,705 |
| Education & Research | 85,136 | 39,224 | 124,360 | 120,400 |
| Hospital & Community Services | 126,868 | - | 126,868 | 156,246 |
| Lymphoedema | 88,099 | 25,362 | 113,461 | 123,247 |
| Social Work & Chaplaincy | 254,147 | 43,397 | 297,544 | 334,124 |
| Costs of Raising Funds: | | | | |
| Donations, Legacies and Grants | 374,736 | 311,652 | 686,388 | 761,157 |
| Other trading activities | | | | |
| Hospice Shops | 1,977,331 | 40,116 | 2,017,447 | 2,134,249 |
| Lottery | 324,632 | 25,908 | 350,540 | 416,286 |
| Projects | 102,544 | 1,757 | 104,301 | 84,093 |
| Fundraising Events | 12,014 | - | 12,014 | 92,649 |
| Investment Management | 42,974 | - | 42,974 | 41,911 |
| **Total Expenditure** | 9,265,832 | 2,555,140 | 11,820,972 | 12,328,493 |

| **Support costs include:** | **Basis of Allocation** | £ | £ |
|---|---|---|---|
| Premises & Catering | Floor area, estimated time, and cost | 1,289,249 | 1,158,930 |
| Central Services | Estimated time | 647,354 | 514,230 |
| Finance | Estimated time | 231,434 | 264,350 |
| IT Support | Workstations and estimated time | 269,770 | 281,293 |
| Vehicles | Estimated time & specific costings | 9,591 | 17,696 |
| Governance | Estimated time | 107,742 | 82,161 |
| | | 2,555,140 | 2,318,660 |

| **Included within group expenditure are:** | | |
|---|---|---|
| Amounts paid or payable to Auditors: | | |
| External annual audit of accounts | 18,300 | 20,850 |
| Other fees payable to the Auditors | 4,393 | 2,400 |
| Depreciation | 505,563 | 486,306 |
| Lease payments | 330,557 | 407,951 |

## 9 Total Expenditure (Group) 2020

| | Direct Costs £ | Support Costs £ | Total 2020 £ | Total 2019 £ |
|---|---|---|---|---|
| Charitable Activities: | | | | |
| In Patient Care | 3,433,216 | 1,357,270 | 4,790,486 | 4,808,456 |
| Day Care | 769,755 | 421,641 | 1,191,396 | 1,232,061 |
| Hospice Outreach | 885,688 | 79,856 | 965,544 | 942,097 |
| Hospice at Home | 1,044,612 | 72,093 | 1,116,705 | 975,340 |
| Education & Research | 80,170 | 40,230 | 120,400 | 140,465 |
| Hospital & Community Services | 156,246 | - | 156,246 | 176,183 |
| Lymphoedema | 93,594 | 29,653 | 123,247 | 108,912 |
| Social Work & Chaplaincy | 293,158 | 40,966 | 334,124 | 334,231 |
| Costs of Raising Funds: | | | | |
| Donations, Legacies and Grants | 525,671 | 235,486 | 761,157 | 778,548 |
| Other trading activities | | | | |
| Hospice Shops | 2,119,706 | 14,543 | 2,134,249 | 1,939,625 |
| Lottery | 390,378 | 25,908 | 416,286 | 434,263 |
| Projects | 83,079 | 1,014 | 84,093 | 72,877 |
| Fundraising Events | 92,649 | - | 92,649 | 132,388 |
| Investment Management | 41,911 | - | 41,911 | 36,783 |
| **Total Expenditure** | 10,009,833 | 2,318,660 | 12,328,493 | 12,112,229 |

| **Support costs include:** | **Basis of Allocation** | **£** | **£** |
|---|---|---|---|
| Premises & Catering | Floor area, estimated time, and cost | 1,158,930 | 1,140,744 |
| Central Services | Estimated time | 514,230 | 565,760 |
| Finance | Estimated time | 264,350 | 283,993 |
| IT Support | Workstations and estimated time | 281,293 | 226,966 |
| Vehicles | Estimated time & specific costings | 17,696 | 20,796 |
| Governance | Estimated time | 82,161 | 91,449 |
| | | 2,318,660 | 2,329,708 |

| **Included within group expenditure are:** | | |
|---|---|---|
| Amounts paid or payable to Auditors: | | |
| External annual audit of accounts | 20,850 | 20,850 |
| Other fees payable to the Auditors | 2,400 | 7,685 |
| Depreciation | 486,306 | 498,970 |
| Lease payments | 407,951 | 385,909 |

## 10 Fixed Assets

| | Freehold Property | Assets Under Construction | Furnishings & Equipment | Vehicles | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Charity** | | | | | |
| **Cost** | | | | | |
| At 1 April 2020 | 10,365,612 | 2,096,095 | 2,772,094 | 141,921 | 15,375,722 |
| Transfer | 2,096,095 | (2,096,095) | | | - |
| Additions | 2,362,800 | - | 333,768 | | 2,696,568 |
| Disposals | (6,267) | - | | (18,120) | (24,387) |
| **At 31 March 2021** | **14,818,240** | **-** | **3,105,862** | **123,801** | **18,047,903** |
| **Depreciation** | | | | | |
| At 1 April 2020 | 2,909,536 | - | 2,109,929 | 137,589 | 5,157,054 |
| Charge for year | 232,463 | - | 268,768 | 4,332 | 505,563 |
| Disposals | (41) | - | - | (18,120) | (18,161) |
| **At 31 March 2021** | **3,141,958** | **-** | **2,378,697** | **123,801** | **5,644,456** |
| **Net Book Value** | | | | | |
| **At 1 April 2020** | 7,456,076 | 2,096,095 | 662,165 | 4,332 | 10,218,668 |
| **At 31 March 2021** | **11,676,282** | **-** | **727,165** | **-** | **12,403,447** |
| **Group** | | | | | |
| **Cost** | | | | | |
| At 1 April 2020 | 10,365,612 | 2,096,095 | 2,793,423 | 141,921 | 15,397,051 |
| Transfer | 2,096,095 | (2,096,095) | - | - | - |
| Additions | 2,362,800 | - | 333,768 | - | 2,696,568 |
| Disposals | (6,267) | - | - | (18,120) | (24,387) |
| **At 31 March 2021** | **14,818,240** | **-** | **3,127,191** | **123,801** | **18,069,232** |
| **Depreciation** | | | | | |
| At 1 April 2020 | 2,909,536 | - | 2,131,258 | 137,589 | 5,178,383 |
| Charge for year | 232,463 | - | 268,768 | 4,332 | 505,563 |
| Disposals | (41) | - | - | (18,120) | (18,161) |
| **At 31 March 2021** | **3,141,958** | **-** | **2,400,026** | **123,801** | **5,665,785** |
| **Net Book Value** | | | | | |
| **At 1 April 2020** | 7,456,076 | 2,096,095 | 662,165 | 4,332 | 10,218,668 |
| **At 31 March 2021** | **11,676,282** | **-** | **727,165** | **-** | **12,403,447** |

## 11 Investments

| | The Group | | The Charity | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Listed UK Stock Exchange Investments | 7,983,569 | 5,864,537 | 7,983,569 | 5,864,537 |
| Shares in subsidiary companies | - | - | 50,100 | 50,100 |
| Investment Properties | 185,000 | 170,000 | 185,000 | 170,000 |
| | **8,168,569** | 6,034,537 | **8,218,669** | 6,084,637 |

The investment property was revalued on 31st March 2021 at open market value by Zaza Johnson and Bath Estate Agents.

| (a) Listed UK Stock Exchange Investments | Group and Charity | |
|---|---|---|
| | 2021 | 2020 |
| | £ | £ |
| Market Value 1 April 2020 | 5,415,103 | 6,262,942 |
| Disposals | (1,620,322) | (1,653,275) |
| Acquisitions | 1,967,496 | 1,507,481 |
| Unrealised gains/(losses) | 156,366 | (994,910) |
| Realised gains | 1,853,406 | 292,865 |
| Market value at 31 March 2021 | 7,772,049 | 5,415,103 |
| Cash held for investment | 211,520 | 449,434 |
| | **7,983,569** | 5,864,537 |

| (b) Analysis of Listed/Discretionary Fund Investments | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Discretionary Fund managed by Smith & Williamson | 3,802,349 | 2,971,320 |
| Discretionary Fund managed by Brewin Dolphin | 4,181,220 | 2,893,217 |
| | 7,983,569 | 5,864,537 |

| (c) Shares in subsidiary companies at cost | Charity | |
|---|---|---|
| | 2021 | 2020 |
| | £ | £ |
| Hospice Projects Limited | 50,000 | 50,000 |
| Severn Promotions Limited | 100 | 100 |
| | 50,100 | 50,100 |

## 12 Stocks

| | Group | | Charity | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Goods purchased for resale through Hospice Projects Limited | 16,484 | 14,909 | - | - |
| Consumable stores | - | - | - | - |
| | 16,484 | 14,909 | - | - |

## 13 Debtors

| | Group | | Charity | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Trade debtors | 231,862 | 257,839 | 231,862 | 257,052 |
| Sundry debtors | 19,946 | 19,987 | 19,946 | 19,987 |
| Amounts due from subsidiary undertakings | - | - | 125,047 | 164,221 |
| Legacies & Covid grants | 985,236 | 1,303,326 | 985,236 | 1,303,326 |
| Prepayments | 151,473 | 112,553 | 151,473 | 112,553 |
| VAT recoverable | 149,157 | 113,407 | 149,157 | 114,325 |
| | 1,537,674 | 1,807,112 | 1,662,721 | 1,971,464 |

## 14 Creditors: Amounts Falling Due Within One Year

| | Group | | Charity | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Trade creditors | 267,196 | 270,937 | 267,180 | 270,922 |
| Taxation & social security costs | 141,963 | 144,354 | 141,963 | 144,354 |
| Accruals | 429,741 | 300,091 | 418,516 | 288,654 |
| Amounts due to subsidiary undertakings | - | - | 57 | 54 |
| Deferred income | 149,444 | 186,811 | 149,444 | 186,811 |
| Other creditors | 302,308 | 287,453 | 90,936 | 78,211 |
| | 1,290,652 | 1,189,646 | 1,068,096 | 969,006 |

### Creditors: Amounts Falling Due Greater Than One Year

| | Group | | Charity | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Deferred income | 6,460 | 8,500 | 6,460 | 8,500 |
| | 6,460 | 8,500 | 6,460 | 8,500 |

Deferred income of £149,444 mostly relates to an education grant of which the delivery of the services were not confirmed due to Covid-19 impacts. It will be utilised during 2021/22

**Creditors: Deferred Income**

| | Balance b/fwd 1.4.20 £ | Released £ | New Deferred £ | Amounts Falling Due Within One Year Balance c/fwd 31.3.21 £ | Greater Than One Year Balance c/fwd 31.3.21 £ |
|---|---|---|---|---|---|
| **Amounts Falling Due Within One Year** | | | | | |
| Events income | 39,258 | 37,368 | - | 1,890 | - |
| Complementary Therapy | 5,500 | - | - | 5,500 | - |
| Training Income | 132,000 | - | - | 132,000 | - |
| Men's Health project | 510 | - | - | 510 | - |
| Compassionate Communities fund | 14,500 | 2,039 | - | 6,001 | 6,460 |
| Hospital Development Fund | 3,543 | - | - | 3,543 | - |
| | 195,311 | 39,407 | - | 149,444 | 6,460 |

## 15 Restricted Funds

The Group and Charity Funds for **2020/21** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

| | Balance at 1.4.20 £ | Income £ | Expenditure £ | Transfer to General Funds £ | Balance at 31.3.21 £ |
|---|---|---|---|---|---|
| Donations received for In Patient Care and Bereavement | 3,490 | 128,055 | 124,845 | - | 6,700 |
| Donations received for the Day Units | - | 49,529 | - | (49,529) | - |
| Donations received for Living Well | - | 2,900 | 2,900 | - | - |
| Donations received for Care at Home Services | - | 75,991 | 70,591 | - | 5,400 |
| CCG funding for specifically negotiated services | 48,250 | 4,439,905 | 4,269,950 | - | 218,205 |
| Hospice Garden | - | 305 | 305 | - | - |
| | 51,740 | 4,696,685 | 4,468,591 | (49,529) | 230,305 |

The main element of the transfer to general funds of £49,529 represents the release of funds for the new building because the restriction placed on the funding has been met in the year.

The Group and Charity Funds for **2019/20** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

| | Balance at 1.4.19 £ | Income £ | Expenditure £ | Transfer to General Funds £ | Balance at 31.3.20 £ |
|---|---|---|---|---|---|
| Donations received for In Patient Care and Bereavement | 10,950 | 136,740 | (142,491) | (1,709) | 3,490 |
| Donations received for the Day Units | - | 44,976 | (44,976) | - | - |
| Donations received for Living Well | 188,005 | 552,100 | - | (740,105) | - |
| Donations received for Care at Home Services | - | 86,960 | (86,960) | - | - |
| CCG funding for specifically negotiated services | 32,367 | 1,805,662 | (1,789,779) | - | 48,250 |
| Hospice Garden | 7,103 | 7,205 | (4,492) | (9,816) | - |
| | 238,425 | 2,633,643 | (2,068,698) | (751,630) | 51,740 |

## 16 Unrestricted Funds

The Group and Charity Funds for **2020/21** include the following designated and general funds:

| | Balance at 1.4.20 £ | New Designations £ | Utilised/ Released £ | Resources To/From General Funds £ | Balance at 31.3.21 £ |
|---|---|---|---|---|---|
| **Group:** | | | | | |
| Designated Funds: | | | | | |
| Capital Fund | 2,398,541 | - | 2,398,541 | - | - |
| Fixed Asset Fund | 10,218,668 | 2,672,182 | 487,402 | - | 12,403,447 |
| Energy Sustainability Fund | 145,000 | - | 0 | - | 145,000 |
| Service Development Fund | 482,269 | - | 32,200 | - | 450,069 |
| Total Designated Funds | 13,244,478 | 2,672,182 | 2,918,143 | - | 12,998,516 |
| Group General Funds | 9,922,181 | 10,548,292 | 7,352,381 | 295,491 | 13,413,583 |
| Total Group Unrestricted | 23,166,659 | 13,220,474 | 10,270,524 | 295,491 | 26,412,099 |
| **Charity:** | | | | | |
| Total Designated Funds | 13,244,478 | 2,672,182 | 2,918,143 | | 12,998,516 |
| Charity General Funds | 9,905,155 | 10,093,451 | 6,897,540 | 295,491 | 13,396,557 |
| Total Charity Unrestricted | 23,149,633 | 12,765,633 | 9,815,683 | 295,491 | 26,395,074 |

See page 10 for more detail on the explanation of the various funds. The (£245,962) net movement on designated funds on the SOFA represents the net new designations and releases from these funds. The releases include revenue movements for depreciation and Hospice funding of pharmacist post.

## 16 Unrestricted Funds

The Group and Charity Funds for **2019/20** include the following designated and general funds:

| | Balance at 1.4.19 £ | New Designations £ | Utilised/ Released £ | Resources To/From General Funds £ | Balance at 31.3.20 £ |
|---|---|---|---|---|---|
| **Group:** | | | | | |
| Designated Funds: | | | | | |
| Capital Fund | 3,367,538 | - | (968,997) | - | 2,398,541 |
| Fixed Asset Fund | 8,708,054 | 1,996,921 | (486,307) | - | 10,218,668 |
| Energy Sustainability Fund | 145,000 | - | - | - | 145,000 |
| Service Development Fund | 500,000 | - | (17,731) | - | 482,269 |
| Total Designated Funds | 12,720,592 | 1,996,921 | (1,473,035) | - | 13,244,478 |
| Group General Funds | 10,382,660 | 9,571,572 | (10,259,795) | 227,744 | 9,922,181 |
| Total Group Unrestricted | 23,103,252 | 11,568,493 | (11,732,830) | 227,744 | 23,166,659 |
| **Charity:** | | | | | |
| Total Designated Funds | 12,720,592 | 1,996,921 | (1,473,035) | - | 13,244,478 |
| Charity General Funds | 10,365,634 | 9,071,193 | (9,759,416) | 227,744 | 9,905,155 |
| Total Charity Unrestricted | 23,086,226 | 11,068,114 | (11,232,451) | 227,744 | 23,149,633 |

## 17 Allocation of Group Net Assets between Funds

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Unrestricted Funds £ | Restricted Funds £ | Total £ | Unrestricted Funds £ | Restricted Funds £ | Total £ |
| Fund balances at 31 March are represented by: | | | | | | |
| Tangible fixed assets | 12,403,447 | | 12,403,447 | 10,218,668 | - | 10,218,668 |
| Investments | 8,168,569 | | 8,168,569 | 6,034,537 | - | 6,034,537 |
| Current assets | 7,137,195 | 230,305 | 7,367,500 | 8,111,600 | 51,740 | 8,163,340 |
| Creditors due within one year | (1,290,652) | | (1,290,652) | (1,189,646) | - | (1,189,646) |
| Creditors due greater than one year | (6,460) | | (6,460) | (8,500) | - | (8,500) |
| Total Net Assets | 26,412,099 | 230,305 | 26,642,404 | 23,166,659 | 51,740 | 23,218,399 |

## 18 Operating Lease Commitments

At March 2021, the charity had future minimum lease payments under non-cancellable operating leases in respect of Hospice shops due as follows:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Within 1 year | 240,600 | 303,008 |
| Between 2 and 5 years | 325,575 | 669,978 |
| Over 5 years to end of lease term | - | 78,000 |
| | **566,175** | **1,050,986** |

## 19 Controlling Party

The Company, having no share capital, is under the control of the Directors who also act as Trustees.

## 20 Pension Commitments

The Company and its subsidiaries operate a defined contribution scheme available to all permanent employees. Pension auto-enrolment legislation came into force for the Hospice in February 2014 and has been complied with from that date. The Company and its subsidiaries also make contributions to the National Health Service Pension Scheme for certain employees.

Contributions are charged in the financial statements as they are incurred and there were no outstanding contributions as at the balance sheet date. Pension costs charged in the year were £488,642 consisting of £308,672 paid to the NHS Scheme, and £179,970 paid to the defined contribution schemes (2020: £312,164 and £175,632 respectively).

## 21 Related Party Transactions

The charity paid a total of £9,900 in the year to Wace Morgan LLP, Solicitors for employment advice (£9,000 2019/20 for employment advice and insurance). Zara Oliver, a Trustee of the charity, is a partner in Wace Morgan LLP. There were no amounts owed or owing at the year-end. There were no other related party transactions in either current or previous year.

## 22 Contingent Assets and Liabilities

As at 31 March 2021 the Hospice had been notified of several residuary, pecuniary and specific legacies, some of which have life interests, where the timing of realisation or value of these estates was uncertain. Therefore, no amounts have been accrued in respect of these legacies which are estimated to be in excess of £2,170,000 (2019/20 also £2,165,000).

## 23 Reconciliation of Net Income/(Expenditure) to Net Cash Flow from Operating Activities

| | Group 2021 £ | Group 2020 £ |
|---|---|---|
| **Net Income/(expenditure) for the reporting period (as per the statement of financial activities)** | **3,424,005** | **(123,278)** |
| **Adjustments for:** | | |
| Depreciation charges | 505,563 | 486,306 |
| Dividends, interest, and rents from investments | (166,044) | (245,838) |
| (Gains)/losses on investments | (2,024,771) | 702,045 |
| Loss/(profit) on sale of fixed assets | - | - |
| (Increase) in stocks | (1,575) | (3,805) |
| Decrease in debtors | 269,438 | 538,161 |
| Increase in creditors | 105,191 | 195,616 |
| **Net cash provided by operating activities** | **2,111,807** | **1,549,207** |

## 24 Analysis of changes in net funds

| | Balance at 1.4.20 £ | Cash flows £ | Other non-cash changes £ | Balance at 31.3.20 £ |
|---|---|---|---|---|
| Cash and bank | 6,341,319 | (527,977) | - | 5,813,342 |

## 25 Capital Commitments

As at 31 March 2021 Severn Hospice Limited had capital commitments outstanding for the new Community Services centre at Bicton totalling in the region of £180,000.

## 26 2019/20 Comparative information

### CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account) For the Year Ended 31 March 2020

| | Unrestricted Funds | | | |
|---|---|---|---|---|
| | General 2020 £ | Designated 2020 £ | Restricted 2020 £ | Total Funds 2020 £ |
| **Income From:** | | | | |
| **Donations and legacies:** | | | | |
| Donations | 1,398,991 | - | 144,476 | 1,543,467 |
| Legacies | 1,733,663 | - | 88,338 | 1,822,001 |
| Grants from Charitable Trusts | 46,500 | - | 595,168 | 641,668 |
| | **3,179,154** | **-** | **827,982** | **4,007,136** |
| **Charitable Activities** | **1,939,484** | - | **1,774,911** | **3,714,395** |
| **Other trading activities:** | | | | |
| Lottery | 1,273,195 | - | - | 1,273,195 |
| Projects | 171,273 | - | - | 171,273 |
| Shops | 3,114,990 | - | - | 3,114,990 |
| Fundraising events | 304,972 | - | - | 304,972 |
| | **4,864,430** | **-** | **-** | **4,864,430** |
| **Investments** | 245,838 | | | 245,838 |
| **Other income** | 44,711 | - | 30,750 | 75,461 |
| **Total Income** | **10,273,617** | **-** | **2,633,643** | **12,907,260** |
| **Expenditure on:** | | | | |
| **Raising Donations, Legacies and Grants** | **761,157** | - | - | **761,157** |
| **Other trading activities:** | | | | |
| Lottery | 416,286 | - | - | 416,286 |
| Projects | 84,093 | - | - | 84,093 |
| Shops | 2,134,249 | - | - | 2,134,249 |
| Fundraising events | 92,649 | - | - | 92,649 |
| **Investment management costs** | 41,911 | - | - | 41,911 |
| **Costs of raising funds** | **3,530,345** | **-** | **-** | **3,530,345** |
| In patient care | 4,566,306 | - | 224,180 | 4,790,486 |
| Day care | 1,038,833 | - | 152,563 | 1,191,396 |
| Hospice Outreach | 555,166 | - | 410,378 | 965,544 |
| Hospice at home | 43,440 | - | 1,073,265 | 1,116,705 |
| Education and research | 44,839 | - | 75,561 | 120,400 |
| Hospital services | 93,720 | - | 62,526 | 156,246 |
| Lymphoedema | 53,022 | - | 70,225 | 123,247 |
| Social Work & Chaplaincy | 334,124 | - | - | 334,124 |
| **Expenditure on charitable activities** | **6,729,450** | **-** | **2,068,698** | **8,798,148** |
| **Total expenditure** | **10,259,795** | **-** | **2,068,698** | **12,328,493** |
| **Net income for the year and net movements in funds before gains and losses on investments** | 13,822 | - | 564,945 | 578,767 |
| Net (losses)/gains on investments | (702,045) | - | - | (702,045) |
| **Net (expenditure)/income for the year** | **(688,223)** | **-** | **564,945** | **(123,278)** |
| Transfers between funds | 227,744 | 523,886 | (751,630) | - |
| **Net movement in funds** | **(460,479)** | **523,886** | **(186,685)** | **(123,278)** |
| ***Reconciliation of funds:*** | | | | |
| **Total funds brought forward** | 10,382,660 | 12,720,592 | 238,425 | 23,341,677 |
| **Total funds carried forward** | **9,922,181** | **13,244,478** | **51,740** | **23,218,399** |