

Keech Hospice Care

Report and Financial Statements
Year ended 31 March 2017



Contents

	Page
About Keech Hospice Care	2
Trustees, Officers and Professional Advisors	3 to 4
Annual Report of the Trustees	5 to 18
Directors' Report	5
Objectives and activities	5
Public benefit	7
Structure, governance and management	7
Trustees	9
Responsibilities of the Trustees	9
Going concern	10
Auditors	10
Strategic Report	11
Vision, mission, values and philosophy of care	11
Achievements and performance	12
Financial review	14
Future activities	16
Risk management	16
Principal risks and uncertainties	18
Independent Auditors' Report	19 to 22
Consolidated Statement of Financial Activities	23
Consolidated and Charity Balance Sheets	24
Consolidated Statement of Cash Flows	25
Notes to the Financial Statements	26 to 39

Making the difference when it
matters the most

Liz Searle, Chief Executive

About Keech Hospice Care

Keech Hospice Care is the adult hospice for Luton and South Bedfordshire, and the children's hospice for Bedfordshire, Hertfordshire and Milton Keynes.

As a charity, we provide free specialist care for adults and children with life-limiting and complex terminal conditions as well as vital support for their family and friends. We are one of a small number of hospice charities in the UK which supports and cares for both adults and children.

We are a leading hospice in the UK, and in 2016 we celebrated 25 years since we first opened. Their Royal Highnesses The Duke and Duchess of Cambridge (pictured, front cover, with Keech Hospice Care CEO Liz Searle and Clinical Director Elaine Tolliday), joined us to meet with patients and supporters, and for a tour of the adult and children's hospice.

This special day was enjoyed by patients, families, supporters and over 250 Keech Hospice Care volunteers. Coverage by local and national media, who filmed at the hospice, helped raise awareness of the importance of the excellent holistic approach to care for patients, and pre- and post-bereavement support for families, provided by the hospice.

Since the hospice first opened, initially providing support for adult patients and their families and later expanding to include support for child patients and their families, we have supported thousands of patients with life-limiting or terminal illness. There are no second chances to get it right so, at Keech Hospice Care, we make sure we do everything we can.

Patients and their families are given the support and care they need from the day they are diagnosed and, when the time does come, we support them to achieve a peaceful death. Our care is not just provided at the hospice itself but in hospitals, schools, care homes or family homes – wherever support is needed the most.

What is more, our care does not stop at death. As leaders in our field, our excellent standard of care extends to support a patient's family, partners, friends, neighbours and colleagues for as long as they need us afterwards, when we offer emotional, spiritual and practical support. For these families, when it seems as though nothing will be the same again, Keech Hospice Care is there to help.



Trustees, Officers and Professional Advisors

As at 28 September 2017

Trustees

Clive Medlam (Chair)
Angela Harkness (Vice Chair)
Michael Hubbocks
Nicky Bannister
Maria Collins
Bronwen Philpott
Karen Proctor
Robert Ryall
Sukhdeep Saini

Audit & risk committee

Trevor Nash (Chair)
Gill Holt
Maria Collins
Karen Proctor
Bronwen Philpott

Trading companies

Pasque Charity (Trading) Limited	Trevor Nash (Chair)
Keech Hospice Care (Trading) Limited	Trevor Nash (Chair)

Executive directors

Chief Executive	Liz Searle
Interim Finance Director	Rob Davies (appointed 1 June 2017)
Clinical Director	Elaine Tolliday
Income Director	Alison Shotter
People Director	Ali Lowe
Finance Director	Neil Goulder (resigned 31 May 2017)

The executive directors are not directors within the meaning of the Companies Act.

Registered Office

Great Bramingham Lane
Streatley
Luton
LU3 3NT

Auditors

Sayer Vincent LLP
Invicta House
108-114 Golden Lane
London
EC1Y 0TL

Bankers

National Westminster Bank plc
4 High Street North
Dunstable
Bedfordshire
LU6 1JU

Solicitors

Pictons LLP
2nd Floor, Moorgate House
201 Silbury Boulevard
Milton Keynes
Buckinghamshire
MK9 1JL

Pinney Talfourd LLP
39-41 High Street
Brentwood
Essex
CM14 4RH

SA Law
Gladstone Place
36-38 Upper Marlborough Road
St Albans
Hertfordshire
AL1 3UU



We understand how important our support is for patients and families, and continue to strive to ensure support for the future

Clive Medlam, Chair of Trustees

Annual Report of the Trustees

The trustees present their report and the audited financial statements for the year ended 31 March 2017. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS102.

Directors' Report

The Directors present their report for the year ended 31 March 2017, which should be read in conjunction with the Strategic Report.

Reference and administrative details

The registered name of the charity, the charity number and the company number are shown on the front cover of this report.

The registered office, current trustees, executive directors and advisers are shown in the Trustees, Officers and Professional Advisors section of this report on pages 3 and 4.

Objectives and activities

Objectives

The charity's principal objective is to provide palliative, supportive and end of life care, and to support those with specific needs, within Luton and South Bedfordshire for adults and their families, within Bedfordshire, Hertfordshire and Milton Keynes for children and their families.

The founders used a Trust Deed, settled on 3 June 1987, to set up the charity as the Luton and South Bedfordshire Hospice. The trustees changed the charity's name to Pasque Charity in June 2002 and then to Keech Hospice Care on 23 September 2009. The Memorandum and Articles of Association, as amended in 2003 and 2010, state the objects of the charity are to promote the relief of sickness in such ways as the charity shall from time to time think fit and in particular:

- By establishing, maintaining and conducting hospices, day centres, residential homes and home/community support services in the counties of Bedfordshire, Hertfordshire and Buckinghamshire (including Milton Keynes) and elsewhere as required for the reception and care of people who are suffering from cancer or any chronic or terminal illness or from any disability or disease whether attributable to old age or otherwise or from any other physical infirmity, disability or disease and by providing medical or other treatment and attention for such persons in their own home;
- By conducting or promoting or encouraging research into the care and treatment of persons suffering from any such illness, disability or infirmity as aforesaid and particularly into the care and treatment of persons suffering from cancer or terminal illness and to disseminate the results to the public;
- By promoting or encouraging or assisting in the teaching or training of doctors, nurses, physiotherapists and other persons engaged in any branch of medicine, surgery, nursing or allied services;
- By providing or assisting or encouraging the provision of spiritual help and guidance for any persons resident (either as patients or otherwise) or working in any such hospices, day centres or homes;
- By establishing and conducting clinics, out-patient departments, surgeries, dispensaries and convalescent homes;

- By providing or arranging such medical or other attention as the Charity may think fit for patients in any such hospice, day centre, home, clinic or out-patient department as aforesaid or for patients in their own homes; and
- By providing such medical supplies, equipment and apparatus, drugs, amenities, comforts and other things conducive to the material or spiritual welfare of any persons resident in or attending any such hospice, day centre, home, clinic or out-patient department or any persons being treated or attended in their own homes as the Charity may think fit.

Principal activities

The charity fulfils its purpose through its principal activity of providing adult and children's palliative and supportive care as follows:

- Adult in-patient palliative medical and nursing care for residents of Luton and South Bedfordshire in an eight-bed unit;
- Adult out-patient palliative and supportive care for residents of Luton and South Bedfordshire in the Keech Palliative Care Centre, Monday to Friday;
- Support for adults in Luton within the last two years of life through the My Care Co-Ordination Team, providing a 24-hour advice and support line for patients, families, carers and professionals, co-ordinating support from other care professionals and agencies and providing personal care, practical help and emotional support to both patients and families;
- Children's in-patient and day care palliative and supportive care for residents of Hertfordshire, Bedfordshire and Milton Keynes (or from any other area if the family wishes to use the children's service) in a five-bed unit and day care facility; and
- Children's community nursing team that provides palliative care in the home, school, hospital and other community settings for residents of Hertfordshire, Bedfordshire and Milton Keynes.

We are the only children's hospice funded by the Clinical Commissioning Groups (CCG) in Hertfordshire and Bedfordshire.

Supportive care is services provided by social workers, bereavement care workers and therapists (occupational, music, art and complementary). This ensures the charity's care takes a holistic approach that not only considers the patient's condition, life and circumstances, but also supports and cares for the patient's family and other significant people in their life. The charity provides its services free to patients, carers and families to ensure accessibility.

The management and administration team provides the necessary governance, oversight and operational management as well as finance, human resources (HR) and administrative support. The housekeeping team and catering, maintenance and IT services provide essential support services for the principal activities.

The fundraising and retail teams, and of course the incredibly generous members of the public, corporations and trusts generate the vital income needed by the charity to supplement the low level of statutory funding (from the NHS, local authorities and the Department of Health). It cost £5.7m to provide our services in 2016/17, with only 33% coming from statutory funding.

Public Benefit

The trustees have considered the purpose, aims and objectives of the Charity and its current and planned activities against the Charity Commission's general guidance on public benefit. The trustees are satisfied the charity's purpose, aims, objectives and activities are fully consistent with charitable purposes as defined in the Charities Act 2011, including: the advancement of health or the saving of lives and the relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantages.

Structure, governance and management

The consolidated financial statements that follow later in this report comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, and the Consolidated Statement of Cash Flows and related notes, which include the results of the related company - Pasque Charity (Trading) Limited and the wholly owned trading subsidiary of Keech Hospice Care, Keech Hospice Care (Trading) Limited. The objective of these companies (Pasque Charity (Trading) Ltd is now effectively dormant) is for making best use of and maximising the returns from the resources of the charity.

Day-to-day management

The trustees delegate day-to-day management responsibility to the Chief Executive, who in turn delegates some leadership functions to the Senior Leadership Team (SLT). The Schedule of Delegation is set out in the Governance Manual.

The Audit & Risk Committee, comprising trustees and two lay members (one of whom is the Chair) monitors all risks faced by the Charity and meets every two to three months. It has a direct reporting line into the trustee board meetings and forms an important role in the overall assurance framework.

Investment policy and returns

The trustees have decided to maintain a low risk investment strategy. The main purpose of the Charity is to provide hospice care and because of the uncertainty of fundraising income streams, it is necessary to ensure that funds are always readily available for use to ensure that levels of care are not adversely affected in the event of any short-term income reduction. This is also the reason that trustees choose not to risk funds in higher risk but potentially higher return investments.

Staff

The trustees wish to record their thanks to all the staff of the charity who are essential to the provision of high-quality care for patients. The staff are the guardians of the charity's reputation and standing, which are vital and must remain high if the charity is to continue to retain the trust of patients and their families, and attract funders prepared to fund its work.

During the year the charity employed 262 members of staff (243 full-time equivalent: 49% of our staff work less than full time) to deliver the range of professional disciplines needed to provide the quality care service for patients and their families and to meet regulatory requirements. The charity employs three disabled people for whom we have made the relevant reasonable adjustments to their workplace to allow them to contribute fully to our work.

Staff surveys are carried out approximately once every two years and show that we continue to improve staff engagement. The last survey took place in September 2016 and resulted in the charity being recognised as one of the top 100 best not-for-profit organisations by the The Sunday Times.



The work the charity provides is hugely demanding on our staff. To ensure they are well supported and retain their well-being, the charity funds an Employee Assistance Programme. This provides practical information, resources and confidential counselling (on business or personal issues) to staff and their families 24 hours a day on every day of the year.

We have implemented the government initiative of pension auto-enrolment and promoted this to our staff. 95% of eligible staff are now in a pension scheme.

Volunteers

The trustees wish to record thanks to the many volunteers without whom the charity would be unable to maintain the quality of service at the level of expenditure that is currently enjoyed.

The charity benefits from the unpaid work of over 1,500 volunteers, who supported paid staff in various ways across our care, fundraising, retail and support functions.

In total, volunteers contributed approximately 190,000 hours, which equates to just over £1.6 million (using the living wage of £8.45/hr).

Pay policy

For care and office staff, Keech Hospice Care operates a pay structure designed to be competitive against the NHS pay bandings. Each pay banding is made up of five standard incremental points with an additional two or three discretionary points. Jobs are assessed based on the responsibilities, accountabilities and market rates of the job and are assigned a banding. New recruits will generally start at the bottom of the banding and each year will move up a point based on the results of their appraisal. This is up to the end of the standard scale points. Movement further up the discretionary points would depend upon taking on additional work / responsibilities.

In some circumstances people will start higher up the pay bandings depending on skills and experience. The incremental points system is designed to reflect responsibility and career advancement.

Within retail, assistant managers and managers have a two point scale: they start at the lower point and progress to the higher point after a year if they meet their objectives. There are separate scales for furniture shops, non-furniture shops and drivers. Other management positions are on a spot salary with no progression.

Doctors are paid in line with NHS doctor scales. These are made up of three thresholds each containing several salary points. Doctors progress annually up the salary points in threshold one, every two years in threshold two and every three years in threshold three. When they get to the top of the threshold in order to progress onto the next threshold they must meet a range of set criteria.

Senior pay policy: senior management are not on the grade system. The Board of Trustees recognises that employment of first class senior managers is vital if the hospice is to maximise income and the quality and efficiency of the charity. Salary levels for incoming senior managers are based on externally benchmarked market rates, with no progression.

All grades may be eligible for an inflationary annual pay award, if this is affordable.

Trustees

Trustees, who are also the directors for the purpose of charity law, who served during the year and up to the date of approval of this report are as follows:

Nicky Bannister	Clive Medlam
Maria Collins	Bronwen Philpott
Angela Harkness	Karen Proctor
Michael Hubbocks	Robert Ryall
Daniel Kerr	Sukhdeep Saini
Resigned 3 October 2016	

In accordance with §418 of the Companies Act 2006, as the charity's directors, the trustees certify that:

- so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- as the directors of the charity they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

There is no specified number of trustees, but our aim is to maintain a diverse range of skills and experience to provide the broadest possible level of support to the Chief Executive and Senior Leadership Team. When vacancies arise or are anticipated we consider the skills mix and diversity of the continuing trustees and determine the person specifications to be sought in trustee recruitment. A skills audit has been completed and this feeds into an open competitive recruitment process. At the time of writing this report the Board was about to confirm the appointment of three new trustees, and was actively seeking to further enhance the Board with more clinical experience.

Every trustee must sign a Trustee Commitment and Disclosure Form to act as a trustee of the charity before he or she is eligible to become a trustee, and again annually. On appointment or election as a trustee, a trustee becomes a member of Keech Hospice Care. trustees hold membership of Keech Hospice Care only during their trusteeship and retirement, resignation or removal as a trustee is deemed to end their membership of the charity.

It is the charity's policy and practice to provide trustees with appropriate training to undertake their role and to ensure that new trustees receive appropriate induction to the charity and to the role of a charity trustee and company director. In particular, new trustees attend a corporate induction day and we are looking at a potential scheme to provide them with a mentor trustee who would give them specific support over the first 12 months of their trusteeship.

Trustees are elected for a three-year term and it is intended that they should ordinarily serve for up to two three-year terms, with the possibility of a further term.

Responsibilities of the trustees

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 operation.

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

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

Going Concern

There are no material uncertainties regarding the charity's ability to continue in operation. The trustees have reviewed financial forecasts into 2020 and are confident that the charity will continue as a going concern for the foreseeable future.

Auditors

Sayer Vincent LLP was reappointed as the charitable company's auditor during the year and has expressed its willingness to continue as auditors for the next financial year.

The Trustees' Report was approved by the trustees on 28 September 2017, and is signed as authorised on its behalf by:



Clive Medlam
Chair of Trustees and Director
Keech Hospice Care

Strategic Report

The directors present their strategic report for the year ended 31 March 2017, which should be read in conjunction with the directors' report, which contains further strategic information.

The charity's vision, mission, values and philosophy of care

The trustees, staff and volunteers of the charity conducted a strategic review during 2012. The review included revisiting and reaffirming the charity's vision, mission, values and philosophy of care. The vision was updated in 2016 with the remainder remaining essentially unchanged as:

Vision

Making *the* difference when it matters *the* most.

Mission

Keech Hospice Care exists to provide high-quality accessible specialist palliative care (SPC); and work in partnership to influence and educate others in end of life care.

Values

The charity describes its values in three parts:

- Keech Hospice Care strives to provide patient care grounded in the values of compassion, choice, respect for the individual and their cultural and spiritual needs, equality of treatment and dignity.
- Keech Hospice Care encourages staff and volunteers to value hard work as a team that provides mutual support in a culture of honesty, trust, professionalism and dedication with a "can do" attitude.
- Keech Hospice Care is an organisation that values excellence, innovation, commitment, transparency, a determination to seek ways to improve our service, effective management of resources and respect for the support provided by the community.

Philosophy of care

Keech Hospice Care's philosophy of care is that of enablement; accepting without judgement the patient, carer and family's circumstances and nurturing them at appropriate stages in the patient's journey. The staff place high importance on close and effective liaison with others and welcome partnership working.

Strategic themes

Through developing our plan, we identified six areas to focus on during the period 2015-2020, which will progress our journey towards the delivery of our mission.

Underpinning our determination to create the greatest possible impact through our work, our four main strategic themes are:

- To deliver excellent palliative care
- To educate, communicate and influence others to deliver excellent palliative care by sharing our experience and expertise. To educate the public about death and dying
- To be well funded so we maximise organisational impact
- To be well governed and led

These are supported by two further themes:

- To maximise our people resource (staff and volunteers); and
- To use business intelligence to further our aims.

Achievements and performance

The charity received a Care Quality Commission inspection in June 2016. We are pleased to report that our rating for Care was outstanding, with Safe, Effective, Responsive and Well-led all rated as good.

The charity remains committed to working collaboratively with its partners in providing palliative, supportive and end of life care for adults and children. This ensures the charity's services complement and improve other provision and allows an integrated response to the opportunities and challenges presented by the government's national Strategy for End of Life and Palliative Care as well as its more recent conversations on palliative care.

This past year is reviewed against the Charity's four main strategic aims for 2016/17 and these were to:

Deliver excellent care

We continued to provide excellent care through our in-patient, community, day therapy and out-reach services. Total beneficiaries for 2016/17 were 1844 people, incorporating patients, relatives and carers.

Adult services

A total of 1,366 adult patients were cared for in 2016/17, a total that incorporates those who access the in-patient unit, out-patient facilities, therapies and social work team, My Care Coordination Team and the hydrotherapy pool. Many patients use multiple services which ensures a patient-centred, bespoke plan of care is in place for them.

The **My Care Coordination Team** supported 1,193 in the year, an increase of 16% on the previous year. The team operates a 24/7 support line and offers 8am to 5pm coordination of packages of care for people living in Luton with a progressive, life-limiting illness. The team's many successes include the avoidance of an average of 20 hospital admissions monthly with many patients cared for in their preferred place of care at the end of life.

The **Keech Palliative Care Centre (KPCC)** adult service offers programmes of care that support patients to achieve their goals and maximise function and independence. A multidisciplinary team provided care to 202 patients in 2016/17.

Luton Clinical Commissioning Group (CCG) continues to fund the Charity to carry out intravenous infusions and blood transfusions within our Keech Palliative Care Centre adult service.

A partnership with the Motor Neurone Disease Association (MNDA) and Luton CCG has led to the recruitment of a neurological clinical nurse specialist (CNS) who coordinates the care of patients in Luton with rare neurological disease. In only the first few months, the CNS has seen 28 patients.

The **adult inpatient unit** cared for 125 patients (2016: 83) patients from Luton and South Bedfordshire, providing them with 1,581 bed nights (2016: 1,433). Mainly patients were admitted for symptom control (1,138 bed nights) but 433 bed nights were used to provide end of life care so that patients could be cared for in their preferred place at the end of life.

A partnership with Macmillan Cancer Support has seen the development of the Independence and Well-being Service. This service offers occupational therapy, physiotherapy and a range of wellbeing groups to support patients to live well with their life limiting condition. In the first year, 83 patients have benefitted from this service.

Children's Hospice

The children's **community team** provided 302 (2016: 259) children and their families with 1,476 (2016: 1,269) community visits. Thirteen children were cared for at home at the end of their lives.

The children's **day therapy** service supported 160 children (2016: 124) with programmes of care that included sensory play, symptom assessment and management, interaction and stimulation.

The children's **in-patient unit** cared for 99 (2016: 92) children and their families by providing 816 (2016: 773) bed nights. Admissions were for short breaks, symptom control, end of life care, hospital transition and use of the bereavement suite.

Social worker and supportive care services

Supportive Care Services include complementary therapies, music therapy, art therapy, family support workers, a befriending Hospice at Home team, bereavement services and spiritual care. The team supports patients, their families and carers, providing emotional support.

Our social work team consists of two specialist palliative care social workers and two assistants. As a team, they cared for 280 people, providing psycho/social support.

The Charity delivered its adult **services contracts** in Luton and South Bedfordshire and its children's services contracts in Luton, Bedfordshire, Hertfordshire and Milton Keynes to the satisfaction of all of our commissioners, who have renewed their contracts for 2017/18 and continue to work in collaboration with the charity.

Keech Hospice Care has continued to host a service run by the national Charity **Sense**, which provides skills and independence training for teenagers and young adults with multi-sensory impairment. The Sense at Keech service has proved successful with both organisations sharing much learning and expertise.

Educate, communicate and influence others

We have developed a partnership with the University of Bedfordshire, jointly funding a PhD research student who is undertaking research into the experiences of families caring for a child with life-limiting illness. This partnership will continue to develop in the coming years and we will be able to use the findings from the research to improve and tailor our services to provide further support to our patients and families.

We have a comprehensive in-house competency programme and short training sessions for our care teams. We also provide clinical supervision, Schwartz rounds (a forum for staff to discuss emotional and social aspects of working in healthcare), meditation groups for staff and mindfulness courses.

Our library provides a comprehensive range of resources for hospice staff and community nurses working in palliative care.

As a provider of palliative and end-of-life care, our role is also to raise awareness within the wider community. To this end, we participate in the annual awareness weeks such as Dying Matters, Children's Hospice Week and Carers' Week.

Be well funded

Maintaining and developing our support through a range of income areas is essential to ensure we can provide our expert care and secure support for the future. The financial report that follows shows how we have secured funding for the charity and used it to further the achievement of our objectives.

Total income increased slightly in 2016/2017 to £10,051k (2016: £9,914k), with additional support received through donated income, in particular legacies.

Income from charitable activities, including statutory income, fell slightly to £2,222k (2016:£2,339k).

We continue to rely on our supporters and local community for the majority of our income, and are extremely grateful for all the support we received in the year from individuals, families, groups, schools, organisations, corporate partners, trusts and foundations. Total fundraised income from donations and legacies increased slightly to £2,929k (2016: 2,764k).

Over £1million was received in the year from Legacies, generously given to help provide vital support for seriously ill adults, children and their families. Our Keech Hospice Care lottery and raffles continued to provide essential, regular income. The Royal visit by TRH The Duke and Duchess of Cambridge, our events including Colour Dash (with over 1,000 participants), and new fundraising activity, including our two-year charity partnership with London Luton Airport and The BraveHerts Appeal (developing our work for children and their families in Hertfordshire), helped raised awareness of our charitable activity and vital funds for our work.

Retail income before costs was maintained at £4,089k (2016:£4,061k) in a challenging environment, thanks to our kind supporters who donated items for sale in our 33 shops across Bedfordshire, Hertfordshire and Milton Keynes, our staff and our fantastic retail volunteers. Income from our charity shops continues to be an essential part of our funding, and we achieved significant development targets in our capacity and supporting systems during the year.

Be well led and governed

Operating a charity in the current economic climate and with all the changes happening in the health and social care sector presents many challenges and requires strong well-developed leadership and governance. We continue to develop the Trustee Board and hospice management to ensure the charity operates at the highest level of effectiveness and efficiency.

Assessing Performance

The charity publishes a quarterly quality report, reviewed by the senior leadership team and trustees, which provides a detailed focus on the number of patients using each service, patient demographics, incidents, complaints, patient experience surveys, results of internal audits, palliative outcome scores and a substantial number of other measures.

The CEO's performance targets are agreed annually by the Board, monitored regularly by the Chair, and reported bi-annually to the Board.

Financial Review

The detailed figures for the year ended 31 March 2017 are set out in the financial statements that follow this Trustees' Report.

Expenditure

Excluding retail spend, expenditure was £6,501,000 (2016: £6,238,000) of which £5,033,000 (77%) was spent on hospice care services (2016: £5,006,000 / 80%). Overall expenditure was less than that budgeted for the year by 5%. Expenditure on hospice care services has increased by 1% in the year, reflecting the increase in services offered. Cost of activities for generating funds also increased slightly, to reflect an investment in our fundraising activities.

Income

The charity's principal funding sources are: voluntary income (fundraising activities); retail income (sale of donated goods through shops and warehouse); income from the Charity's lottery; statutory income (service level contracts and grants from NHS, Local Authority and government programmes) and profit from trading subsidiaries which undertake activities including the sale of bought in goods and fundraising under tripartite agreements.

Group consolidated income for the year totalled £10,051,000 (2016: £9,914,000), an increase of 1%. Most areas were very close to the previous year's performance.

Funds and reserve transfers

The Consolidated Statement of Financial Activities on page 22 shows an increase in funds (surplus) of £107,000.

Free reserves (unrestricted and undesignated general funds) have decreased by £31,000 to £2,776,000, which is still a level below the threshold set in the Reserves Policy (see below). The trustees are committed to developing reserves in the medium and long term to the Reserves Policy position.

Balance Sheet

Total net assets at 31 March 2017 are £12,053,000 which includes group cash balances of £2,910,000. Further details of the funds analysis can be found in notes 21 and 25 of the consolidated financial statements.

Reserves policy

The trustees have reviewed the reliability of future income streams, the commitment to future expenditure and risks faced as a charity. The charity has determined that it needs reserves for the following reasons:

- To fund shortfalls in income (whether statutory, retail, lottery, donations, legacies or other fundraising activities) when it does not reach expected levels. The charity is dependent on fundraised income as well as statutory funding. The fundraised income is subject to fluctuation as economic conditions change and statutory funding could be affected by government policy and the financial position of NHS commissioners;
- To fund unexpected expenditure, for example when projects overrun or unplanned events occur. This could also be for unexpected building maintenance costs and to provide a degree of flexibility for innovation; and
- To fund working capital. Most spend is salaries and therefore the timing of cash outflows is relatively fixed whereas both fundraised and statutory income fluctuate in terms of cash inflow over the year.

The trustees have agreed a policy to have free reserves of six months of budgeted total operating costs less the budgeted direct costs of fundraising and trading. Whilst we recognise the importance of spending funds donated to the charity, we are even more mindful of the need to ensure its long-term sustainability, and maintaining reserves at this level will improve our prospects of overcoming a short-term fall in income. For the year 2017/18, this target equates to £3.24m. This reserve policy allows the Charity to continue to provide care of the expected quality to meet the needs of patients as well as aiding the development of income streams and reducing costs.

These reserves would not usually be used for major capital developments, which instead would normally be funded through additional capital appeals. Freehold land and buildings are held in a designated reserve called the Building Assets Fund. During the year the trustees agreed to release £427,000 from free reserves to fund a number of building improvements, repairs and specific one-off projects. A new designated reserve has been created, as shown in note 25.

By designating these funds, the trustees aim to give a clear presentation of the free reserves available to the charity to meet its continuing operational commitments.

At the end of March 2017 the free reserves decreased to £2.776m representing 5.1 months of 2017/18 budgeted operating costs less the budgeted direct costs of fundraising and trading.

Although the aim is to build reserves up to the six months, the charity approved a release of funds for necessary improvements and repairs. However it has also approved a surplus in its 2017/18 budget, despite income levels being under pressure due to the current economic climate and competitive fundraising conditions. In future years, the charity intends to continue to set budgets that reflect the need to build reserves and meet the charity's strategic aims.

The level of reserves will be monitored regularly by the Audit & Risk Committee and this policy will be reviewed annually by the main Board when the budgets are approved. This will ensure that appropriate steps are in place to build reserves up to required levels.

Risk management

The trustees of the charity, who are also the Directors of Keech Hospice Care, have governance responsibility for the Charity and its work. They are advised by the Chief Executive and the other members of the Senior Leadership Team who also manage the operation of the hospice services.

The trustees are pleased to report that the charity's internal financial controls conform to the guidelines issued by the Charity Commission. The trustees are also aware of the requirement to report more fully on risk management in the annual report, and are aware of the guidance for directors of public listed companies contained within the Turnbull Report. As a result they have adopted a formal risk management policy using the principles of good governance and the policy requirements of the Health and Social Care Act 2008. The trustees have developed a risk register, which identifies risks to the charity in the areas of governance, operations, financial (including income generation activity), reputation, data security and other external risks. This is complemented by an issues log, which tracks the most pressing current issues.

The register describes how each risk is managed, and the processes procedures and actions that are in place to mitigate the risk. Each risk is given a score reflecting the inherent and residual risk. Significant risks are reviewed at every meeting of the Audit & Risk Committee, which reports back to each trustee meeting. This satisfies the trustees that adequate controls and procedures are in place to mitigate these risks. The Audit & Risk Committee also submits a formal annual report to the trustees.

The Charity is registered with the Fundraising Regulator and continues to be committed to undertaking regular reviews and ensure training is in place for staff to ensure compliance with the Code of Fundraising Practice.

Trustees conduct regular formal "trustee visits". Although these are no longer required by the Care Quality Commission, the board has decided to continue them as they have proven beneficial for the organisation and individual trustees in their role. Internal financial audits are also done. The Audit & Risk Committee provides regular scrutiny of the charity's activities and risks.

Principal risks and uncertainties

The three main areas of risk are:

- **Clinical risk** in the form of a major adverse clinical event
- **Financial risk** due to inadequate income from a drop in income generation performance within fundraising and/or retail, withdrawal of statutory funding, reputational damage, poor budgetary control or fraud
- **Information technology risk** due to the system not being fit for purpose and outdated, a breach of data protection law and a failure of back up procedures.

Future activities

The charity continues to keep its strategy under review so that it remains relevant to the ever-changing environment in which it operates.

National studies continue to highlight an increasing ageing population with more complex care needs. The number of children with a life threatening or life limiting condition is also increasing as is their life expectancy. In future years, therefore, there will be far greater demands on our services than ever before. Our plan is to increase capacity and our range of services to better meet this need – both within the hospice and in the community. We will need to grow our income to fulfil these plans, and will focus our service development on areas that fit best with our strategic priorities.

This is all against a backdrop of a national shortage of nurses and doctors, which leads to more competition for high quality staff, and funding cuts and austerity measures. The way people want to receive their care is changing and Keech Hospice Care must provide more of its services away from the hospice buildings and in the community close to the patients and families. We must make hospice care more accessible to more people.

The trustees and senior management produced the current strategy document covering the years 2015-2020. In the third year of this strategy (2017/18) our aims are:

- **Deliver excellent care:** we will continue to provide excellent care through our in-patient and day therapy services, while increasing the number of people supported by the charity. We will widen the reach of our services beyond the buildings into the community.
- **Educate, communicate and influence others:** we are very aware we can't do everything and must therefore develop useful and appropriate relationships with others so that people can receive their care wherever they are, and to the quality they deserve. This includes setting up an educational Centre of Excellence which provides training and education both internally and externally to ensure best palliative care is practised everywhere.
- **Be well funded:** expanding and increasing the number of people we support will cost money and we must ensure we can not only raise sufficient funds but also attract statutory funding where possible to secure our services for the future. Building effective relationships with local and regional commissioning groups will ensure that a strong plan for palliative care within the region is maintained. We must extend awareness of our services and the need for support across Hertfordshire, Bedfordshire and Milton Keynes where we have identified a number of people who currently do not access our services and who may need them.
- **Be well led and governed:** operating a Charity in the current economic climate and with all the changes happening in the health and social care sector presents many challenges and requires strong well-developed leadership and governance. Development of the Trustee Board is a high priority for the coming year as is developing the hospice managers.

- **Right people:** we can't do any of this without the right people – volunteers and paid staff. We must make sure we recruit and retain the very best people we can afford and use each person's skills and abilities to the maximum. We will develop the recruitment, training and support of volunteers, who play such a key role in the provision of services, to better and appropriately integrate them into our care services more.
- **Right data:** we must understand our work and be able to demonstrate the impact our activities are having if we are to attract support and ensure our services are effective. To do this we must analyse the data we collect more thoroughly and appropriately.

The Strategic Report was approved by the trustees on 28 September 2017, and is signed as authorised on its behalf by:



Clive Medlam
Chair of Trustees and Director
Keech Hospice Care

Independent Auditor's Report to the Members and Trustees of Keech Hospice Care

Opinion

We have audited the financial statements of Keech Hospice Care (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2017 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis of 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the directors' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The directors' annual report has 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, including the strategic report.

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

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

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent 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

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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sayer Vincent LLP

Judith Miller (Senior statutory auditor)

2 November 2017

for and on behalf of Sayer Vincent LLP, Statutory Auditors

Invicta House, 108-114 Golden Lane, London. EC1Y 0TL

Consolidated Statement of Financial Activities
(including Income & Expenditure Account)
for the year ended 31 March 2017

	Notes	2017			2016		
		Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Income from:							
Donations and legacies	5	1,957	972	2,929	1,922	842	2,764
Charitable Activities	9						
Adult hospice		626	30	656	585	78	663
Palliative Care Centre		250	115	365	330	9	339
Children's hospice		407	388	795	413	436	849
Children's community team		141	205	346	140	199	339
Supportive Care		1	59	60	1	148	149
Total charitable activities		<u>1,425</u>	<u>797</u>	<u>2,222</u>	<u>1,469</u>	<u>870</u>	<u>2,339</u>
Other Trading Income							
Trading income	7	109	-	109	106	-	106
Charitable trading income		168	1	169	167	-	167
Lottery income		399	128	527	322	146	468
Retail income		<u>3,298</u>	<u>791</u>	<u>4,089</u>	<u>3,322</u>	<u>739</u>	<u>4,061</u>
		<u>3,974</u>	<u>920</u>	<u>4,894</u>	<u>3,917</u>	<u>885</u>	<u>4,802</u>
Investment income	8	6	-	6	7	2	9
Total Income		<u>7,362</u>	<u>2,689</u>	<u>10,051</u>	<u>7,315</u>	<u>2,599</u>	<u>9,914</u>
Expenditure on:							
Raising funds		652	103	755	678	83	761
Charitable Activities							
Adult hospice		1,573	332	1,905	1,626	143	1,769
Palliative Care Centre		769	54	823	821	10	831
Children's hospice		200	1,396	1,596	-	1,495	1,495
Children's community team		480	31	511	237	271	508
Supportive Care		487	98	585	390	114	504
Educate and Communicate		326	-	326	369	-	369
Total charitable activities		<u>3,835</u>	<u>1,911</u>	<u>5,746</u>	<u>3,443</u>	<u>2,033</u>	<u>5,476</u>
Trading expenditure		<u>2,811</u>	<u>632</u>	<u>3,443</u>	<u>3,118</u>	<u>232</u>	<u>3,350</u>
Other costs		-	-	-	-	-	-
Total Expenditure	10	<u>7,298</u>	<u>2,646</u>	<u>9,944</u>	<u>7,239</u>	<u>2,348</u>	<u>9,587</u>
Net income (expenditure) for the year		<u>64</u>	<u>43</u>	<u>107</u>	<u>76</u>	<u>251</u>	<u>327</u>
Transfers between funds	25	85	(85)	-	79	(79)	-
Net movement in funds		<u>149</u>	<u>(42)</u>	<u>107</u>	<u>155</u>	<u>172</u>	<u>327</u>
Reconciliation of funds							
Total funds brought forward	25	11,416	530	11,946	11,261	358	11,619
Total funds carried forward	25	<u>11,565</u>	<u>488</u>	<u>12,053</u>	<u>11,416</u>	<u>530</u>	<u>11,946</u>

The results are derived from continuing activities. All gains and losses recognised in the year are included above. The surplus for the year comprises the net incoming resources for the year plus realised gains on investments and was £103,000 (2016: £327,000).

The accompanying notes on pages 26 - 39 form an integral part of this consolidated statement of financial activities.

Balance Sheet
as at 31 March 2017
Company Number: 2904446

	Notes	Group 2017 £'000	Charity 2017 £'000	Group 2016 £'000	Charity 2016 £'000
FIXED ASSETS					
Tangible assets	16	8,437	8,437	8,614	8,614
		8,437	8,437	8,614	8,614
CURRENT ASSETS					
Stocks	18	5	-	7	-
Debtors	19	1,166	1,206	1,200	1,271
Cash at bank and in hand		2,996	2,959	2,806	2,739
		4,167	4,165	4,013	4,010
CREDITORS: amounts falling due within one year	20	(551)	(549)	(681)	(678)
Net current assets		3,616	3,616	3,332	3,332
Net assets	21	12,053	12,053	11,946	11,946
FUNDS					
Unrestricted funds					
General fund		2,776	2,776	2,802	2,802
Designated funds		8,789	8,789	8,614	8,614
Total unrestricted funds		11,565	11,565	11,416	11,416
Restricted funds		488	488	530	530
TOTAL FUNDS	25	12,053	12,053	11,946	11,946

The financial statements on pages 23 to 39 were approved by the trustees on 28 September 2017 and signed on their behalf by:



Clive Medlam
Chair of Trustees

Consolidated Statement of Cash Flows for the year ended 31 March 2017

	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Reconciliation of net income / (expenditure) to net cash flow from operating activities				
Net income (expenditure) for the year		107		327
Investment income		(6)		(9)
Depreciation charges		482		462
(Profit) loss on sale of fixed assets		-		-
Decrease / (Increase) in stock		2		(3)
(Increase) / Decrease in debtors		34		(380)
Increase / (Decrease) in creditors		(130)		111
Net cash provided by (used in) operating activities		489		508
Returns on investment and servicing of finance				
Bank interest received	6		7	
Dividends received from investments and unit trusts	-		2	
Proceeds from disposal of unit trusts	-		108	
	6		117	
Capital expenditure				
Payments to acquire tangible fixed assets	(305)		(374)	
	(305)		(374)	
Increase of cash in the year		190		251
Cash at 1 April		2,806		2,555
Increase of cash in the year		190		251
Cash at 31 March		2,996		2,806

Notes to the Accounts

1. Accounting Policies

Accounting convention

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

These financial statements consolidate the financial statements of the Charity, its subsidiary Keech Hospice Care (Trading) Limited and its related company undertaking Pasque Charity (Trading) Limited. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

The hospice meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical costs or transaction value unless otherwise stated in the relevant accounting policy note(s).

Title

The charitable company has an exemption under Paragraph 60 of the Companies Act 2006 from using "Limited" in the title.

Going concern

The trustees consider that there are no material uncertainties about Keech Hospice Care's ability to continue as a going concern. The most significant areas of uncertainty for the following year are the level of donation income which needs to be raised each and every year and is covered in more detail in the performance and risk sections of the trustees' annual report.

Fund accounting

General funds - General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds - Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes.

Restricted Funds - Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. A fair proportion of overheads are allocated to the specific funds where appropriate.

Investment income and gains are allocated to the appropriate fund.

Incoming resources

All incoming resources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. In particular:

- **Legacies:** for legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor’s intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.
- **Donations:** income is recognised when the funds are received by the Charity.
- **Donated goods and services:** donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees’ annual report for more information about their contribution. On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Resources expended

All expenditure is accounted for on an accruals basis and is recognised once there is a legal or constructive obligation to make a payment to a third party and has been classified under headings that aggregate all costs related to the category.

- **Fundraising costs** are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.
- **Trading costs** are those incurred in undertaking trading activities (including retail).
- **Cost of charitable activities** are those which directly relate to activities which further the charitable objectives of the Charity.
- **Governance costs** include the cost of the audit of statutory accounts; the cost of trustee meetings; the cost of legal advice to trustees on constitutional or governance matters; and a charge for the salary cost of senior management to cover time spent on compliance with constitutional or statutory requirements. These have been allocated to activity cost categories on the basis of headcount within each activity.
- **Support costs** include central functions and have been allocated to the four activity cost categories detailed above on a basis consistent with the use of resources.

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £1,500 are capitalised and included at cost including any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of an asset, less estimated residual value, over the useful economic life of that asset as follows:

Freehold Property (excluding land):	50 years
Leasehold Property Improvements:	5 years or the period of the lease
Care Equipment:	4 to 10 years
Office equipment:	4 years
Fixtures and fittings:	4 to 10 years
Motor vehicles:	4 years

all on a straight line basis

The carrying values of tangible fixed assets are reviewed for impairment should events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

Stock

Stocks, which consist of purchased goods, are stated at the lower of cost and net realisable value after making an allowance for obsolete and slow moving items. Cost is calculated on a first in first out basis. Net realisable value represents the amounts recoverable on eventual sale less any costs incurred in getting the materials from their current location and condition to the point of sale. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the SOFA on a straight line basis over the period of the lease.

Contribution to Pension Funds

The Charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Charity. The annual contributions payable are charged to the statement of financial activities.

There are some employees who are members of the National Health Service Pension Scheme which is a multi-employer defined benefit scheme. The Charity is unable to identify its share of the underlying assets and liabilities. It is therefore accounted for on a defined contribution basis. The annual contributions are charged to the statement of financial activities.

Taxation

The activities of Keech Hospice Care are exempt from Corporation Tax under Section 505 of the Income and Corporation Taxes Act 1988 to the extent that they are applied to the organisation's charitable Objects. The Group does not pay corporation tax because the policy of the subsidiary and related trading company is to pay taxable profits under gift aid to the Charity.

2. Company Structure

The Charity is a company limited by guarantee. The members of the company are the trustees named on page 2. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity. At 31st March 2017 the number of members was 9 (2016: 10).

3. Contingent Liabilities

Sales of goods donated under the retail gift aid scheme are recognised as income at the point of sale. Technically the sale proceeds, less commission, belong to the donor until 21 days elapse after we write to the donor to inform them of the sale. It is rare for a donor to ask for their sales proceeds to be returned, but at the year-end there was £224,775 (2016: £177,480) of income that was within this 21 day timeframe so could potentially be asked to be returned. The accounts also include the £56,194 (2016: £44,370) of gift aid that is recoverable on these donations. At the date of signing the accounts, this timeframe had elapsed and none (2016: £151) of this income had been returned to donors.

4. Parent Charity

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

	Total	Total
	2017	2016
	£'000	£'000
Gross income	9,977	9,860
Results for the year	71	327

5. Donations and Legacies

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2017	2016
	£'000	£'000	£'000	£'000
Individual donations and gifts	741	469	1,210	1,298
Corporate donations	190	48	238	230
Events	292	68	360	323
Trusts and grants	63	52	115	134
Legacies	671	335	1,006	779
Total donations and legacies	1,957	972	2,929	2,764

6. Grants received

	2017	2016
	£'000	£'000
Core funding grants	297	297
Capital grants	-	20
	297	317

7. Activities for Generating Funds

Trading operations and related company

From 1 April 2010 the Charity has traded through Keech Hospice Care (Trading) Ltd (company number 06941924), a company limited by guarantee registered in England and Wales as a wholly owned trading subsidiary of Keech Hospice Care. The company is used for non-primary purpose trading activities, namely the sale of bought in goods through the Charity's shops and fundraising under tripartite agreements.

Pasque Charity (Trading) Limited (company number 02362985) is the old trading company of the charity in full use until March 2009. This company was effectively dormant during the year.

All activities of the trading companies have been consolidated on a line by line basis in the consolidated statement of financial activities. A summary of the results of Keech Hospice Care (Trading) Ltd and Pasque Charity (Trading) Limited is shown below. The directors of both companies are Trevor Nash, Angela Harkness (Trustee) and the Director of Finance and Corporate Services.

	Keech Hospice Care Trading 2017 £'000	Pasque Charity (Trading) 2017 £'000	Total 2017 £'000	Total 2016 £'000
Turnover				
Sale of bought-in goods	96	-	96	90
Sale of bought-in goods (restricted)	-	-	-	-
Conference sales	-	-	-	1
Corporate fundraising agreements	13	-	13	15
Catering income	-	-	-	-
	<u>109</u>	<u>-</u>	<u>109</u>	<u>106</u>
Cost of sales and administrative expenses				
Unrestricted	<u>(73)</u>	<u>-</u>	<u>(73)</u>	<u>(74)</u>
Governance	-	-	-	
Amounts gift aided to Keech Hospice Care	(36)	-	(36)	(32)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The aggregate of the assets, liabilities and funds was:				
Assets	39	6	45	76
Liabilities	(39)	(6)	(45)	(76)
Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Amounts owed to the parent undertaking are shown in Note 19. Included within cost of sales and administration expenses above is a management charge of £12,953 (2016: £19,537) from the parent charity.

8. Investment Income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Interest receivable	6	-	6	7
Dividends received	-	-	-	2
	<u>6</u>	<u>-</u>	<u>6</u>	<u>9</u>

9. Income from charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Core NHS agreements	361	-	361	311
Local Authority & NHS agreements for specific care	-	-	-	47
Specialist palliative care payments for specific purposes	265	10	275	274
Statutory contributions to pension costs	-	19	19	18
Restricted Donations	-	1	1	7
Other income for the Adult Hospice	-	-	-	6
Subtotal for the Adult Hospice	626	30	656	663
Core NHS agreements	72	-	72	62
Specialist palliative care payments for specific purposes	178	34	212	268
Statutory contributions to pension costs	-	3	3	3
Restricted Donations	-	78	78	3
Other income for the Palliative Care Centre	-	-	-	3
Subtotal for the Palliative Care Centre	250	115	365	339
Core NHS agreements	374	43	417	410
Local Authority & NHS agreements for specific care	-	47	47	46
Specialist palliative care payments for specific purposes	33	-	33	39
Statutory contributions to pension costs	-	14	14	13
Department of Health grants	-	208	208	208
Restricted Donations	-	76	76	125
Other income for the Children's Hospice	-	-	-	8
Subtotal for the Children's Hospice	407	388	795	849
Core NHS agreements	129	-	129	126
Local Authority & NHS agreements for specific care	-	20	20	20
Specialist palliative care payments for specific purposes	12	-	12	14
Statutory contributions to pension costs	-	5	5	5
Department of Health grants	-	89	89	92
Restricted Donations	-	91	91	82
Other income for the Children's Hospice	-	-	-	-
Subtotal for the Children's Community Team	141	205	346	339
Core NHS agreements	-	12	12	17
Specialist palliative care payments for specific purposes	1	-	1	1
Statutory contributions to pension costs	-	5	5	4
Restricted Donations	-	42	42	127
Other income for Supportive Care	-	-	-	-
Subtotal for Supportive Care	1	59	60	149
Total income from charitable activities	1,425	797	2,222	2,339
Total restricted donations	-	(288)	(288)	(344)
Total statutory income	1,425	509	1,934	1,995

10. Resources Expended

	Staff Costs £'000	Other Direct Costs £'000	Deprec- iation £'000	Support Costs £'000	Gover- nance £'000	2017 Total £'000	2016 Total £'000
Cost of generating funds							
Fundraising	512	182	10	45	6	755	761
Trading	1,679	1,429	153	161	21	3,443	3,350
Total cost of generating funds	2,191	1,611	163	206	27	4,198	4,111
Cost of charitable activities							
Adult hospice	1,286	251	69	284	15	1,905	1,769
Palliative Care Centre	548	132	66	73	5	824	831
Children's hospice	929	289	126	238	14	1,596	1,495
Children's community team	421	51	6	28	4	510	508
Supportive Care	486	58	5	32	4	585	504
Educate and Communicate	200	112	-	13	1	326	369
Total cost of charitable activities	3,870	893	272	668	43	5,746	5,476
Governance costs	37	29	3	1	(70)	-	-
Support costs	259	573	43	(875)	-	-	-
Total expenditure	6,357	3,106	481	-	-	9,944	9,587

The Support costs allocated, and the bases of allocation are as follows

	Allocation basis	2017 £'000	2016 £'000
Facilities and services	Time & Headcount	413	303
Management, HR, Finance, Admin, IT, Marketing & Comms	Headcount	462	482
Total Support Costs		875	785

11. Analysis of Staff Costs

	2017 £'000	2016 £'000
Wages and salaries	5,576	5,409
Redundancy and termination costs	-	-
Social security costs	405	382
Employer's contribution to defined contribution pension schemes	375	366
	6,356	6,157

The number of employees whose emoluments for taxation purposes amounted to over £60,000 in the year was as follows:

	2017 Number	2016 Number
£60,000 - £69,999	2	3
£70,000 - £79,999	2	1
£80,000 - £89,999	-	1
£90,000 - £99,999	1	-

Three members of the employees included in the bandings above £60,000 have retirement benefits accruing under a defined contribution scheme. Payments to defined contribution schemes in the year in respect of those employees included in the bandings above £60,000 totalled £15,200.

The Hospice considers that the key management personnel comprises the trustees and the Senior Leadership Team. Total employee benefits of the Senior Leadership Team was £355,794.

12. Staff Numbers

The average monthly head count was 262 (2016: 269) and analysis of the employees by function was:

	2017		2016	
	Actual Number	Full time equivalent	Actual Number	Full time equivalent
Adult Hospice	49	50	50	46
Palliative Care Centre	11	9	14	9
Children's Hospice	29	33	29	32
Children's Community Team	12	9	12	10
Supportive Care	16	14	14	11
Fundraising	24	21	22	19
Trading	81	68	85	68
Facilities and services	13	9	14	10
Management, HR, Finance, Administration and IT	24	24	24	21
Public Relations and Communications	5	5	5	4
	264	242	269	230

The hospice had an average of 1,523 volunteers during the year (2016: 1,307), of which 939 (2016: 978) worked in our retail operations and 584 (2016: 329) supported the charitable and administrative work of the hospice. We are extremely grateful for their efforts.

13. Pension Costs

Contributions to the defined contribution pension scheme for the period were £222,000 (2016: £219,000). Contributions outstanding at the year-end totalled £38,000 (2016: £34,000).

Contributions to the National Health Service Pension Scheme for the period were £153,000 (2016: £148,000) and the agreed contribution rate was 14.3%. Contributions outstanding at the year-end totalled £22,000 (2016: £18,000).

The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS employees and certain employees of other approved organisations. Keech Hospice Care is an approved organisation. The Scheme provides pensions, based on final salary, in varying circumstances for employees of participating employers. The Scheme receives contributions from employees and employers to defray the costs of pensions and other benefits.

From 1 April 2006 the NHS Business Services Authority (the Authority) has been the body responsible for the administration of the NHS Pension Scheme for England and Wales.

In support of the Authority, NHS employers are required to explain the Scheme to the employees. In addition, they submit pension data to the NHS Business Services Authority (NHSBSA). To ensure proper administration the Hospice outsources the management of this Scheme.

Every four years the Government Actuary conducts a full actuarial review of contribution rates. In order to defray the costs of benefits, in 2016/17 employers paid contributions of 14.3% of pensionable pay and employees contributed on a tiered scale from 5% - 14% of their pensionable pay depending on total earnings. Further information on benefits can be obtained from the NHS Pension Scheme website.

14. Movement in Total Funds for the Group

Movement in total funds is arrived at after charging:

	2017	2016
	£'000	£'000
Auditor's remuneration - Audit fee	16	16
Operating lease rentals - Land and buildings	673	674
Operating lease rentals - Other	101	52
Depreciation	482	462
Loss on disposal of owned assets	-	-
	<u> </u>	<u> </u>

15. Trustees' Remuneration & Expenses

The trustees neither received nor waived any emoluments during the year.

One trustee received reimbursement of expenses during the year in their role as trustee totalling £713 (2016: One trustee totalling £1,135).

16. Tangible Fixed Assets

	Freehold Land and Buildings	Leasehold Property Improve- ments	Hospice Care Equipment	Office Equipment	Fixtures and Fittings	Motor Vehicles	Assets in Course of Constru- ction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GROUP AND CHARITY								
Cost								
At 1 April 2016	10,241	1,331	311	503	572	95	101	13,154
Additions	32	28	4	183	58	-	-	305
Disposals	-	-	-	-	-	-	-	-
Transfers	101	-	-	-	-	-	(101)	-
At 31 March 2017	10,374	1,359	315	686	630	95	-	13,459
Depreciation								
At 1 April 2016	2,294	1,117	259	278	500	92	-	4,540
Charge for year	207	110	27	108	29	1	-	482
Disposals	-	-	-	-	-	-	-	-
At 31 March 2017	2,501	1,227	286	386	529	93	-	5,022
Net book value								
At 31 March 2017	7,873	132	29	300	101	2	-	8,437
At 1 April 2016	7,947	214	52	225	72	3	101	8,614

All of the above assets are used for charitable purposes.

17. Investments

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Group and Charity				
Market value as at 1 April	-	-	-	108
Proceeds from disposal of investments	-	-	-	(108)
Market value as at 31 March	-	-	-	-
Historical cost as at 31 March	-	-	-	-

18. Stock

	Group 2017 £'000	Charity 2017 £'000	Group 2016 £'000	Charity 2016 £'000
Goods for resale	5	-	7	-

19. Debtors

	Group 2017 £'000	Charity 2017 £'000	Group 2016 £'000	Charity 2016 £'000
Trade debtors	108	108	175	175
Amounts owed by related undertaking	-	27	-	56
Other debtors	95	110	273	290
Prepayments and accrued income	963	961	752	750
	1,166	1,206	1,200	1,271

20. Creditors: amounts falling due within one year

	Group 2017 £'000	Charity 2017 £'000	Group 2016 £'000	Charity 2016 £'000
Trade creditors	217	217	205	204
Other creditors	57	57	68	68
Accruals and deferred income	277	275	408	406
	551	549	681	678

21. Analysis of net assets (current year)

	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000
Tangible assets	-	8,437	-	8,437
Investments	-	-	-	-
Net current assets	2,776	352	488	3,616
	2,776	8,789	488	12,053

22. Analysis of net assets (prior year)

	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000 £'000
Tangible assets	-	8,614	-	8,614
Investments	-	-	-	-
Net current assets	2,802	-	530	3,332
	<u>2,802</u>	<u>8,614</u>	<u>530</u>	<u>11,946</u>

23. Capital Commitments

The charity had the following capital commitments at the year end, which are expected to fall due within one year:

Contracted	2017	2016
	£'000	£'000
Land and buildings	-	-
Equipment	-	16
	<u>-</u>	<u>16</u>
Authorised but not contracted	2017	2016
	£'000	£'000
Land and buildings	-	-
Equipment	-	-
	<u>-</u>	<u>-</u>

One lease is in the name of Pasque Charity (Trading) Limited but is in use by the charity and the charity bears the commitment.

24. Financial Commitments

At 31 March, annual commitments under non-cancellable leases were as follows:

Group and Charity	2017		2016	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiry date:				
Within one year	664	92	684	49
1-5 years	1,745	226	1,834	80
Over 5 years	459	-	575	-
	<u>2,868</u>	<u>318</u>	<u>3,093</u>	<u>129</u>

25. Consolidated Statement of Funds (current year)

	Funds				Transfers	Funds
	Brought Forward	Incoming Resources	Resources Expended	Investment Gains	Between Funds	Carried Forward
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
General fund	2,802	7,362	(6,741)	-	(647)	2,776
Designated funds						
- Building improvements/dilapidations	-	-	(75)	-	427	352
- Tangible fixed assets	566	-	(275)	-	273	564
- Building assets fund	8,048	-	(207)	-	32	7,873
Total designated funds	8,614	-	(557)	-	732	8,789
Total unrestricted funds	11,416	7,362	(7,298)	-	85	11,565
Restricted funds						
Adult revenue fund	-	276	(276)	-	-	-
Hospice at Home	36	12	(29)	-	-	19
Adult social work fund	1	-	-	-	-	1
Adult Living Appeal	-	70	-	-	-	70
Adult activity funds	95	54	(99)	-	(9)	41
Children's revenue fund	37	2,015	(2,052)	-	-	-
Children's complementary therapy	24	-	(11)	-	6	19
Children's development board	-	53	-	-	12	65
Children's minibus provision	12	-	(7)	-	-	5
Children's investments	1	-	-	-	-	1
Children's activity funds	142	121	(101)	-	(18)	144
Children's courtyard capital project	20	25	(2)	-	(3)	40
Pension contribution	-	46	(46)	-	-	-
Children's nursing salaries	-	10	(10)	-	-	-
Other activity funds	52	7	(13)	-	-	46
Children's capital projects	4	-	-	-	-	4
Adult sitting room capital project	56	-	-	-	(56)	-
Children's day care capital project	50	-	-	-	(17)	33
Total restricted funds	530	2,689	(2,646)	-	(85)	488
Total funds	11,946	10,051	(9,944)	-	-	12,053

Designated Funds

Building improvements/dilapidations	Funds specifically set aside for building improvements and other specific improvements agreed by the trustees.
Tangible fixed assets fund	Net book value of tangible fixed assets (other than freehold property) held by the charity
Building assets fund	Net book value of freehold property and work in progress on freehold property held by the charity

Restricted Funds

Adult revenue fund	Income and expenditure which specifically relates to the provision of adult services
Hospice at Home	Income received for provision of the Hospice at Home service

Adult social work fund	Income received to provide an adult social worker service
Adult Living Appeal	Income received to provide palliative care for adults
Adult activity funds	Small miscellaneous restricted funds relating to adult services
Children's revenue fund	Income and expenditure which specifically relates to the provision of children's services
Children's complementary therapy	Income received to provide a complementary therapy service for children
Children's development board	Income received to expand children's services in Hertfordshire
Children's minibus provision	Income received to fund a minibus to use for transporting children
Children's investments	The market value of investments given for the provision of children's services
Children's activity funds	Small miscellaneous restricted funds relating to children's services
Children's courtyard capital project	Funds received to develop a courtyard garden for children on the children's inpatient unit and those using day support.
Pension contribution	Funds received from the NHS to offset increased employer pension costs
Children's nursing salaries	Income received for children's nursing salaries
Other activity funds	Other small miscellaneous restricted funds
Children's capital projects	Grants received for capital projects within the children's in-patient unit
Reception / kitchen capital project	Funds received for refurbishment of reception and kitchen areas.
Adult sitting room capital project	Funds received to develop a sitting room for visitors on the adult in-patient unit.
Children's day care capital project	Funds received to develop a day care facility for children on the children's in-patient unit

26. Consolidated Statement of Funds (prior year)

	Funds				Transfers Between Funds £'000	Funds Carried Forward £'000
	Brought Forward £'000	Incoming Resources £'000	Resources Expended £'000	Investment Gains £'000		
Unrestricted funds						
General fund	2,559	7,315	(6,787)	-	(285)	2,802
Designated funds						
- Tangible fixed assets	616	-	(249)	-	199	566
- Building assets fund	8,086	-	(203)	-	165	8,048
Total designated funds	8,702	-	(452)	-	364	8,614
Total unrestricted funds	11,261	7,315	(7,239)	-	79	11,416
Restricted funds						
Adult revenue fund	-	122	(122)	-	-	-
Hospice at Home	20	45	(29)	-	-	36
Adult social work fund	1	-	-	-	-	1
Adult activity funds	25	79	(9)	-	-	95
Children's revenue fund	-	1,944	(1,907)	-	-	37
Children's complementary therapy	25	8	(9)	-	-	24
Children's minibus provision	19	-	(7)	-	-	12
Children's investments	84	-	(83)	-	-	1
Children's activity funds	70	168	(87)	-	(9)	142
Children's courtyard capital project	-	109	(1)	-	(88)	20
Pension contribution	-	43	(43)	-	-	-
Children's nursing salaries	-	-	-	-	-	-
Other activity funds	22	81	(51)	-	-	52
Children's capital projects	4	-	-	-	-	4
Reception / kitchen capital project	(34)	-	-	-	34	-
Adult sitting room capital project	57	-	-	-	(1)	56
Children's day care capital project	65	-	-	-	(15)	50
Total restricted funds	358	2,599	(2,348)	-	(79)	530
Total funds	11,619	9,914	(9,587)	-	-	11,946

27. Analysis of Material Transfers Between Funds

All transfers in the year relate to capital expenditure on fixed assets represented by a transfer from restricted or general funds to the relevant designated fund containing the assets.

28. Related party transactions

There are no related party transactions to disclose for 2017 (2016: none).

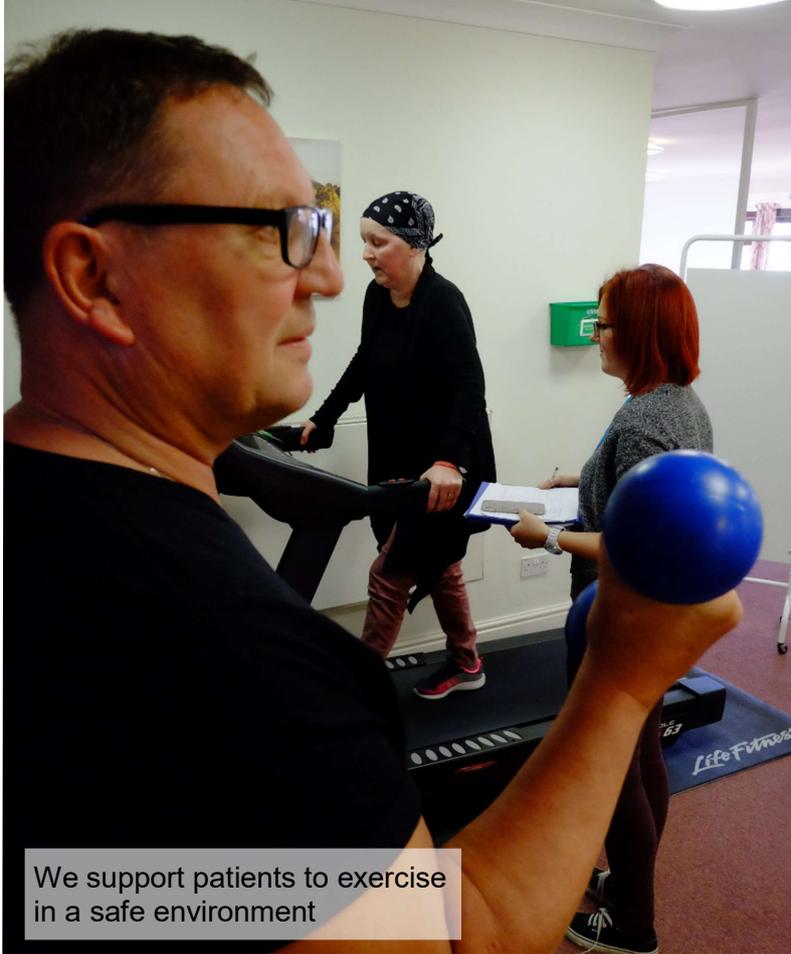
There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

29. Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.



Books Aloud allows patients to enjoy a book without feeling fatigued



We support patients to exercise in a safe environment



We are one of the 100 best Not-For-Profit organisations to work for



Music therapy brings great benefits to patients and their families



We support the siblings of our young patients



Glow Walk raised over £35,000 towards hospice funds