

Report and Financial Statements

Year ended 31 March 2018



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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.

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.

Where we provide care



Hertfordshire

We care for children with a life-limiting condition across Hertfordshire.

Bedfordshire

We care for children from Bedfordshire and adults from Luton and south Bedfordshire.

Milton Keynes

We care for children with a life-limiting condition across Milton Keynes.

Trustees, Officers and Professional Advisors

Served in the year and up to 20 September 2018

Trustees

Clive Medlam (Chair)
Angela Harkness (Vice Chair)
Michael Hubbocks
Robert Ryall (resigned 1 March 2018)
Nicky Bannister
Maria Collins
Bronwen Philpott
Karen Proctor
Frank Dalton (Treasurer) (appointed 7 August 2017)
Lee Gazey (appointed 27 November 2017)
Patricia Norman (appointed 7 August 2017)
Peter Cannon (appointed 19 June 2018)
Sukhdeep Saini

Audit & risk committee

Trevor Nash (Chair)
Gill Holt
Maria Collins
Karen Proctor
Bronwen Philpott
Frank Dalton
Patricia Norman

Trading companies

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

Executive directors

Chief Executive	Liz Searle
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

Annual Report of the Trustees

The trustees present their report and the audited financial statements for the year ended 31 March 2018. 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 2018, 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;
- Children's Day Support for residents of Hertfordshire, Bedfordshire and Milton Keynes; 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, therapists (talking, occupational, physiotherapy, spiritual, music, art and complementary) and bereavement care workers. 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), administrative support and communications and marketing. 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 £6.0m to provide our services in 2017/18, with only 31% 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.

People

The trustees wish to record their thanks to all the staff and volunteers of the charity who are essential to the provision of high-quality care for our patients. Our people are our greatest asset, working together to deliver a service that is appreciated by our patients and their families or generating much needed income.

During the year the charity employed an average of 286 members of staff (249 full-time equivalent: 48% of our staff work less than full time) across a range of services and 1407 volunteers across care, retail, fundraising and support. In total, volunteers contributed approximately 208,000 hours, which equates to just over £1.8 million (using the Living Wage of £8.75/hr).

Engagement surveys are carried out approximately once a year and show a high degree of advocacy amongst our staff and volunteers who would continue to recommend Keech as a place to be treated well and to work and volunteer. This is supported by our place in the Sunday Times top 100 best not-for-profit organisations in 2017 which we will enter again in 2018.



Our 'Good to Great' organisational development strategy includes a number of projects that support and develop our staff and volunteers that includes becoming signatories of the Mindful Employer status and embedding our continuous improvement group STAR (Smart Thinking Achieves Results) to generate savings and promote new initiatives.

Attracting and retaining the best people is our top priority which means offering a remuneration and reward package that is competitive, fair and sustainable. Our new Equality statement also reflects our intent to be more representative of the communities we serve which is a sentiment that is reflected in our new Values and underpinning behaviours.

We have also submitted data on the gender pay gap with our first submission showing that:

- The **mean** gender pay gap for Keech Hospice Care is **4.6%**.

The **median** gender pay gap for Keech Hospice Care is **0.1%**. The 4.6% mean gender pay gap shows that, on average, men in the organisation are paid a higher salary rate. However, when viewed alongside the median gender pay gap of 0.1% it is evident that the 4.6% mean gender pay gap has been affected by extremes at either end of the scale i.e. a male with a particularly high hourly rate and a female with a particularly low hourly rate.

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.

Pay policy

For care and office staff, Keech Hospice Care operates a pay structure designed to mirror the NHS pay bandings. Doctors are paid in line with NHS speciality doctor scales.

Within retail, assistant managers, managers, drivers have spot salary scale.

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 the quality, efficiency and income of the charity and allow us to deliver our purpose. Salary levels for incoming senior managers are based on externally benchmarked market rates, with no progression. Existing senior management pay is reviewed by the Remuneration Committee which makes recommendations to the Board of Trustees. The pay ratio for the Charity is less than 1 to 6, which means the highest paid employee is paid less than six times the lowest paid employee.

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
Maria Collins
Angela Harkness
Michael Hubbocks
Lee Gazey
Peter Cannon

Clive Medlam
Bronwen Philpott
Karen Proctor
Sukhdeep Saini
Patricia Norman
Frank Dalton
Robert Ryall

In accordance with s418 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 is still 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

With just over 30% of the costs of providing care services coming from the statutory sources, leaving around £5m to be raised annually by fundraising and (net) retail contribution, the trustees are very mindful of the need to consider the principle of going concern. This duty is exercised through robust challenge of the Chief Executive and Senior Leadership Team in scrutinising and approving the annual budget, and regular monitoring of the budget and forecast outturn throughout the year. Furthermore the culture of the organisation is such that the Trustees have confidence that if any budgetary problem were to arise it would be flagged up promptly so that measures to address it could be identified and evaluated swiftly.

There are no material uncertainties regarding the charity's ability to continue in operation. The trustees have reviewed financial forecasts 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 20 September 2018, 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 2018, 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 2017. The review included revisiting and reaffirming the charity's vision, mission, values and philosophy of care.

Vision

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

Mission

To lead the way in providing excellent care, supporting children and adults with life-limiting conditions and those affected by death and dying, helping them to live well and make every day count.

Values

The charity embarked on a consultation process with staff and volunteers to refresh our values. We now have 4 new values supported by behaviours.



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 and enablers

During 2017 we developed a new five year strategy 2018-2023, to take the organisation into the future. Through developing our new strategy, we have identified five strategic themes and four strategic enablers.

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

1. To deliver excellent care and support.
2. To educate, innovate and research
3. To be well funded
4. To attract retain and engage our people valuing difference
5. To be well Led and governed

Our four **strategic enablers** are

1. To communicate effectively
2. Maximise the use of data and digital technology
3. Utilise our resources well, maximising impact
4. To listen, learn and act

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 overall. This rating remains in place.

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. We also work closely with, and align ourselves to, the national charities Hospice UK and Together for Short Lives

This past year is reviewed against the Charity's four main strategic aims for 2017/18 and these were to:

(i) Deliver excellent care

We continued to provide excellent care through our in-patient, community, day therapy and out-reach services. Total beneficiaries for 2017/18 were 2344 people, incorporating patients, relatives and carers.

Adult services

A total of 1,362 adult patients were cared for in 2017/18, 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 1,144 in the year. The team operates a 24/7 support line and offers 8am to 5pm coordination of packages of care, provided by a number of parties, for people living in Luton with a progressive, life-limiting illness. The team's many successes include the avoidance of 446 hospital admissions in the year and 1408 home visits provided by a palliative care support worker to support a person to remain at home at the end of their 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.

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 specialist neurological nurse supports a case load of 39 patients in Luton with rare neurological conditions, providing specialist symptom management and coordination of their care.

The **adult inpatient unit** cared for 138 patients from Luton and South Bedfordshire, providing them with 1,784 bed nights.

The independence and wellbeing service, now offers a range of one to one assessments and programmes of care, alongside a menu of group activities. In 2017/18 they supported 205 patients. **Children's Hospice**

The children's **community team** provided 326 children and their families with 1,681 community visits. 32 children received their end of life care at home.

The children's **day therapy** service supported 163 children with programmes of care that included sensory play, symptom assessment and management, interaction and stimulation.

The children's **in-patient unit** cared for 88 children and their families by providing 663 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 265 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.

(ii) Educate, Innovate and Research

We offer mandatory training opportunities both in-house for staff and volunteers, and additional training requirements in line with annual appraisal. Our Practice Development Lead offers support to staff in our Adult Services to develop and maintain their clinical skills and competence with a focus on practice development innovations in Care.

We work with local partners to develop programmes of palliative education in response to identified need and deliver Palliative Education to external organisations on request.

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 in-house Library provides a comprehensive range of resources for Hospice staff and other Healthcare professionals working in Palliative Care.

We have developed our STAR (Smart Thinkers Achieve Results) group. They advise and participate in innovative projects across the organisation using LEAN and Six Sigma methodologies.

We have also developed our partnership with the University of Bedfordshire jointly funding a PhD research student who is undertaking research into the experiences of families and staff in caring for children with palliative diagnoses. We will be able to use findings from the research to improve and tailor our services for this group of patients.

(iii) 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 in 2017/2018 to £10,657k (2017: £10,051k), with additional support received through donated income, in particular legacies and retail income.

Income from charitable activities, including statutory income, increased to £2,468k (2017:£2,222k).

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 £3,238k (2017: 2,929k).

Over £1.1 million 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 and we are developing our activity to recruit new lottery players.

The opening of our new Courtyard Garden by TV gardener Adam Frost, our major events including KeechFest and Colour Dash, our successful charity partnership with London Luton Airport, The BraveHerts Appeal (developing our work for children and their families in Hertfordshire), and our #Declutter for Keech stock generation campaign for our shops, supported by Joanna Lumley, helped raised awareness of our charitable activity and vital funds for our work.

Retail income before costs increased £4,152k (2017:£4,089k), thanks to our kind supporters who donated items for sale in our 32 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 undertook planned activity to maintain our retail estate, and recruit volunteers supported by our new #JoinMe campaign.

(iv) 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. The Board have conducted a skills audit and a board efficiency audit which scored well and an action plan has been developed.

We continue to monitor ourselves against the Charity Commissions Charity Governance Code 2017 and will:

- Consolidate and build strong leadership;
- Conduct ourselves at all time with integrity;
- Make decisions on sound evidence and with due regard to risk;
- Ensure we have an effective Board;
- Represent our community; and
- Be open and accountable at all times.

Assessing Performance

The charity produces quarterly corporate and performance dashboards and a quarterly quality report, reviewed by the senior leadership team and trustees, which provides a detailed focus on effectiveness, particularly 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 2018 are set out in the financial statements that follow this Trustees' Report.

Expenditure

Excluding retail spend, expenditure was £6,762,000 (2017: £6,501,000) of which £5,247,000 (78%) was spent on hospice care services (2017: £5,033,000 / 77%). Overall expenditure was less than that budgeted for the year by 1%. 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 £10,657,000 (2017: £10,051,000), an increase of 6%. Most areas were very close to the previous year's performance.

Funds and reserve transfers

The Consolidated Statement of Financial Activities on page 24 shows an increase in funds (surplus) of £331,000.

Free reserves (unrestricted and undesignated general funds) have increased by £496,000 to £3,272,000, which is just below the threshold set in the Reserves Policy (see below). The trustees are committed to developing, and maintaining, reserves in the medium and long term to the Reserves Policy position.

Balance Sheet

Total net assets at 31 March 2018 are £12,384,000 which includes group cash balances of £3,241,000. Further details of the funds analysis can be found in notes 20 and 24 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 2018/19, this target equates to £3.426m. 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.

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 2018 the free reserves increased to £3.272m representing 5.7 months of 2018/19 budgeted operating costs less the budgeted direct costs of fundraising and trading.

The Charity has approved a small surplus in its 2018/19 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. These controls help the trustees meet their legal duties to safeguard the charity's assets, administer the charity's finances and assets in a way that identifies and manages risk and ensure the quality of financial reporting by keeping adequate accounting records and preparing timely and relevant financial information.

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 people, reputation and resilience.

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, chaired by an independent lay member, 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.

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.

Fundraising Practice

Keech Hospice Care is committed to maintaining high standards of fundraising and retail activity. We are registered with the Fundraising Regulator, and licensed by the Gambling Commission. We are members of the Institute of Fundraising, the Charity Retail Association, Hospice UK, and Together For Short Lives. We are committed to Fundraising Codes of Practice, and our contracted professional fundraising agency for new lottery players is also required to adhere to the Codes of Practice.

We received 5 fundraising complaints, all of which were resolved to the satisfaction of the individual. We promote an open culture to encourage reporting of any concerns. We provide our staff with a comprehensive programme of training, guidance and support, and monitor activity carried out on our behalf through weekly reporting, spot-checks and meetings. Our staff training includes safeguarding, and our culture promotes the key principles and behaviours of the Code of Practice (Legal, Open, Honest and Respectful). We have undertaken a comprehensive project to ensure compliance with new GDPR effective from May 2018.

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 unplanned and unavoidable substantial expenditure or 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 Trustees and Senior Leadership Team are ambitious for the future of Keech Hospice Care. We envisage a time when people can receive high quality palliative and end of life care in the place of their choosing and each care setting prioritises those individual's unique needs. We commit ourselves to a future where our care is dynamic, innovative and responsive. We will research and innovate new care delivery models to meet the needs of people with life-shortening illness, their relatives and family carers. We want a future where people can live independently and with a good quality of living for as long as possible and we will help people cope with the reality of dying, death and bereavement and do so with compassion confidence and expertise. We will educate and support the public wherever possible.

We believe we should shape our hospice care with systematic knowledge, be outcome focused and support developments with robust evidence of effectiveness.

Our services must dovetail with the NHS, local authorities, care homes, schools and children's respite facilities too; and the communities we serve should shape it.

We must also lead in both delivery and the education on what "excellent palliative care" is.

Keech Hospice Care has decided to adapt and re-invent our contribution to care in a way that recognises the challenges ahead but never shirks from the ambition to find ways of extending care, using influence and identifying new opportunities to respond to need.

The demand for specialist palliative and end of life care will rise. There is a growing vulnerability of those who will need care, as well as the increasing complexity of their needs. We live in a diverse community and one where disadvantage is evident. People feel excluded by their gender, race, and the environment they chose to live in. As we strive to do our best, we notice a background of increasing public expectations for hospice care and charities in general. Remaining a trustworthy organisation for all of our stakeholders will be the cornerstone on which we build. The perception of hospices care remains a challenge as we diversify to meet the changing needs of those who call on our services.

We face difficulties with constrained and uncertain income, controlling our costs, as well as the need for us to work in a new and more competitive commissioning environment.

There are key principles we must follow to adapt. These include:

- A responsibility to assess future needs for palliative and end of life care on a population basis.
- Value, listen and engage our staff and volunteers in all we do.
- To be active and outward looking in developing new partnerships and understandings what might enable us to succeed.
- Be both business focused and compassionate, 'Hospice heart and a business brain'.
- Engaged and influencing at regional and national level
- Strive to reach more people both through our care, our income generation, our communications and our influence on other local health and social care services.

- Deliver excellence in all we do, modelling a leading charity.
- Work as good partners, campaigners and educators across local health and care systems to enable us to make a difference on a larger scale.
- Embrace new technology and a digital future, using our data to achieve insightful decisions.
- Have a strong reputation and be trustworthy and use our funds carefully ensuring maximum impact and showing integrity to our donors.
- Be true to our values and guided by them always.

Given the challenges ahead we now need to invest in the future, to enable us to explore new care delivery models, new income streams and technology, this under the immense pressure on our income. We must also explore what we might stop doing.

We need to develop our workforce, so it can deliver the differing portfolio of services the future will demand. In addition, we must invest in new ways to raise money and achieve greater efficiency.

We must continue our engagement with the national organisations that exist to support our work.

In summary we must:

- Continue to deliver outstanding care.
- Prepare for significant change in the context of palliative and end of life care and growing numbers of bereaved and the economic challenges and uncertainty.
- Strengthen understanding of the contribution of hospice care.
- Be trustworthy and protect our reputation
- Become a beacon of excellence and contribute to the national and international body of knowledge
- Grow our income to enable us to do more for those who need us remaining sustainable
- Show hospice care as a solution to future challenges in palliative and end of life care.
- Strengthen the connection between us and our local health and social care systems and our local communities.
- Continue to be well-led and well governed.
- Make the difference when it matters *the* most.

The Strategic Report was approved by the trustees on 20 September 2018, and is signed as authorised on its behalf by:

Clive Medlam
Chair of Trustees and Director
Keech Hospice Care

Independent Auditors 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 2018 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 2018 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or 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 trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' 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 trustees

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

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.

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 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.

Judith Miller (Senior statutory auditor)

10 October 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditors

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

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Consolidated Statement of Financial Activities
(including Income & Expenditure Account)
for the year ended 31 March 2018

	Notes	2018			2017		
		Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Income from:							
Donations and legacies	5	2,155	1,083	3,238	1,957	972	2,929
Charitable Activities	9						
Adult hospice		624	148	772	626	30	656
Palliative Care Centre		255	254	509	250	115	365
Children's hospice		388	334	722	407	388	795
Children's community team		153	256	409	141	205	346
Supportive Care		1	55	56	1	59	60
Total charitable activities		1,421	1,047	2,468	1,425	797	2,222
Other Trading Income							
Trading income	7	103	-	103	109	-	109
Charitable trading income		172	-	172	168	1	169
Lottery income		379	143	522	399	128	527
Retail income		3,282	870	4,152	3,298	791	4,089
		3,936	1,013	4,949	3,974	920	4,894
Investment income	8	2	-	2	6	-	6
Total Income		7,514	3,143	10,657	7,362	2,689	10,051
Expenditure on:							
Raising funds		577	147	724	652	103	755
Charitable Activities							
Adult hospice		1,589	358	1,947	1,573	332	1,905
Palliative Care Centre		626	284	910	769	54	823
Children's hospice		349	1,312	1,661	200	1,396	1,596
Children's community team		532	45	577	480	31	511
Supportive Care		572	91	663	487	98	585
Educate and Communicate		280	-	280	326	-	326
Total charitable activities		3,948	2,090	6,038	3,835	1,911	5,746
Trading expenditure		2,905	659	3,564	2,811	632	3,443
Total Expenditure	10	7,430	2,896	10,326	7,298	2,646	9,944
Net income (expenditure) for the year		84	247	331	64	43	107
Transfers between funds	25	91	(91)	-	85	(85)	-
Net movement in funds		175	156	331	149	(42)	107
Reconciliation of funds							
Total funds brought forward	25	11,565	488	12,053	11,416	530	11,946
Total funds carried forward	25	11,740	644	12,384	11,565	488	12,053

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 £331,000 (2017: £107,000).

The accompanying notes on pages 27 - 40 form an integral part of this consolidated statement of financial activities.

Balance Sheet
as at 31 March 2018
Company Number: 2904446

	Notes	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
FIXED ASSETS					
Tangible assets	16	8,311	8,311	8,437	8,437
		8,311	8,311	8,437	8,437
CURRENT ASSETS					
Stocks	18	12	-	5	-
Debtors	19	1,449	1,486	1,166	1,206
Cash at bank and in hand		3,241	3,213	2,996	2,959
		4,702	4,699	4,167	4,165
CREDITORS: amounts falling due within one year	20	(629)	(626)	(551)	(549)
Net current assets		4,073	4,073	3,616	3,616
Net assets	21	12,384	12,384	12,053	12,053
FUNDS					
Unrestricted funds					
General fund		3,272	3,272	2,776	2,776
Designated funds		8,468	8,468	8,789	8,789
Total unrestricted funds		11,740	11,740	11,565	11,565
Restricted funds		644	644	488	488
TOTAL FUNDS	25	12,384	12,384	12,053	12,053

The financial statements on pages 24 to 40 were approved by the trustees on 20 September 2018 and signed on their behalf by:

Clive Medlam
Chair of Trustees

Consolidated Statement of Cash Flows for the year ended 31 March 2018

	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Reconciliation of net income / (expenditure) to net cash flow from operating activities				
Net income (expenditure) for the year		331		107
Investment income		(2)		(6)
Depreciation charges		476		482
(Profit) loss on sale of fixed assets		-		-
Decrease / (Increase) in stock		(7)		2
(Increase) / Decrease in debtors		(283)		34
Increase / (Decrease) in creditors		78		(130)
Net cash provided by (used in) operating activities		593		489
Returns on investment and servicing of finance				
Bank interest received	2		6	
	2		6	
Capital expenditure				
Payments to acquire tangible fixed assets	(350)		(305)	
	(350)		(305)	
Increase of cash in the year		245		190
Cash at 1 April		2,996		2,806
Increase of cash in the year		245		190
Cash at 31 March		3,241		2,996

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 2018 the number of such guarantees was 12 (2017: 9).

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 £188,248 (2017: £224,775) of income that was within this 21 day timeframe so could potentially be asked to be returned. The accounts also include the £47,062 (2017: £56,194) of gift aid that is recoverable on these donations. At the date of signing the accounts, this timeframe had elapsed and £124.24 (2017: none) 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 2018 £'000	Total 2017 £'000
Gross income	10,590	9,977
Results for the year	295	71

5. Donations and Legacies

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Individual donations and gifts	657	402	1,059	1,210
Corporate donations	268	83	351	238
Events	285	49	334	360
Trusts and grants	126	226	352	115
Legacies	819	323	1,142	1,006
Total donations and legacies	2,155	1,083	3,238	2,929

Included in donations and legacies are £95,949 (2017: £46,939) of gifts in kind, including £63,071 for the design, renovation and landscaping of a courtyard garden.

6. Grants received

	2018 £'000	2017 £'000
Core funding grants	297	297
	297	297

7. Activities for Generating Funds

Trading operations and related companies

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 Finance Director.

	Keech Hospice Care Trading 2018 £'000	Pasque Charity (Trading) 2018 £'000	Total 2018 £'000	Total 2017 £'000
Turnover				
Sale of bought-in goods	90	-	90	96
Corporate fundraising agreements	13	-	13	13
	<u>103</u>	<u>-</u>	<u>103</u>	<u>109</u>
Cost of sales and administrative expenses				
Unrestricted	<u>(67)</u>	<u>-</u>	<u>(67)</u>	<u>(73)</u>
Governance	-	-	-	
Amounts gift aided to Keech Hospice Care	(36)	-	(36)	(36)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The aggregate of the assets, liabilities and funds was:				
Assets	26	16	42	45
Liabilities	(26)	(16)	(42)	(45)
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 £13,882 (2017: £12,953) from the parent charity.

8. Investment Income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Interest receivable	2	-	2	6
	<u>2</u>	<u>-</u>	<u>2</u>	<u>6</u>

9. Income from charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Core NHS agreements	349	-	349	361
Local Authority & NHS agreements for specific care	-	1	1	-
Specialist palliative care payments for specific purposes	275	-	275	275
Statutory contributions to pension costs	-	20	20	19
Restricted Donations	-	127	127	1
Subtotal for the Adult Hospice	624	148	772	656
Core NHS agreements	72	-	72	72
Local Authority & NHS agreements for specific care	-	2	2	-
Specialist palliative care payments for specific purposes	183	31	214	212
Statutory contributions to pension costs	-	3	3	3
Restricted Donations	-	218	218	78
Subtotal for the Palliative Care Centre	255	254	509	365
Core NHS agreements	341	24	365	417
Local Authority & NHS agreements for specific care	-	47	47	47
Specialist palliative care payments for specific purposes	47	-	47	33
Statutory contributions to pension costs	-	13	13	14
Department of Health grants	-	208	208	208
Restricted Donations	-	42	42	76
Subtotal for the Children's Hospice	388	334	722	795
Core NHS agreements	131	-	131	129
Local Authority & NHS agreements for specific care	-	20	20	20
Specialist palliative care payments for specific purposes	22	-	22	12
Statutory contributions to pension costs	-	5	5	5
Department of Health grants	-	89	89	89
Restricted Donations	-	142	142	91
Subtotal for the Children's Community Team	153	256	409	346
Core NHS agreements	-	12	12	12
Specialist palliative care payments for specific purposes	1	-	1	1
Statutory contributions to pension costs	-	5	5	5
Restricted Donations	-	38	38	42
Subtotal for Supportive Care	1	55	56	60
Total income from charitable activities	1,421	1,047	2,468	2,222
Total restricted donations	-	(567)	(567)	(288)
Total statutory income	1,421	480	1,901	1,934

10. Resources Expended

	Staff Costs £'000	Other Direct Costs £'000	Deprec- iation £'000	Support Costs £'000	Gover- nance £'000	2018 Total £'000	2017 Total £'000
Cost of generating funds							
Fundraising	510	150	10	48	6	724	755
Trading	1,756	1,483	131	173	22	3,565	3,443
Total cost of generating funds	2,266	1,633	141	221	28	4,289	4,198
Cost of charitable activities							
Adult hospice	1,304	246	71	310	16	1,947	1,905
Palliative Care Centre	626	133	63	83	6	911	824
Children's hospice	1,024	228	131	263	14	1,660	1,596
Children's community team	475	58	6	33	4	576	510
Supportive Care	555	57	5	41	5	663	585
Educate and Communicate	220	45	-	14	2	281	326
Total cost of charitable activities	4,204	767	276	744	47	6,038	5,746
Governance costs	40	30	3	2	(75)	-	-
Support costs	289	622	56	(967)	-	-	-
Total expenditure	6,799	3,052	476	-	-	10,327	9,944
Total expenditure (prior year)	6,357	3,106	481	-	-	-	9,944

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

	Allocation basis	2018 £'000	2017 £'000
Facilities and services	Time & Headcount	468	413
Management, HR, Finance, Admin, IT, Marketing & Comms	Headcount	499	462
Total Support Costs		967	875

The Governance costs are allocated based on headcount across the different activity areas.

11. Analysis of Staff Costs

	2018 £'000	2017 £'000
Wages and salaries	5,930	5,576
Redundancy and termination costs		
Social security costs	446	405
Employer's contribution to defined contribution pension schemes	423	375
	6,799	6,356

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

	2018	2017
	Number	Number
£60,000 - £69,999	3	2
£70,000 - £79,999	1	2
£80,000 - £89,999	-	-
£90,000 - £99,999	<u>1</u>	<u>1</u>

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 £23,434.

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 £403,404.

12. Staff Numbers

The average monthly head count was 286 (2017: 264) and analysis of the employees by function was:

	2018		2017	
	Actual Number	Full time equivalent	Actual Number	Full time equivalent
Adult Hospice	51	48	49	50
Palliative Care Centre	14	10	11	9
Children's Hospice	33	34	29	33
Children's Community Team	12	11	12	9
Supportive Care	21	17	16	14
Fundraising	25	22	24	21
Trading	84	68	81	68
Facilities and services	14	9	13	9
Management, HR, Finance, Administration and IT	27	25	24	24
Public Relations and Communications	5	5	5	5
	<u>286</u>	<u>249</u>	<u>264</u>	<u>242</u>

The hospice had an average of 1,414 volunteers during the year (2017: 1,523), of which 863 (2017: 939) worked in our retail operations and 551 (2017: 584) 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 £238,000 (2017: £222,000). Contributions outstanding at the year-end totalled £39,000 (2017: £38,000).

Contributions to the National Health Service Pension Scheme for the period were £185,000 (2017: £153,000) and the agreed contribution rate was 14.3%. Contributions outstanding at the year-end totalled £25,000 (2017: £22,000).

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 2017/18 employers paid contributions of 14.38% of pensionable pay and employees contributed on a tiered scale from 5% - 14.5% 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:

	2018	2017
	£'000	£'000
Auditor's remuneration - Audit fee	16	16
Operating lease rentals - Land and buildings	676	673
Operating lease rentals - Other	-	101
Depreciation	476	482
	<hr/> <hr/>	<hr/> <hr/>

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 £324 (2017: One trustee totalling £713).

16. Tangible Fixed Assets

	Freehold Land and Buildings £'000	Leasehold Property Improvements £'000	Hospice Care Equipment £'000	Office Equipment £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Assets in Course of Construc- tion £'000	Total £'000
GROUP AND CHARITY								
Cost								
At 1 April 2017	10,374	1,359	315	686	630	95	-	13,459
Additions	28	23	67	5	227	-	-	350
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
At 31 March 2018	10,402	1,382	382	691	857	95	-	13,809
Depreciation								
At 1 April 2017	2,501	1,227	286	386	529	93	-	5,022
Charge for year	208	78	27	111	51	1	-	476
Disposals	-	-	-	-	-	-	-	-
At 31 March 2018	2,709	1,305	313	497	580	94	-	5,498
Net book value								
At 31 March 2018	7,693	77	69	194	277	1	-	8,311
At 1 April 2017	7,873	132	29	300	101	2	-	8,437

All of the above assets are used for charitable purposes.

17. Stock

	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
Goods for resale	12	-	5	-

18. Debtors

	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
Trade debtors	158	158	108	108
Amounts owed by related undertaking	-	27	-	27
Other debtors	156	168	95	110
Prepayments and accrued income	1,135	1,133	963	961
	1,449	1,486	1,166	1,206

19. Creditors: amounts falling due within one year

	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
Trade creditors	245	245	217	217
Other creditors	65	65	57	57
Accruals and deferred income	319	316	277	275
	629	626	551	549

20. Analysis of net assets (current year)

	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000
Tangible assets		8,311		8,311
Net current assets	3,272	157	644	4,073
	3,272	8,468	644	12,384

21. Analysis of net assets (prior year)

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

22. Financial Commitments

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

Group and Charity	2018		2017	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiry date:				
Within one year	629	81	664	92
1-5 years	1,570	130	1,745	226
Over 5 years	534	-	459	-
	2,733	211	2,868	318

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

23. Related Parties Transactions

Keech Hospice Care (Trading) Ltd a wholly owned subsidiary of the Charity was charged by the Charity, during the period, a management fee of £10,704 (2017: £9,840) and a fee for the use of the charity's logo, name and data of £3,178 (2017: £3,178). The company has made a charitable donation of its taxable profits of £36,120 (2017: £35,510) to the Charity. At 31 March 2018, the company owed £10,736 (2017: £21,740) to the Charity.

Pasque Charity (Trading) Limited a wholly owned subsidiary of the Charity and collects sums on behalf of the Charity relating to the lottery. At 31 March 2018, the company owed £16,018 (2017: £5,727) to the Charity.

There are no related party transactions to disclose for 2018 (2017: none).

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

24. Consolidated Statement of Funds (current year)

	Funds			Investment Gains	Transfers	Funds
	Brought Forward	Incoming Resources	Resources Expended		Between Funds	Carried Forward
	£'000	£'000	£'000		£'000	£'000
Unrestricted funds						
General fund	2,776	7,514	(6,921)	-	(97)	3,272
Designated funds						
- Building improvements/dilapidations	352	-	(33)	-	(162)	157
- Tangible fixed assets	564	-	(268)	-	322	618
- Building assets fund	7,873	-	(208)	-	28	7,693
Total designated funds	8,789	-	(509)	-	188	8,468
Total unrestricted funds	11,565	7,514	(7,430)	-	91	11,740
Restricted funds						
Adult revenue fund	-	218	(218)	-	-	-
Hospice at Home	19	13	(30)	-	-	2
Adult social work fund	1	-	-	-	-	1
Adult Living Appeal	70	83	(83)	-	-	70
Adult activity funds	41	334	(331)	-	(12)	32
Children's revenue fund	-	1,996	(1,996)	-	-	-
Children's complementary therapy	19	-	(8)	-	-	11
Children's development board	65	126	(20)	-	-	171
Children's minibus provision	5	-	(5)	-	-	-
Children's investments	1	-	-	-	-	1
Children's activity funds	144	161	(119)	-	(19)	167
Children's courtyard capital project	40	22	-	-	(28)	34
Pension contribution	-	46	(46)	-	-	-
Other activity funds	46	24	(13)	-	(22)	35
Children's capital projects	4	-	-	-	(4)	-
Parking capital project	-	120	-	-	-	120
Children's day care capital project	33	-	(27)	-	(6)	-
Total restricted funds	488	3,143	(2,896)	-	(91)	644
Total funds	12,053	10,657	(10,326)	-	-	12,384

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
Other activity funds	Other small miscellaneous restricted funds
Children's capital projects	Grants received for capital projects within the children's in-patient unit
Parking capital project	Funds received to alter and develop our car parking facilities.
Children's day care capital project	Funds received to develop a day care facility for children on the children's in-patient unit

25. Consolidated Statement of Funds (prior 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

26. 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.

27. 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.