

**St Michael's
Hospice**

incorporating the
Freda Pearce Foundation



Annual Report and Consolidated Financial Statements For the year ended 31st March 2023

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

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St Michael's Hospice

Now and always: Caring to make a difference

Our service is completely free of charge

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

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

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

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

✉ quality@smhospicehereford.org

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

For the year ended 31 March 2023

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

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

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

Report of the Trustees

For the year ended 31 March 2023

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

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

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

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

It does this by:

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

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

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

Related Parties and Relationships with other Organisations

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

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

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

Operating Structure and Charity Governance Code

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

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

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

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

Objectives and Activities

Objectives

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

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

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

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

St Michael's also recognises it must help change people's perception and understanding of end-of-life care as well as their readiness to talk about it – not only their own plans but their families and friends too. St Michael's encourages patients (with their families where appropriate) to produce a plan that describes their needs and preferences as they come to the end of their life. This helps ensure they receive the right care, in the right place, delivered by the right people. St Michael's provides its services free to patients, carers, and families to ensure accessibility.

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

Principal Activities

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

1. Adult inpatient palliative medical and nursing care in a twenty-bed purpose-built unit (16 beds in use during this reporting period with negotiations ongoing with the NHS to open the remaining 4).
2. Adult outpatient palliative medical and nursing care in Day Services and appropriate therapy (physiotherapy, occupational, music, art and complementary).
3. Hospice at Home Service, which includes 24-hour telephone advice, care co-ordination service, urgent care team and planned home care packages. St Michael's provides this care in people's homes or places they regard as home (e.g. nursing and residential homes).
4. The provision of education and training. St Michael's seeks to influence and guide the quality of palliative care in other settings and given by other providers through its education and training programmes thereby sharing the experience, expertise and knowledge St Michael's has built up from nearly 40 years of working in palliative care. St Michael's also ensures its own staff and volunteers have opportunities to develop their skills, knowledge, and competence as these have a direct bearing on the quality of support St Michael's can provide.
5. Underpinning the main services is the Supportive and Rehabilitative Care service, which social workers, bereavement care workers, spiritual workers and counsellors deliver. They offer this to all patients and families who access the Inpatient Unit, Day services and Hospice at Home services. These services provide the vital social and psychological elements of support that characterises holistic care and to which St Michael's aspires. The holistic approach not only considers the patient's condition, life, and circumstances, but also supports and cares for the patient's family and friends. The Supportive and Rehabilitative Care service also collaborates with another charity called Hope Support, to provide care and support to children who are close to our patients.

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For the year ended 31 March 2023

Support for Principal Activities

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

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

Public Benefit

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

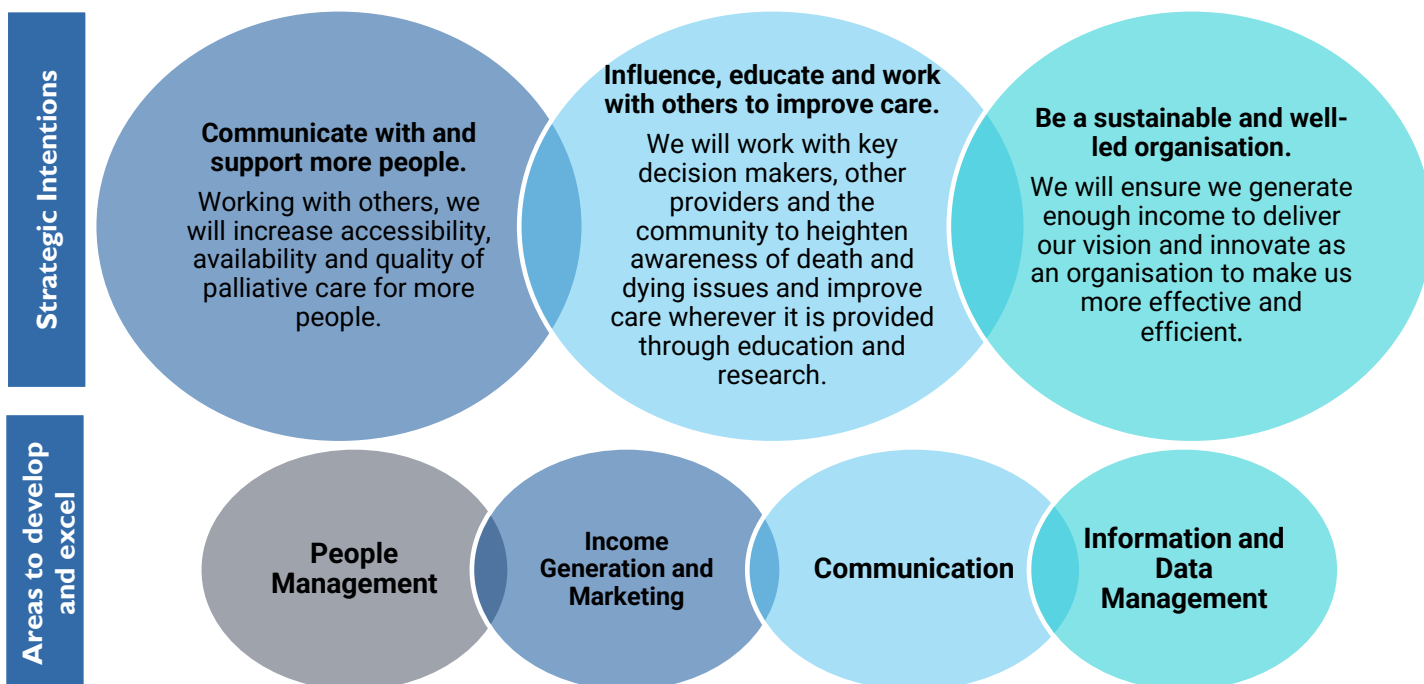
The Trustees consider how planned activities will contribute to the objectives that have been set; reporting the success of each key activity and the benefits St Michael's has brought to those groups of people that it is set up to help, and the wider public benefit. The Trustees regularly review the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

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

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

Strategic Report

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



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

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

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

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

Our Year

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

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

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

In Numbers

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

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



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

Our lottery has **5,533** members

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Achievements and Performance 2022/23

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

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

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

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

Strategic Intention One: Communicate with and support more people

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

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

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

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

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

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

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

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



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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

Areas that underpin our three strategic intentions

1. People Management

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

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

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

St Michael's Hospice (incorporating the Freda Pearce Foundation) Report of the Trustees For the year ended 31 March 2023

2. Income Generation and Marketing

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

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

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



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

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



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



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



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

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

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

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



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

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

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



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

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

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

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

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Report of the Trustees

For the year ended 31 March 2023

3. Communication

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

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

The brand personality was further developed through the consistent and timely use of social media promotion which continues to gain momentum with increased engagement across all channels. Digital campaigns have furthered this, with a fresh, colourful, and upbeat approach to our graphics. More video and reel content has been introduced, helping us to reach younger markets and this approach has increased our engagement and reach.

Regular e-communications have shown greater engagement with the community and supported awareness of upcoming events and uptake, with a 77% increase in e-newsletter sign ups. The open rate has also risen by 11% and click rates have increased by 2%, which are both now well above industry standard.

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

The quality and visibility of our branding, patient literature, St Michael's website, hospice services and external communication continues to ensure people remain inspired by the work carried out by St Michael's. Over the coming year priorities will be revisiting our logo to ensure it is accessible for paper and digital copy, and we will be launching a new website.

4. Responsible Fundraising

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

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

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

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

If we encounter someone showing signs of distress, confusion, or vulnerability our fundraisers will politely refuse any donation offered in such circumstances. In the unlikely event of a donation being received in such circumstances, we will refund the donation. The fundraising team follow the guidelines of the Chartered Institute of Fundraising's 'Treating Donors Fairly' guide. The number of complaints received during the year regarding fundraising was one (2021/22: nil).

5. Information and Data Management

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



St Michael's has achieved Cyber Essential Plus accreditation (Certificate Number: 46b9d4c6-508c-4966-b3a6-ad158987df9d).



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

Report of the Trustees

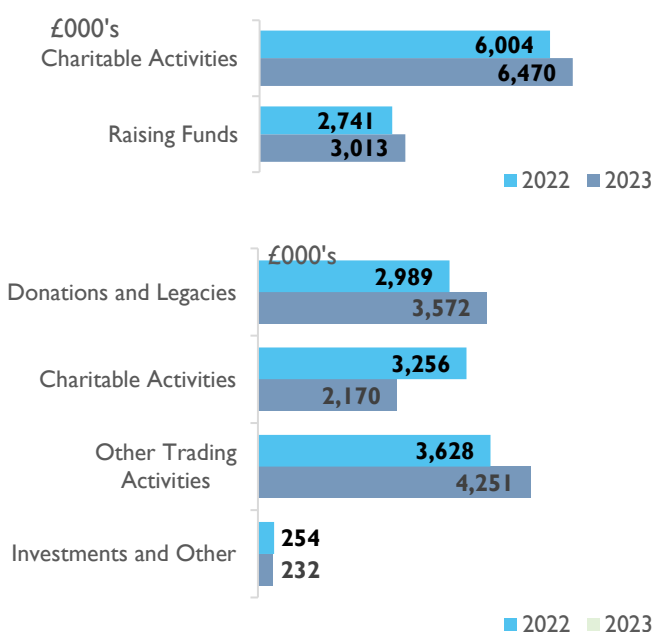
For the year ended 31 March 2023

Financial Review

The consolidated financial statements that follow later in this report comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows, and related notes, which include the results of the group companies. The result for the year was a surplus of £241,844 (2021/22: £1,424,501 surplus).

Total expenditure for the year increased by 8.4% to £9,482,334 (2021/22: £8,744,676); 83% of this relates to increased staffing costs, with a further 10% relating to increased fundraising and other trading activities. 68% was spent on charitable activities.

Total income for the year increased by 1.0% to £10,224,920 (2021/22: £10,127,050).



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

Investment Policy and Returns

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

In the current economic crisis, maintaining pace with inflation remains exceptionally hard. With net losses of £500,742 (2021/22: £7,127 gains), and total return of minus £327,148 (2021/22: plus £147,443) performance fell short of target.

Reserves Policy

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

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

At the end of March 2023, the free cash reserves within general funds increased to £12,408,363 (2021/22: £11,619,057), an amount which equates to 13.7 months of budgeted 2023/24 operating costs, exceeding our reserve policy of 9 months. This level of reserves helps St Michael's to continue to provide all of its services in difficult times such as we experienced during the COVID-19 crisis, and the uncertain political and economic times ahead with rising cost inflation.

The net book values of freehold land and buildings are held in a designated reserve called the Property Fund, totalling £9,670,431 at 31 March 2023 (2021/22: £9,894,495). By designating these funds, the Trustees aim to give a clear presentation of the free reserves available to St Michael's to meet its continuing operational commitments. At the year-end, restricted reserves totalled £93,409 (2021/22: £137,430). At the year-end, the designated capital investment fund totalled £107,211 (2021/22: £180,770) and the designated development fund totalled £921,274 (2021/22: £1,118,898).

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

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

Report of the Trustees

For the year ended 31 March 2023

Principal Risks and Uncertainties

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

- Unpredictability of the legacy income stream, which currently represents 17.2% (2021/22: 16.1%) of all income.
- A risk to donations because of the economic and political climate and competition for funds.
- Uncertainty over the NHS contribution due to austerity measures and economic climate.
- Demand for hospice services outstripping capacity both in terms of volume and skill.
- An ageing workforce and volunteer cohort.
- Challenges in recruitment, particularly in nursing nationally and locally.
- Failure in the provision of the service.

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

Going Concern

The Trustees have reviewed financial forecasts into 2027 and have paid special consideration to reviewing the risks to St Michael's services and finances as a result of the current economic and political climate. The Trustees are confident that St Michael's will continue as a going concern for the foreseeable future.

Future Plans

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

An outcome of the pandemic is that Central Government recognises the vital contribution of hospices and will be working to achieve a fair payment scheme to guide local commissioners in their negotiations with their hospices to ensure a better deal.

During 2023/24 we will continue to focus on enhancing and growing our volunteer teams, which will be more challenging than ever before, but who remain vital to our future.

We will continue to move closer to our communities. The Mobile Hospice Support Vehicle will contribute to this enormously by travelling round the villages and far reaches telling people about St Michael's services and offering support locally. Combined with the Compassionate Communities work we have started this will give more support to more people too. By developing our education programmes and embracing new technologies, we will offer more opportunities and ways for people to engage with St Michael's for their personal and professional development, especially in care and residential homes where most palliative and end of life care will be delivered in the future.

As the organisation grows and becomes more spread (through more fundraising, retail outlets and services delivered in homes) we need to ensure we keep people in touch with St Michael's and fully informed and briefed so they can not only work effectively but also act as expert ambassadors for St Michael's. We will develop our communication channels more, so we ensure each donor and supporter understands the important contribution they make to people's lives in Herefordshire and the surrounding areas.

Finally, St Michael's experienced a great deal of learning and accelerated development during the pandemic, delivering services in new ways which take advantage of technologies that have become commonplace. We are committed to retaining as much of this as possible and developing the new links and collaborations that have been forged where this supports our strategic aims.

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

Structure, Governance and Management

Trustees

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

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

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

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

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

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

Each committee has at least two Trustees and a member of SMT as its members. A Trustee chairs the meetings and presents a report at the Board of Trustees, which meets every six to eight weeks.

Volunteers and Staff were shocked and saddened to be told of the sudden death of one of our Trustees, David Hammond, in September 2022. David was elected a Trustee in 2013 and more recently was appointed the Chair of the Finance and Investments Committee. David did much for his community and St Michaels. The experience and energy he brought to the Board were invaluable in ensuring St Michael's advanced as it has.

Remuneration Policy for Key Management Personnel

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

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

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

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

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

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

Report of the Trustees

For the year ended 31 March 2023

Policy for Employment of Disabled Persons

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

Employee Information

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

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

We hold regular staff meetings and informal gatherings to encourage staff and volunteer engagement. The Trustees carry out regular planned visits to meet and talk with volunteers and staff, as do the management team. Our internal intranet keeps staff informed of what is happening at St Michael's and provides opportunity for feedback. We encourage staff to share their successes via this platform too.

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

During this reporting period we have reviewed our Staff Remuneration package through a Job Evaluation process including the market benchmarking of salaries, and have reviewed the benefits offered by St Michael's to incentivise and reward staff. All salaries and job roles were checked and re-aligned where necessary. Following feedback from staff a Death in Service Benefit was introduced for those staff not in the NHS Pension Scheme (which already includes this benefit), and eye test vouchers and various discount schemes with local suppliers can be obtained.

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

The Trustees wish to record their thanks to the many volunteers without whom St Michael's would be unable to maintain the quality of service and deliver all the support at the low cost we achieve. The estimated value of the volunteer contribution to St Michael's is more than £2 million per annum.

Funds Held as Custodian Trustees on Behalf of Others

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

Statement of Trustees Responsibilities

The Trustees (who are also directors of the company for the purposes of company law) are responsible for preparing the Trustees annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume St Michael's will continue in operation

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Report of the Trustees
For the year ended 31 March 2023

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

In so far as the Trustees are aware:

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

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

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

The Trustees annual report, which includes the strategic report, has been approved by the Trustees on 26 July 2023 and signed on their behalf by:



Mr D Teague – Chair

Independent Auditor's Report To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation) For the year ended 31 March 2023

Opinion

We have audited the financial statements of St Michael's Hospice (Incorporating the Freda Pearce Foundation) (the "charitable company") and its subsidiaries (the "group") for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, Group Balance Sheet, Charity Balance Sheet, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Independent Auditor's Report To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation) For the year ended 31 March 2023

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

**Independent Auditor's Report
To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation)
For the year ended 31 March 2023**

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

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

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

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Guy Biggin
Senior Statutory Auditor
For and on behalf of

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

Date: 4 September 2023

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Financial Activities (incorporating an income and expenditure account)
For the year ended 31 March 2023

	Note	Unrestricted £	Restricted £	2023 Total £	2022 Total £
Income from:					
Donations and legacies	3	3,552,316	19,527	3,571,843	2,988,561
Charitable activities	4	2,159,979	10,000	2,169,979	3,256,071
Other trading activities	5	4,250,594	-	4,250,594	3,628,456
Investments	6	214,298	-	214,298	169,366
Other	7	13,812	4,394	18,206	84,596
Total income		<u>10,190,999</u>	<u>33,921</u>	<u>10,224,920</u>	<u>10,127,050</u>
Expenditure on:					
Raising funds	9	2,999,742	12,925	3,012,667	2,741,170
Charitable activities	9	6,431,132	38,535	6,469,667	6,003,506
Total expenditure	9	<u>9,430,874</u>	<u>51,460</u>	<u>9,482,334</u>	<u>8,744,676</u>
Net income before net (losses) / gains on investments		760,125	(17,539)	742,586	1,382,374
Net gains on property investments	15	-	-	-	35,000
Net (losses) / gains on listed investments	16	(500,742)	-	(500,742)	7,127
Net income for the year		<u>259,383</u>	<u>(17,539)</u>	<u>241,844</u>	<u>1,424,501</u>
Transfers between funds	25	<u>26,482</u>	<u>(26,482)</u>	<u>-</u>	<u>-</u>
Net movement in funds		285,865	(44,021)	241,844	1,424,501
Reconciliation of funds:					
Total funds brought forward	25	<u>24,096,458</u>	<u>137,430</u>	<u>24,233,888</u>	<u>22,809,387</u>
Total funds carried forward	25	<u><u>24,382,323</u></u>	<u><u>93,409</u></u>	<u><u>24,475,732</u></u>	<u><u>24,233,888</u></u>

The notes on pages 26 to 46 form part of these financial statements.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated and Charity Balance Sheets
As at 31 March 2023

		Group		Charity	
	Note	2023 £	2022 £	2023 £	2022 £
Fixed assets					
Tangible fixed assets	14	10,945,475	11,177,733	10,945,475	11,177,733
Investment properties	15	700,000	700,000	700,000	700,000
Investments	16	10,086,616	8,914,515	10,086,616	8,914,515
		<u>21,732,091</u>	<u>20,792,248</u>	<u>21,732,091</u>	<u>20,792,248</u>
Current assets					
Stock	19	15,604	16,801	-	2,178
Debtors	20	808,844	2,035,124	969,272	2,147,150
Cash at bank and in hand		2,781,482	2,370,110	2,615,867	2,255,981
		<u>3,605,930</u>	<u>4,422,035</u>	<u>3,585,139</u>	<u>4,405,309</u>
Liabilities					
Creditors: amounts due within one year	21	(862,289)	(980,395)	(842,062)	(964,233)
		<u>2,743,641</u>	<u>3,441,640</u>	<u>2,743,077</u>	<u>3,441,076</u>
Net current assets		<u>2,743,641</u>	<u>3,441,640</u>	<u>2,743,077</u>	<u>3,441,076</u>
Total net assets		<u>24,475,732</u>	<u>24,233,888</u>	<u>24,475,168</u>	<u>24,233,324</u>
Funds of the Group and Charity:	25				
Restricted income funds		93,409	137,430	93,409	137,430
Unrestricted funds					
Designated funds		10,698,916	11,194,163	10,698,916	11,194,163
General funds		13,683,407	12,902,295	13,682,843	12,901,731
Total unrestricted funds		<u>24,382,323</u>	<u>24,096,458</u>	<u>24,381,759</u>	<u>24,095,894</u>
Total Group and Charity funds		<u>24,475,732</u>	<u>24,233,888</u>	<u>24,475,168</u>	<u>24,233,324</u>

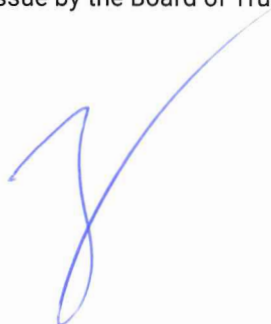
The Charity's net income for the year was £241,844 (2021/22: £1,424,356).

The notes on pages 26 to 46 form part of these financial statements.

Approved and authorised for issue by the Board of Trustees on 26 July 2023 and signed on their behalf by:



Mr D Teague (Chair)



St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Cash Flows
For the year ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash used in operating activities	26	2,188,690	1,170,205
Cash flows from investing activities:			
Dividends, interest, and rents from investments		214,298	169,366
Proceeds from the sale of fixed assets		612	300
Purchase of fixed assets		(320,944)	(201,101)
Proceeds from the sale of investments		929,988	1,368,020
Purchase of investments		(2,598,555)	(1,515,654)
Movement in investments – cash holdings		(4,277)	8,068
Net cash used in investing activities		(1,778,878)	(171,001)
Change in cash and cash equivalents in the year		409,812	999,204
Cash and cash equivalents at the beginning of the year		2,364,385	1,365,181
Cash and cash equivalents at the end of the year	27	<u>2,774,197</u>	<u>2,364,385</u>

The notes on pages 26 to 46 form part of these financial statements.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2023

1. Accounting policies

a) Statutory information

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

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

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

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

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

c) Public benefit entity

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

d) Going concern

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

e) Income

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

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably.

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

1. Accounting policies (continued)

For legacies, entitlement is taken as the earlier of the date on which either: the charitable company is aware that probate has been granted, the estate has been finalised and the executor has made notification to the charitable company that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably, and the charitable company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charitable company, or the charitable company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material in note 3.

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

f) Donations of gifts, services, and facilities

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

g) Interest receivable and dividends

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

h) Fund accounting

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

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

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

i) Expenditure and irrecoverable VAT

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

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

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

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2023

1. Accounting policies (continued)

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

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

j) Allocation of support costs

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

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

k) Operating leases

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

l) Tangible fixed assets

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

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

The depreciation rates in use are as follows:

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

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

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2023

1. Accounting policies (continued)

m) Investment properties

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

n) Listed investments

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

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

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

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

q) Debtors

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

r) Cash at bank and in hand

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

s) Creditors

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

t) Financial instruments

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

1. Accounting policies (continued)

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

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

i) Useful economic lives of tangible assets

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

ii) Impairment of debtors

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

iii) Accrued legacy income

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

v) Pensions

Defined benefit scheme

The charitable company contributes to the NHS pension scheme for eligible staff. Such contributions are a fixed percentage of salary. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the scheme. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, it is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to that scheme for the accounting period. The charitable company has no ongoing liability once the standard contributions to the scheme are made.

Defined contribution schemes

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

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2023

2. Detailed comparatives for the Statement of Financial Activities

	Note	Unrestricted £	Restricted £	2022 Total £
Income from:				
Donations and legacies	3	2,944,113	44,448	2,988,561
Charitable activities	4	2,103,571	1,152,500	3,256,071
Other trading activities	5	3,628,186	270	3,628,456
Investments	6	169,366	-	169,366
Other	7	84,596	-	84,596
Total income		<u>8,929,832</u>	<u>1,197,218</u>	<u>10,127,050</u>
Expenditure on:				
Raising funds	9	2,739,827	1,343	2,741,170
Charitable activities	9	4,870,130	1,133,376	6,003,506
Total expenditure	9	<u>7,609,957</u>	<u>1,134,719</u>	<u>8,744,676</u>
Net income before net gains on investments		1,319,875	62,499	1,382,374
Net gains on property investments	15	35,000	-	35,000
Net gains on listed investments	16	7,127	-	7,127
Net income for the year		<u>1,362,002</u>	<u>62,499</u>	<u>1,424,501</u>
Transfers between funds	25	<u>29,556</u>	<u>(29,556)</u>	<u>-</u>
Net movement in funds		1,391,558	32,943	1,424,501
Reconciliation of funds:				
Total funds brought forward	25	<u>22,704,900</u>	<u>104,487</u>	<u>22,809,387</u>
Total funds carried forward	25	<u><u>24,096,458</u></u>	<u><u>137,430</u></u>	<u><u>24,233,888</u></u>

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2023

3. Income from donations and legacies

	Unrestricted	Restricted	2023 Total	2022 Total
	£	£	£	£
Donations	1,104,391	4,570	1,108,961	715,068
Trusts and foundation grants	185,321	1,000	186,321	238,922
Community fundraising activities	506,658	13,957	520,615	402,776
Legacies	1,755,946	-	1,755,946	1,631,795
Total	<u>3,552,316</u>	<u>19,527</u>	<u>3,571,843</u>	<u>2,988,561</u>

As at 31 March 2023 the charity had been notified of several legacies, the values of which were uncertain as the executors were awaiting confirmation of other claims on the estate and may also be in the process of realising assets such as residential property. The estimated total of these legacies could be up to £2,110,000. None of these legacies have been accrued in the financial statements.

4. Income from charitable activities

	Unrestricted	Restricted	2023 Total	2022 Total
	£	£	£	£
Nursing & medical care	799,431	-	799,431	774,770
Trusts and foundation grants	-	10,000	10,000	36,000
Hospice at Home	1,145,632	-	1,145,632	1,118,781
NHS England	-	-	-	1,116,500
Other care services	-	-	-	3,964
Pharmacy supplies	148,137	-	148,137	144,665
Education and training	66,779	-	66,779	61,391
Total	<u>2,159,979</u>	<u>10,000</u>	<u>2,169,979</u>	<u>3,256,071</u>

£2,055,807 (2021/22: £2,012,383) was received from NHS Herefordshire and Worcestershire. £30,392 (2021/22: £29,796) was received from Powys Local Health Board. £7,000 (2021/22: £nil) was received from NHS Wales. £nil was received from NHS England (2021/22: £1,116,500). NHS England awarded funding to allow St Michael's to make available bed capacity and community support from December 2021 to March 2022 to provide support to people with complex needs in the context of the COVID-19 situation. £865 was received from the Worcestershire Clinical Commissioning Group (2021/22: £4,400) for the provision of Advanced Communication Skills and Syringe Driver training. £24,900 (2021/22: £24,900) was received from Health Education England towards Registered Nurse Degree Apprenticeships. £14,187 (2021/22: £13,800) was received from the Hereford and Worcester acute hospitals for the provision of training and room hire for study days.

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

5. Income from other trading activities

	Unrestricted	Restricted	2023 Total	2022 Total
	£	£	£	£
Fundraising events	269,405	-	269,405	229,364
Lottery	394,886	-	394,886	387,855
Retail shops	3,555,827	-	3,555,827	2,987,159
Other	30,476	-	30,476	24,078
Total	<u>4,250,594</u>	<u>-</u>	<u>4,250,594</u>	<u>3,628,456</u>

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2023

6. Income from investments

	Unrestricted £	Restricted £	2023 Total £	2022 Total £
Bank interest received	11,143	-	11,143	200
Investment interest & dividends	173,594	-	173,594	140,316
Rental income	29,561	-	29,561	28,850
Total	<u>214,298</u>	<u>-</u>	<u>214,298</u>	<u>169,366</u>

7. Other Income

	Unrestricted £	Restricted £	2023 Total £	2022 Total £
Government Grants – Coronavirus Job Retention Scheme	-	-	-	6,095
Government Grants – Retail Support	-	-	-	63,337
Crematorium Fees	8,200	-	8,200	8,364
Disposal of fixed assets	612	-	612	300
Other	5,000	4,394	9,394	6,500
Total	<u>13,812</u>	<u>4,394</u>	<u>18,206</u>	<u>84,596</u>

8. Net income for the year

This is stated after charging:	2023 £	2022 £
Depreciation	446,676	469,397
Net profit on disposal of fixed asset	612	300
Net loss on disposal of fixed asset	2,355	-
Operating lease rentals: - property	273,281	274,147
- other	27,549	18,628
Auditor's remuneration: - audit	15,400	14,050
- other services	2,750	1,960
Interest receivable	11,143	200

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2023

9. Analysis of expenditure	Charitable Activities								2023 Total £	2022 Total £
	Cost of raising funds £	Inpatient Care £	In reach / Day Care £	Supportive & Rehab Care £	Hospice at Home & Community £	Education & Training £	Governance costs £	Support costs £		
Staff costs (Note 10)	1,551,375	2,341,408	221,886	417,758	1,203,204	43,777	-	743,529	6,522,937	5,908,323
Medical Consultants	-	61,908	-	-	-	-	-	-	61,908	198,774
Other Staff Costs	4,678	42,046	269	119,860	11,426	9,302	-	63,062	250,643	231,896
Retail Purchases	91,225	-	-	-	-	-	-	-	91,225	74,586
Lottery Prizes	84,722	-	-	-	-	-	-	-	84,722	82,871
Events	58,381	-	-	-	-	-	-	-	58,381	48,370
Community	27,896	-	-	-	-	-	-	-	27,896	22,178
Investment Management Fees	12,805	-	-	-	-	-	-	-	12,805	11,337
Education	632	14,757	105	105	5,270	211	-	-	21,080	16,216
Communications	15,005	11,254	938	938	7,503	1,876	-	-	37,514	12,880
Premises & Equipment	399,823	27,861	4,058	39	55	400	-	199,003	631,239	573,120
Transport & Travel	59,969	1,639	82	2,228	42,271	164	-	5,093	111,446	86,634
Telephones & Computers	49,559	25,683	5,457	6,186	31,390	337	-	183,938	302,550	313,862
Catering & Cleaning	78,346	118,282	854	854	854	-	-	26,245	225,435	194,131
Professional Fees	48,686	4,080	44	4,658	44	-	15,400	18,656	91,568	72,218
Depreciation	71,683	31,262	892	1,458	17,091	145	-	324,145	446,676	469,397
Medical & Nursing Supplies	-	232,701	-	218	2,608	-	-	-	235,527	197,947
Other Supplies & Services	107,169	17,629	3,026	4,698	4,437	105	-	131,718	268,782	229,936
	2,661,954	2,930,510	237,611	559,000	1,326,153	56,317	15,400	1,695,389	9,482,334	8,744,676
Support costs	347,556	847,694	42,385	16,953	423,847	16,954	-	(1,695,389)	-	-
Governance costs	3,157	7,700	385	154	3,850	154	(15,400)	-	-	-
Total expenditure 2023	3,012,667	3,785,904	280,381	576,107	1,753,850	73,425	-	-	9,482,334	-
Total expenditure 2022	2,741,170	3,549,770	312,740	544,167	1,552,773	44,056	-	-	-	8,744,676

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2023

10. Staff costs and numbers

Staff costs were as follows:

	2023	2022
	£	£
Salaries and wages	5,529,118	5,088,605
Redundancy and termination costs	3,947	-
Social security costs	487,788	391,494
Pension contributions – defined benefit scheme	216,034	182,919
Pension contributions – defined contribution schemes	286,050	245,305
	<u>6,522,937</u>	<u>5,908,323</u>

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

	2023	2022
	No.	No.
£60,000 - £69,999	1	3
£70,000 - £79,999	1	-
£80,000 - £89,999	1	1

The charitable company considers its key management personnel during the year to comprise the Trustees and the Strategic Management Team - who are the Chief Executive and three other key directors. The total cost (including employer national insurance costs and pension contributions) of the key management personnel who served during the year was £234,890 (2021/22: £397,481). The Trustees were not paid nor received any other benefits or employment with St Michael's in the year (2021/22: £nil).

11. Staff numbers

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

	2023	2023	2022	2022
	Head	WTE	Head	WTE
	Count		Count	
Inpatient Care	88	57	84	53
In reach / Day Care Services	14	8	14	8
Supportive & Rehabilitative Care	15	10	14	10
Hospice at Home	39	28	33	24
Externally provided education and training	1	1	1	1
Support	23	19	25	19
Raising funds	78	50	70	46
	<u>258</u>	<u>173</u>	<u>241</u>	<u>161</u>

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2023

12. Related party transactions

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

One family member of a Trustee who served during the year (Mrs J Winney) was employed by St Michael's on standard employment terms and conditions – their total remuneration (including employer national insurance costs and pension contributions) was £14,999 (2021/22: £6,334)

During the year, a management charge was made by the charitable company to SMH Trading Limited of £165,598 excluding VAT (2021/22: £135,950). At the end of the year gift aid of £9,917 (2021/22: £8,083) was payable by SMH Trading Limited to the charitable company. The total year-end balance owed to the charitable company was £160,638 (2021/22: £112,026).

13. Taxation

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

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

Notes to the financial statements For the year ended 31 March 2023

14. Tangible fixed assets – Group and Charity

	Freehold land & buildings £	Assets in the course of construction £	Leasehold property £	Medical & nursing equipment & beds £	Fixtures, fittings & equipment £	Information technology £	Plant & machinery £	Motor vehicles £	Total £
Cost									
At the start of the year	11,342,003	101,827	273,158	234,204	660,243	171,934	1,195,040	231,301	14,209,710
Additions in year	32,715	13,800	7,846	30,932	48,921	12,891	61,868	7,800	216,773
Transfers in year	-	(101,827)	-	-	-	-	101,827	-	-
Disposals in year	-	-	-	-	(2,725)	(5,786)	-	(16,732)	(25,243)
At the end of the year	<u>11,374,718</u>	<u>13,800</u>	<u>281,004</u>	<u>265,136</u>	<u>706,439</u>	<u>179,039</u>	<u>1,358,735</u>	<u>222,369</u>	<u>14,401,240</u>
Depreciation									
At the start of the year	1,447,508	-	233,941	152,729	581,019	121,682	324,283	170,815	3,031,977
Charge for the year	256,779	-	21,630	14,832	41,348	18,028	70,169	23,890	446,676
Disposals in year	-	-	-	-	(1,817)	(4,339)	-	(16,732)	(22,888)
At the end of the year	<u>1,704,287</u>	<u>-</u>	<u>255,571</u>	<u>167,561</u>	<u>620,550</u>	<u>135,371</u>	<u>394,452</u>	<u>177,973</u>	<u>3,455,765</u>
Net book value									
At the end of the year	<u>9,670,431</u>	<u>13,800</u>	<u>25,433</u>	<u>97,575</u>	<u>85,889</u>	<u>43,668</u>	<u>964,283</u>	<u>44,396</u>	<u>10,945,475</u>
At the start of the year	<u>9,894,495</u>	<u>101,827</u>	<u>39,217</u>	<u>81,475</u>	<u>79,224</u>	<u>50,252</u>	<u>870,757</u>	<u>60,486</u>	<u>11,177,733</u>

Land with a value of £499,789 (2021/22: £499,789) is included within Freehold Land and Buildings and is not depreciated. All the above assets are used for charitable purposes.

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15. Investments Properties – Group and Charity

	2023 £	2022 £
Fair value at the start of the year	700,000	665,000
Revaluation during the year	-	35,000
	<u>700,000</u>	<u>700,000</u>
Fair Value at the end of the year	<u>700,000</u>	<u>700,000</u>

The properties were last valued on an open market valuation basis on 4th April 2023 by Alister Walshe FNAEA FNAVA of Stooke, Hill & Walshe. Being a previous related party, and now Life Patron, the Board of Trustees have approved the valuation.

16. Investments – Group and Charity

	2023 £	2022 £
Fair value at the start of the year	8,898,391	8,743,630
Transfers	-	-
Additions at cost	2,598,555	1,515,654
Disposal proceeds	(929,988)	(1,368,020)
Net (loss) / gain on change in fair value	(500,742)	7,127
	<u>10,066,216</u>	<u>8,898,391</u>
Investments - cash holdings	<u>20,400</u>	<u>16,124</u>
Fair value at the end of the year	<u>10,086,616</u>	<u>8,914,515</u>

Investments comprise:	2023 £	2022 £
UK Fixed Interest	4,513,465	3,959,952
International Fixed Income	101,506	405,068
Equities	2,051,663	2,107,884
Alternative Investments	1,378,578	1,454,772
Cash Funds	2,041,393	986,828
	<u>10,086,605</u>	<u>8,914,504</u>
Investment in subsidiary undertakings incorporated in the UK	1	1
Investment in Hospice Quality Partnership	<u>10</u>	<u>10</u>
	<u>10,086,616</u>	<u>8,914,515</u>

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17. Subsidiary undertakings

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

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

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

	2023	2022
	£	£
Turnover	293,974	235,086
Cost of sales	(115,912)	(88,903)
Gross profit	178,062	146,183
Distribution costs	(65,883)	(54,088)
Administrative expenses	(99,715)	(81,862)
Other operating expenditure	(2,547)	(2,150)
Operating profit	9,917	8,083
Taxation	-	-
Profit after taxation	9,917	8,083
Retained earnings at the start of the year	563	563
Profit for the year	9,917	8,083
Gift aid donation	(9,917)	(8,083)
Retained earnings at the end of the year	563	563
The aggregate of the assets, liabilities and funds was:		
Assets	181,429	128,752
Liabilities	(180,865)	(128,188)
	564	564
Funds:		
Share capital	1	1
Retained profits	563	563
	564	564

Distribution costs and administrative expenses totalling £165,598 (2021/22: £135,950) represent a management charge from the parent entity. Amounts owed to the parent undertaking are shown in note 20.

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17. Subsidiary undertakings (continued)

The charitable company also owns the whole of the issued ordinary share capital of St Michael's Hospice Development Company Limited, a company registered in England, company number 07039211.

St Michael's used the subsidiary for the redevelopment of the hospice buildings and surroundings.

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

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

	2023	2022
	£	£
Turnover	-	-
Cost of sales	-	-
	<hr/>	<hr/>
Gross profit	-	-
Other operating expenditure	-	145
	<hr/>	<hr/>
Operating profit / (loss)	-	145
Taxation	-	-
Profit / (Loss) after taxation	-	145
	<hr/>	<hr/>
Retained (losses) / earnings at the start of the year	-	(145)
Profit / (Loss) for the year	-	145
Gift aid donation	-	-
	<hr/>	<hr/>
Retained profit / (losses) at the end of the year	-	-
	<hr/> <hr/>	<hr/> <hr/>
The aggregate of the assets, liabilities and funds was:		
Assets	1	1
Liabilities	-	-
	<hr/>	<hr/>
	1	1
	<hr/> <hr/>	<hr/> <hr/>
Funds:		
Share capital	1	1
Retained losses	-	-
	<hr/>	<hr/>
	1	1
	<hr/> <hr/>	<hr/> <hr/>

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

St Michael's Hospice (incorporating the Freda Pearce Foundation)
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18. Parent charity

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

	2023	2022
	£	£
Gross income and gains / (losses) on investments	9,605,718	10,078,125
Gross expenditure	9,363,874	8,653,769
Net income	241,844	1,424,356

19. Stock

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Goods for resale	15,604	16,801	-	2,178
	15,604	16,801	-	2,178

20. Debtors

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	55,910	46,176	55,910	46,176
Amounts owed by group undertaking	-	-	160,638	112,026
Other debtors	93,241	102,551	93,031	102,551
Prepayments	119,336	96,206	119,336	96,206
Accrued income	540,357	1,790,191	540,357	1,790,191
	808,844	2,035,124	969,272	2,147,150

Trade debtors are stated after impairment provision totalling £nil (2021/22: £nil). Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. The carrying values of these are shown above and in note 21 below.

21. Creditors: amounts due within one year

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Bank overdraft	7,285	5,725	7,285	5,725
Trade creditors	182,955	234,357	179,277	227,953
Taxation and social security	113,591	99,099	113,591	99,099
Other creditors	105,850	93,790	92,924	86,859
Accruals	227,092	335,678	223,469	332,851
Deferred income	225,516	211,746	225,516	211,746
	862,289	980,395	842,062	964,233

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22. Deferred income

Deferred income comprises advance ticket sales for the lottery, fundraising income for events that did not occur until after the balance sheet date and a legacy deferred for legal reasons. Except for the legacy of £128,500 (2021/22: £128,500), all the deferred income of the previous year was released in the current year.

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Balance at the beginning of the year	211,746	215,513	211,746	215,513
Amount released to income in the year	(83,246)	(87,013)	(83,246)	(87,013)
Amount deferred in the year	97,016	83,246	97,016	83,246
Balance at the end of the year	<u>225,516</u>	<u>211,746</u>	<u>225,516</u>	<u>211,746</u>

23. NHS pension scheme

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

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

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

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23. NHS pension scheme (continued)

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.68% (including a 0.08% scheme administration levy) of pensionable pay and employees contribute on a tiered scale from 5% - 14.5% of their pensionable pay depending on total earnings. Prior to this the employer contribution rate payable was 14.38%. The government has committed to cover this cost increase for a certain category of employer's, including St Michael's, recurring annually until 31 March 2023.

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

All pension charges are charged to unrestricted funds in line with the fund out of which the wages and salaries are paid. The amount charged to the Statement of Financial Activities in the year was £216,034 (2021/22: £182,919). Employee and employer contributions outstanding as at 31 March 2023 was £29,841 (2021/22: £29,744).

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

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

24a Analysis of group net assets between funds (prior year 2022)

	General unrestricted	Designated	Restricted	Total funds
	£	£	£	£
Tangible fixed assets	1,283,238	9,894,495	-	11,177,733
Investments	9,614,515	-	-	9,614,515
Net current assets	2,004,542	1,299,668	137,430	3,441,640
Net assets at the end of the year	12,902,295	11,194,163	137,430	24,233,888

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25. Movements in group funds (current year)

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

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

Purpose of restricted funds - Restricted funds totalling £93,409 (2021/22: £137,430) comprise:

- i Patient Care** - In addition to £102,589 (2021/22: £82,363) at the start of the year restricted for care purposes an additional £27,490 (2021/22: £1,152,947) was received during the year from individual donations. £25,616 (2021/22: £1,128,165) was expended for these purposes during the year. A further £25,482 was expended on capital items and released to the property fund.
- ii Funds for other specific items** - In addition to £34,841 (2021/22: £22,124) at the start of the year, a further £6,431 (2021/22: £44,271) was received from grant-making trusts and individual donations. £25,844 (2021/22: £6,554) was expended on these purposes during the year. A further £1,000 was expended on capital items and released to general funds.

Purpose of designated funds - Designated funds totalling £10,698,916 (2021/22: £11,194,163) comprise:

- i The property fund** - This equates to the net book value of the freehold land and buildings. The transfer of £32,715 represents capital expenditure on building reconfiguration to accommodate the new Wellbeing bathroom / bathing service; £25,482 was utilised and released from restricted funds and £7,233 was utilised and released from the capital investment fund.
- ii The capital investment fund** - £180,770 (2021/22: £361,191) was held at the start of the year and £500 was expended during the year. Capital expenditure of £7,233 was utilised and released to the property fund re the Wellbeing bathroom project, £59,767 was utilised and released to general funds relating to air-conditioning installation, and £6,059 was utilised and released to general funds on other capital items.
- iii The development fund** - £1,118,898 was held at the start of the year to support workforce and care service development initiatives. £183,824 was expended for these purposes during the year with a further £13,800 expended on capital items and released to general funds.

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25a. Movements in group funds (prior year 2022)

	At 1 April 2021 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	At 31 March 2022 £
Restricted funds:						
Patient care	82,363	1,152,947	(1,128,165)	(4,556)	-	102,589
Funds for other specific items	22,124	44,271	(6,554)	(25,000)	-	34,841
Total restricted funds	104,487	1,197,218	(1,134,719)	(29,556)	-	137,430
Unrestricted funds:						
Designated funds						
Property fund	10,046,407	-	(254,147)	102,235	-	9,894,495
Capital investment fund	361,191	-	(3,444)	(176,977)	-	180,770
Development fund	1,170,000	-	(28,349)	(22,753)	-	1,118,898
Total designated funds	11,577,598	-	(285,940)	(97,495)	-	11,194,163
General funds	11,127,302	8,929,832	(7,324,017)	127,051	42,127	12,902,295
Total unrestricted funds	22,704,900	8,929,832	(7,609,957)	29,556	42,127	24,096,458
Total funds at 31 March 2021	22,809,387	10,127,050	(8,744,676)	-	42,127	24,233,888

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

	2023 £	2022 £
Net income for the reporting period (as per Consolidated Statement of Financial Activities)	241,844	1,424,501
Depreciation	446,676	469,397
Losses / (Gains) on investments	500,742	(42,127)
Dividends, interest and rent from investments	(214,298)	(169,366)
Profit on disposal of fixed assets	(612)	(300)
Loss on disposal of fixed assets	2,355	11,928
Decrease in stocks	1,196	3,603
Decrease / (Increase) in debtors	1,226,281	(767,529)
(Decrease) / Increase in creditors	(15,494)	240,098
Net cash provided by operating activities	2,188,690	1,170,205

27. Analysis of cash and cash equivalents

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	2,370,110	411,372	2,781,482
Bank overdrafts	(5,725)	(1,560)	(7,285)
Increase in the year	2,364,385	409,812	2,774,197

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28. Operating lease commitments

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

	Property		Equipment	
	2023	2022	2023	2022
	£	£	£	£
Less than one year	302,740	196,874	40,365	18,778
Later than one to five years	761,991	332,612	54,960	22,625
Over five years	635,595	71,625	-	-
	<u>1,700,326</u>	<u>601,111</u>	<u>95,325</u>	<u>41,403</u>

29. Capital commitments

At the balance sheet date, there were no capital commitments (2021/22: £nil).

30. Financial Instruments

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

31. Legal status of charity

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

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