

**St Michael's  
Hospice**

incorporating the  
**Freda Pearce Foundation**




Dr R G Miller

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

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

[st-michaels-hospice.org.uk](http://st-michaels-hospice.org.uk)

 [twitter.com/stmichaelshosp](https://twitter.com/stmichaelshosp)

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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](mailto:quality@smhospicehereford.org)

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

For the year ended 31 March 2024

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

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

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

### Report of the Trustees

For the year ended 31 March 2024

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

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

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

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

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

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

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

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

#### Related Parties and Relationships with other Organisations

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

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

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

#### Operating St Michael's and Charity Governance Code

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

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

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

## Report of the Trustees

### For the year ended 31 March 2024

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## 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.

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*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.*

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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.

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*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.*

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### Principal Activities

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

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

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

## Report of the Trustees

For the year ended 31 March 2024

### Support for Principal Activities

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

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

### Public Benefit

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

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

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

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

## Strategic Report

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



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

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

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

## Our Year

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

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

Our shops delivered a profit margin of **35%**

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

## In Numbers

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

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

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

Our lottery has **5,315** members

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Report of the Trustees**  
**For the year ended 31 March 2024**

**Achievements and Performance 2023/24**

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

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

*Supporting One Community with  
and support more people*

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

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

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

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

## St Michael's Hospice (incorporating the Freda Pearce Foundation) Report of the Trustees For the year ended 31 March 2024

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

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

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



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

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

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



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



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

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

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

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

## Report of the Trustees

For the year ended 31 March 2024

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

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

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

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

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

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

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

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

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

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

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### Areas that underpin our three strategic intentions

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#### 1. People Management

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

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

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

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

## Report of the Trustees

### For the year ended 31 March 2024

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#### 2 Income Generation and Marketing

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

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

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



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

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



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



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

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

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

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Report of the Trustees**  
**For the year ended 31 March 2024**



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

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

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

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



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

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

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

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

### 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, now consisting of four, manages the marketing for all fundraising activities, as well as supporting campaigns to grow volunteers and promote our care.

## St Michael's Hospice (incorporating the Freda Pearce Foundation) Report of the Trustees For the year ended 31 March 2024

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

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

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

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

### 4. Responsible Fundraising

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

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

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

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

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

### 5. Information and Data Management

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



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

### s172(1) Statement

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

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

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

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

### Report of the Trustees

For the year ended 31 March 2024

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

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

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

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

#### Volunteer and Staff Engagement

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

#### Community and Environment

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

#### Culture and Values

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

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

#### Streamlined Energy and Carbon Reporting

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

	2023/24
<b>Consumption (kWh)</b>	
- Gas	562,925
- Electricity	596,242
<b>Consumption (miles)</b>	
- Volunteers and staff	60,764
- Hospice at Home	81,824
- Other	79,689
<b>Emissions (tCO<sub>2</sub>e)</b>	
- Gas	103
- Electricity	123
- Transport fuel - volunteers and staff	16
- Transport fuel - Hospice at Home	19
- Transport fuel - Other	32
<b>Total emissions</b>	<b>293</b>
<b>Intensity ratio – total tCO<sub>2</sub>e per head count (per note 11)</b>	<b>1.02</b>

#### Methodology

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

#### Future Plans

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

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

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

## Report of the Trustees

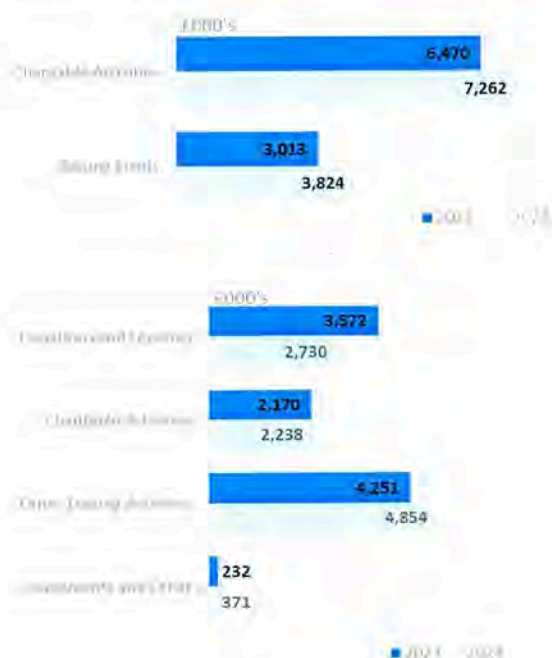
### For the year ended 31 March 2024

#### Financial Review

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

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

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



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

#### Investment Policy and Returns

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

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

#### Reserves Policy

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

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

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

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

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

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

## Report of the Trustees

### For the year ended 31 March 2024

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#### Principal Risks and Uncertainties

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

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

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

#### Going Concern

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

#### Future Plans

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

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

Our volunteers remain vital to our future, and we will continue to seek and embrace new and innovative ways to enhance and grow this invaluable resource.

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

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

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

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

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

## Report of the Trustees

### For the year ended 31 March 2024

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## Structure, Governance and Management

### Trustees

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

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

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

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

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

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

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



One of St Michael's founders Doctor Richard Miller (pictured front cover, and above at the opening of St Michael's in 1984) died on 23<sup>rd</sup> January 2024.

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

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



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

## St Michael's Hospice (incorporating the Freda Pearce Foundation) Report of the Trustees For the year ended 31 March 2024

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### Remuneration Policy for Key Management Personnel

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

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

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

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

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

### Policy for Employment of Disabled Persons

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

### Employee Information

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

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

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

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

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

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

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

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

### Future with the Caroline Trusts on Behalf of Orla's

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.

## St Michael's Hospice (incorporating the Freda Pearce Foundation) Report of the Trustees For the year ended 31 March 2024

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### Statement of Trustees' Responsibilities

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

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

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

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure the financial statements comply with the Companies Act 2006.

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

In so far as the Trustees are aware:

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

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

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

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



Mr D Teague – Chair

## Independent Auditor's Report To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation) For the year ended 31 March 2024

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### Opinion

We have audited the financial statements of St Michael's Hospice (Incorporating the Freda Pearce Foundation) (the "charitable company") and its subsidiaries (the "group") for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, Group Balance Sheet, Charity Balance Sheet, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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

We have nothing to report in this regard.

## Independent Auditor's Report To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation) For the year ended 31 March 2024

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### 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 2024**

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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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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



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

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

Date: 2 September 2024

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

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

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

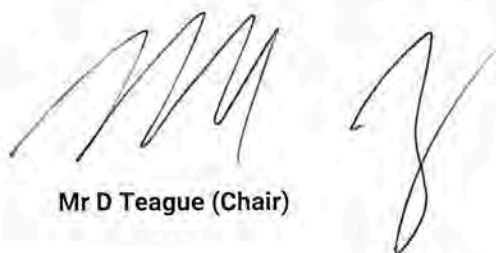
**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Consolidated and Charity Balance Sheets**  
**As at 31 March 2024**

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

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

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

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



Mr D Teague (Chair)

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

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

The notes on pages 27 to 47 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 2024**

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**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 2024**

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**2. Accounting policies (continued)**

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

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

**j) Allocation of support costs**

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

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

**k) Operating leases**

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

**l) Tangible fixed assets**

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

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

The depreciation rates in use are as follows:

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

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

**1. Accounting policies (continued)**

**m) Investment properties**

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

**n) Listed investments**

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

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

**o) Investments in subsidiaries**

Investments in subsidiaries are at cost.

**p) Stocks**

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

**q) Debtors**

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

**r) Cash at bank and in hand**

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

**s) Creditors**

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

**t) Financial instruments**

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

**1. Accounting policies (continued)**

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

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

i) Useful economic lives of tangible assets

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

ii) Impairment of debtors

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

iii) Accrued legacy income

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

iv) Dilapidations

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

**v) Pensions**

**Defined benefit scheme**

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

**Defined contribution schemes**

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

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
**For the year ended 31 March 2024**

**2. Detailed comparatives for the Statement of Financial Activities**

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

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

### Notes to the financial statements

For the year ended 31 March 2024

#### 3. Income from donations and legacies

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

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

#### 4. Income from charitable activities

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

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

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

#### 5. Income from other trading activities

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

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
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**6. Income from investments**

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

**7. Other Income**

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

**8. Net income for the year**

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

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
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**9. Analysis of expenditure**

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

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
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**10. Staff costs and numbers**

Staff costs were as follows:

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

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

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

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

**11. Staff numbers**

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

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

**12. Related party transactions**

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

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

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

**13. Taxation**

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

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

### Notes to the financial statements For the year ended 31 March 2024

#### 14. Tangible fixed assets – Group and Charity

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

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

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
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**For the year ended 31 March 2024**

**15. Investments Properties – Group and Charity**

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

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

**16. Investments – Group and Charity**

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

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

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

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

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

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

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

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

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

**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:

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

**19. Stock**

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Goods for resale	<u>15,275</u>	<u>15,604</u>	<u>1,254</u>	<u>-</u>
	<b><u>15,275</u></b>	<b><u>15,604</u></b>	<b><u>1,254</u></b>	<b><u>-</u></b>

**20. Debtors**

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

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

**21. Creditors: amounts due within one year**

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

## 22. Deferred income

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

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Balance at the beginning of the year	225,516	211,746	225,516	211,746
Amount released to income in the year	(97,016)	(83,246)	(97,016)	(83,246)
Amount deferred in the year	101,583	97,016	101,583	97,016
Balance at the end of the year	<u>230,083</u>	<u>225,516</u>	<u>230,083</u>	<u>225,516</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 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](http://www.nhsbsa.nhs.uk/pensions). Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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**23. NHS pension scheme (continued)**

**b) Full actuarial (funding) valuation**

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

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

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

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

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

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

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

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
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**25. Movements in group funds (current year)**

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

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

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

- i Patient Care** - In addition to £78,981 (2022/23: £102,589) at the start of the year restricted for care purposes an additional £15,584 (2022/23: £27,490) was received during the year via grant-making trusts and individual donations. £19,109 (2022/23: £25,616) was expended for these purposes during the year. A further £5,071 was expended on capital items and released to general funds.
- ii Funds for other specific items** - In addition to £14,428 (2022/23: £34,841) at the start of the year, a further £1,689 (2022/23: £6,431) was received from individual donations. £1,980 (2022/23: £25,844) was expended on these purposes during the year.

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

- i The property fund** - This equates to the net book value of the freehold land and buildings. £275,500 (2022/23: £256,779) was expended being depreciation charged in the year. The transfer of £2,865,164 represents the freehold purchase of 85 Whitecross Road and Unit 14, Whitestone Business Park.
- ii The capital investment fund** - £107,211 (2022/23: £180,770) was held at the start of the year and remains at the end of the year.
- iii The development fund** - £921,274 (2022/23: £1,118,898) was held at the start of the year to support workforce and care service development initiatives. £91,584 was expended for these purposes during the year with a further £25,700 expended on capital items and released to general funds.

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
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**25a. Movements in group funds (prior year 2023)**

	At 1 April 2022 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	At 31 March 2023 £
<b>Restricted funds:</b>						
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
<b>Total restricted funds</b>	<b>137,430</b>	<b>33,921</b>	<b>(51,460)</b>	<b>(26,482)</b>	<b>-</b>	<b>93,409</b>
<b>Unrestricted funds:</b>						
<b>Designated funds</b>						
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
<b>Total designated funds</b>	<b>11,194,163</b>	<b>-</b>	<b>(441,103)</b>	<b>(54,144)</b>	<b>-</b>	<b>10,698,916</b>
<b>General funds</b>	<b>12,902,295</b>	<b>10,190,999</b>	<b>(8,989,771)</b>	<b>80,626</b>	<b>(500,742)</b>	<b>13,683,407</b>
<b>Total unrestricted funds</b>	<b>24,096,458</b>	<b>10,190,999</b>	<b>(9,430,874)</b>	<b>26,482</b>	<b>(500,742)</b>	<b>24,382,323</b>
<b>Total funds</b>	<b>24,233,888</b>	<b>10,224,920</b>	<b>(9,482,334)</b>	<b>-</b>	<b>(500,742)</b>	<b>24,475,732</b>

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

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

**27. Analysis of cash and cash equivalents**

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

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

**29. Capital commitments**

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

**30. Financial Instruments**

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

**31. Legal status of charity**

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

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