

THE HOSPICE OF THE VALLEYS
(A REGISTERED CHARITY)
(A COMPANY LIMITED BY GUARANTEE)
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2021

Charity Number: 517724

Company Number: 2007005

THE HOSPICE OF THE VALLEYS

| CONTENTS | PAGE |
|--|-------------|
| Reference and administrative information | 1 |
| Report of the Trustees/Directors | 2 – 13 |
| Independent auditors report | 14 – 16 |
| Statement of financial activities | 17 |
| Balance sheet | 18 |
| Statement of cashflows | 19 |
| Notes forming part of the financial statements | 20-30 |

THE HOSPICE OF THE VALLEYS

Report of the Trustees for the year ended 31st March 2021

The trustees present their report and the audited annual financial statements for the year ended 31st March 2021

Reference and administrative information

Charity Name: The Hospice of the Valleys

Company Registered Number: 2007005

Charity Registered Number: 517724

Registered Office: Festival Drive, Ebbw Vale, Gwent, NP23 8XF

Trustees/Directors: Miss Susan Kent MBE DL (CHAIR)
Mr Allan Harris (Vice Chair)
Mr Alan Williams
Mr Phillip Robson
Mr Kevan Lines (resigned 6th June 2021)
Reverend Barry Roche
Mrs Sally Mirando
Mr Robert James
Mr Mathew Morris-Parker
Ms Nina Holmes (appointed 22nd June 2021)

Company Secretary: Mr Grant Usmar

Senior Management Team: Mr Grant Usmar – Chief Executive
Mrs Jane Hart MBE – Head of Clinical Services
Mrs Heather Beynon FCCA – Head of Finance

Independent Auditors: Baker Knogle Chartered Accountants, Orbit Business Centre, Rhydycar
Business Park, Merthyr Tydfil CF48 1DL

Accountants: Hale Jackson Knight Limited, 19 Gloucester Road,
Ross-on-Wye, Herefordshire, HR9 5LQ

Bankers: Lloyds Bank Plc. The Co-operative Bank
8 High Town PO Box 250
Hereford Skelmersdale
HR1 2AE WN8 6WT

Investment Bankers: Rathbones, 159 New Bond Street,
London,
W15 2UD

Solicitors: Lewis & Lines, Commercial Chambers
Abertillery, Gwent, NP13 1YB

THE HOSPICE OF THE VALLEYS

Report of the Trustees for the year ended 31st March 2021

Structure, Governance and Management

The Trustees/directors are pleased to present their report and financial statements for the year ended 31st March 2021, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

Governing Document

The charity is a charitable company limited by guarantee, incorporated on 4th April 1986. It is governed by a memorandum and articles of association and does not have a share capital. The limited company registration number is 2007005. The company is a registered charity under the Charity Commission, reference number 517724.

Appointment of Trustees / Directors

The Directors of the company are also charity trustees for the purpose of charity law, and under the company's Articles are known as the Council of Trustees (The Trustees). As set out in the Articles the number of members of the council shall not be less than five nor more than ten.

Trustees are appointed by the board of trustees in accordance with the Hospice's procedure on appointment of new trustees. Trustees appointed in the year are interviewed by the Chairman prior to being elected by the Board of Trustees. Such appointments are ratified by the members at the next General Meeting. Trustees must sign an undertaking that they are fit to serve (i.e. meet specific requirements).

Trustees serve for six years after which this may be renewed by the members at the next General Meeting.

Trustees Induction and Training

All prospective Trustees are sent an information pack containing the Memorandum and Articles, Vision Mission & Values, Hospice of the Valleys Philosophy, last two Annual Reports, last audited accounts, Hospice of the Valleys – Trustee responsibilities, Charity Commission booklet CC3 – Responsibilities of Charity Trustees, Help the Hospice Trustee Induction Pack, and the latest Strategic/Business Plan.

Organisational Structure

The Hospice is managed by a council of trustees of between five and ten members who meet bi-monthly. A Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity.

Key Management and Employees Remuneration

Hospice of the Valleys recognises that it must ensure staff are rewarded appropriately for their work and dedication. It is also necessary to ensure competitive rates of pay and benefits are maintained to ensure retention and recruitment of the best calibre staff to deliver the Charity's objectives.

The Board has agreed a Hospice pay scale that encompasses all staff. This scale is based on the NHS Agenda for Change pay scale and is applied to all staff. The Board of Trustees approves an annual pay increase for all staff at its budget setting meeting in Feb/March each year. The level of pay is set on joining the Hospice. Movements within the scale and any increases are wholly subject to appraisal and related performance reports and are decided by the Chief Executive. The Chief Executive is appraised by the Chairman and remuneration agreed by the board. Whilst the Hospice seeks to maintain equivalence with prevailing nationally negotiated conditions of pay it cannot be bound by their agreements. Cost of living and other salary increases are discretionary and subject to funding constraints.

The Hospice is a Direction Employer under the NHS Pension scheme and qualifying staff are eligible to join this scheme on employment with the Hospice. For other staff the Hospice has a stakeholder pension scheme into which it contributes 5% of salary. All non-NHS pension staff are auto enrolled into this scheme on employment with the Hospice.

Risk Management

The major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have been established to mitigate those risks.

THE HOSPICE OF THE VALLEYS

Objectives and Activities

The principal activity of the company in the year under review was that of a hospice and specialist palliative care service.

The aims of its service are to benefit the public through the following objectives:

- To practice holistic Hospice care, addressing all the patient's needs, physical, spiritual, social and emotional.
- To support families so well that they are enabled to care for dying relatives at home to the end.
- To maximise patients' autonomy.
- To establish a model of Hospice care that is recognised locally, nationally and internationally as being of the highest standards. To teach about our methods.
- To care for patients from first diagnosis of a life-threatening illness through to cure or death. To support carers throughout this time, and in bereavement as long as necessary.

In order to achieve these aims the Hospice aims to be a Specialist Palliative Care Provider – Consultant led with a team of highly trained and skilled clinicians, social workers and other professionals. The Hospice has embarked upon a review of its clinical governance framework under the leadership of the consultant, which will ensure a robust evidence based delivery of appropriate care to the population of Blaenau Gwent.

The Hospice now benefits from the support of over 200 volunteers. A large proportion of these help us to fundraise by manning our six shops, driving our vans, and helping at fundraising events. Volunteers also help at our clinics as hostesses, welcoming new patients and providing refreshments.

The value of volunteer time is not quantified in terms of money, but the time contributed by volunteers is an invaluable resource in terms of the outstanding contribution made by them.

How our activities deliver public benefit

The Trustees have had regard to Charity Commission guidance on public benefit. Our objects and funding limit the services we provide to those residents in Blaenau Gwent. We deliver public benefit via the following activities:

- Hospice of the Valleys provides community-based Specialist Palliative Care to the people of Blaenau Gwent who are suffering from a life limiting illness, their families and carers.
- We also provide a Hospice at Home service where patients can have Healthcare Assistants in their home during the night and in the day.
- Our staff work in collaboration with other Healthcare Professionals to ensure patients always receive appropriate, high quality care when needed.
- We always strive to ensure patients are cared for in their preferred place of care which may be their own home.
- People with a life-limiting illness can be referred to Hospice of the Valleys and access any of the services provided by the Charity.
- Services are provided free-of charge to patients and their families/carers.
- Hospice of the Valleys is at the heart of the Community providing employment, volunteering opportunities and many public events and activities.

THE HOSPICE OF THE VALLEYS

Chairman's Summary

As with the introduction to most annual accounts this year, ours will be somewhat dominated by the effects of the global pandemic. It will be interesting to look back on this document in years to come to see what impact the year has had in the way we deliver services and raise funds in the future.

Over the year I will look at the phases we have gone through, reacting, adapting, maintaining and planning. (no staff got covid during the year)

Reacting

As with most organisations across the country, we had to change the way we worked in response to regular updates issued by the UK and Welsh Governments. We also had to react to the changes in the services around us that had an impact on the families we were working with.

Realising that our ability to generate an income through our shops and through traditional fundraising activities would be affected meant that we had to revisit our budget and plans for the year and look at what could be maintained, what could be reduced and what could be paused whilst still meeting our objectives as a charity. Our Board of Trustees had a regular and active role to play to help put plans in place to continue with face-to-face services whilst also planning to ensure that the charity would be sustainable in the longer term.

Hospice staff were not immune to the worries felt by the population as a whole around the spread of the pandemic. We worked together to mitigate risks, discuss concerns about safety, both at work and when returning to the family home, as well as concerns about job security, child care and support for elderly relatives. It is a real credit to all of our team that we were able to deal with these issues whilst maintaining services that were as close to 'business as usual' as we could, so that local families would receive a continuity of care.

Adapting

Thanks to the regular supply of PPE supplied by Aneurin Bevan University Health Board our community services in people's homes, care homes and local hospitals was able to continue. COVID did not mean that demand for our services disappeared, though there was an initial reluctance by a number of families to have visitors (including healthcare professionals, coming into their house). Our protocols therefore had to change to both protect those we were visiting as well as our colleagues and their families. We introduced COVID screening calls prior to patient visits and updates in daily handovers between colleagues.

As our ability to hold face-to-face and mass participation events was curtailed, we adapted our fundraising messages and activities to move online. Virtual events proved to be a success and I cannot speak highly enough of our local supporter's motivation and innovative ideas to take part and help raise funds for the charity to continue to deliver services.

Maintaining

The closure of shops meant that we needed to furlough members of the retail staff and develop way of selling more goods online. Home working became the norm for some teams and driving income through online activities and donations matured as a process. After pausing our Day Centre provision, we were able to move some services online enabling group members to maintain contact and peer support. For many who were shielding this was their only familiar interaction with the outside world. Our online groups for families living with a dementia diagnosis proved to be a vital support mechanism as day services and respite services stopped due to COVID restrictions.

Our bereavement services moved more to the phones and online meeting platforms including AttendAnywhere, which was funded by the local Health Board. We also received funding from Welsh Government to offer a wider level of bereavement support to non-hospice patients in Blaenau Gwent and Merthyr Tydfil, which saw an increase in activity by the team and the challenges of supporting people whom they had never met face to face.

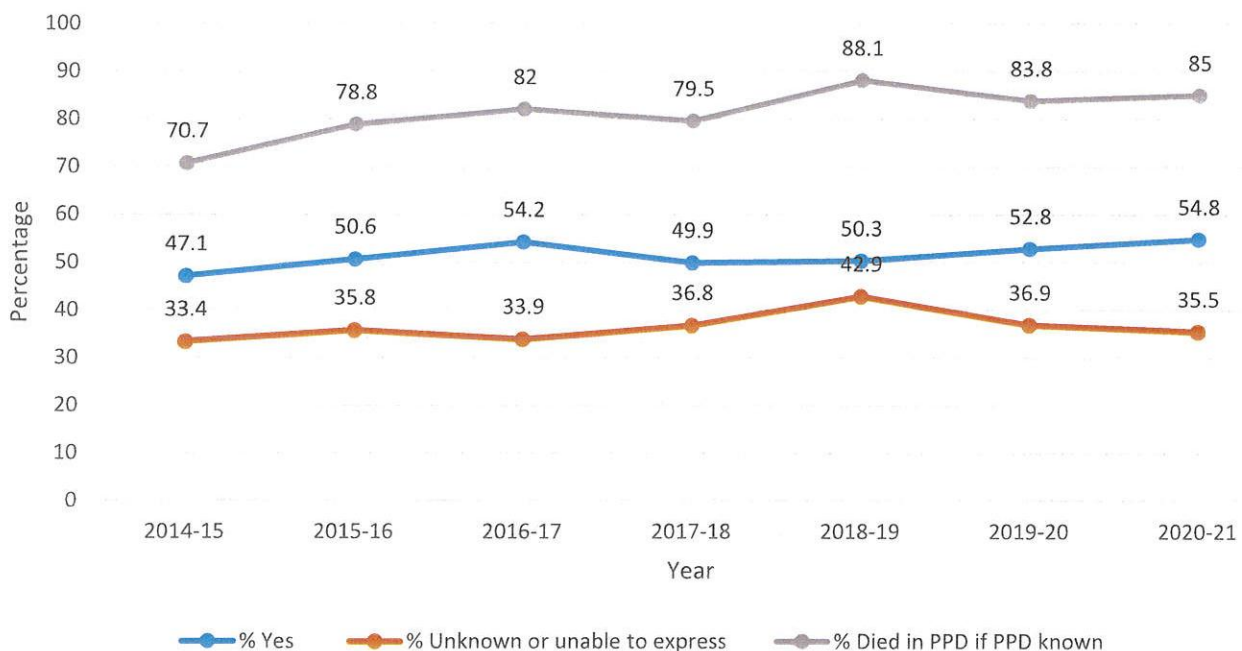
THE HOSPICE OF THE VALLEYS

Hospice staff based at Ysbyty Aneurin Bevan had a clear role in communicating with patients' family and friends as visitors were initially not permitted onto the premises. We continued our support of local care homes meeting patients and supporting the staff working there.

Overall, our activity during the year was comparable with previous years, although we noticed that we had more patients with complex needs. Complexity ranged from symptom control to psychological, financial and communication needs.

We continued to meet our education commitments across Caerphilly and Blaenau Gwent as well as moving our 'Dementia through a Caers Lens' programme online enabling people across the country to access the resource.

Percentage of patients known to Hospice of the Valleys who died in their preferred place



Planning

Though the year ended whilst the pandemic and the accompanying restrictions and precautions remained in place we were still in a position to reflect on what had taken place and what our next steps should be. Thanks to the support offered by the Welsh Government to all hospices in Wales and the amazing fundraising efforts of the local population we were in a much better financial position than predicted at the beginning of the year. The majority of our staff received their second vaccination in February and the pledge to continue PPE supplies were made.

All of the positive outcomes highlighted above helped to increase the levels of confidence in staff around our ability to continue delivering services to all of those who needed them.

Therefore, this report enables me as Chairman on behalf of all the Trustees to thank you all very much.

Miss Susan Kent MBE
Chairman

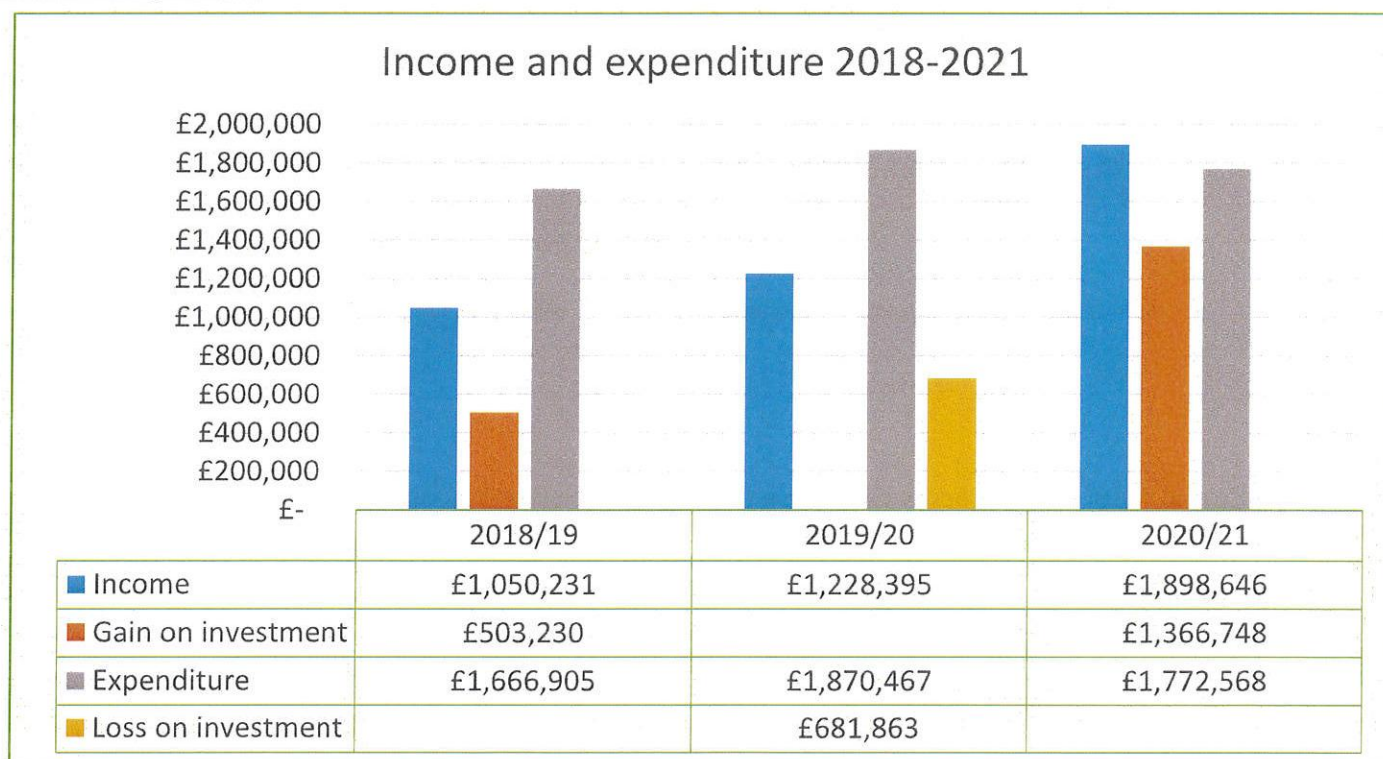
THE HOSPICE OF THE VALLEYS

Financial Review

During the year the hospice benefitted from additional one-off funding made available to the charity of £799,059. Of which, £609,928 funded Charitable Activities and £189,131 covered lost retail income due to lockdowns during the year. Therefore, the hospice recognised a surplus of £126,078 (2019/20: £642,072 deficit) before the gain/loss on investment. The investment also recovered from the loss recognised in March 2020 when the impact of the pandemic began. A summary of the additional one-off income received during the year can be seen in the table below:

| Additional funding | 2020/21 |
|--|----------------|
| Welsh Government Covid-19 Emergency Hospice Funding | 575,721 |
| Welsh Government Total Bereavement Fund (Part deferred to 2021/22) | 14,060 |
| Retail Grants | 160,496 |
| Furlough - Retail | 28,635 |
| Furlough - Other | 20,147 |
| Total | 799,059 |
| Lost Retail income | 189,131 |
| Charitable activities | 609,928 |

Income and expenditure

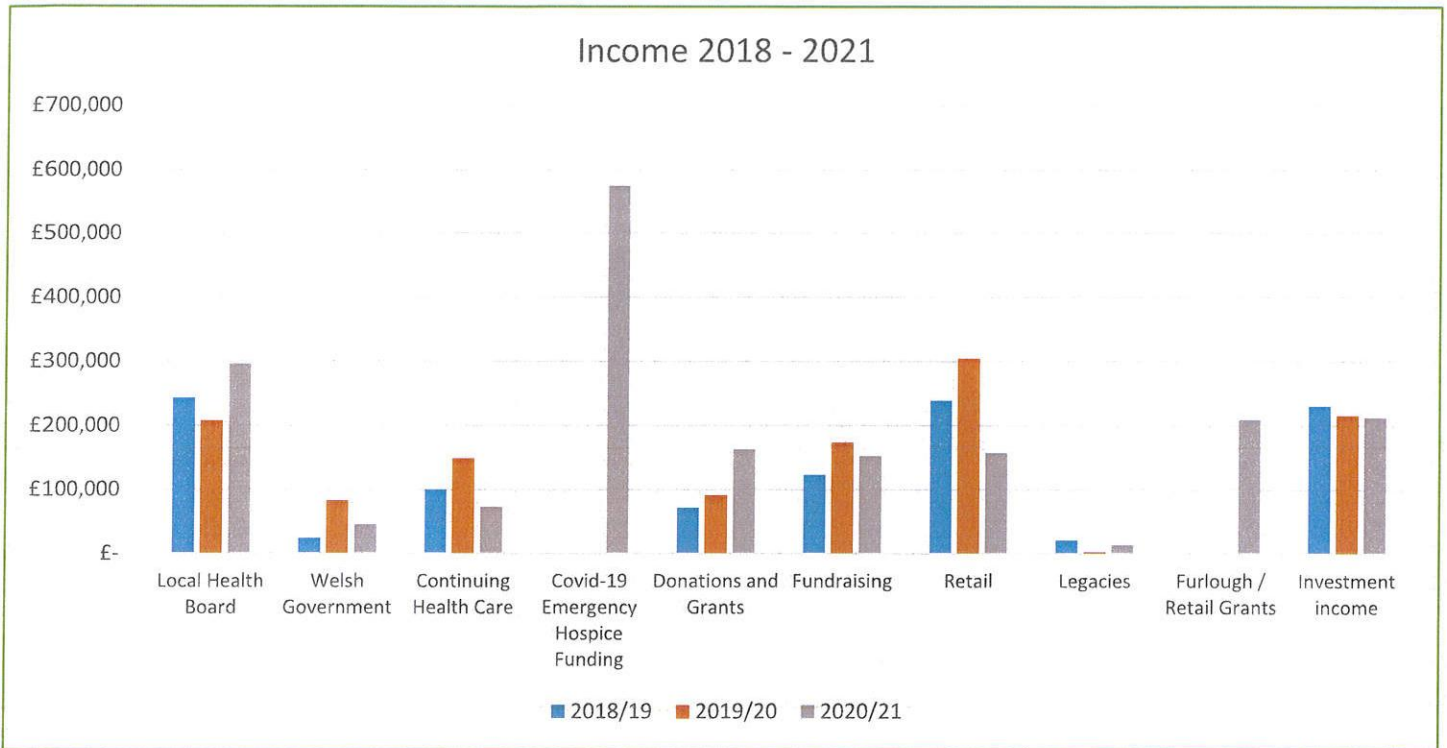


Income in 2020/21 was £670,251 higher than the previous year largely due to the one-off grants explained above.

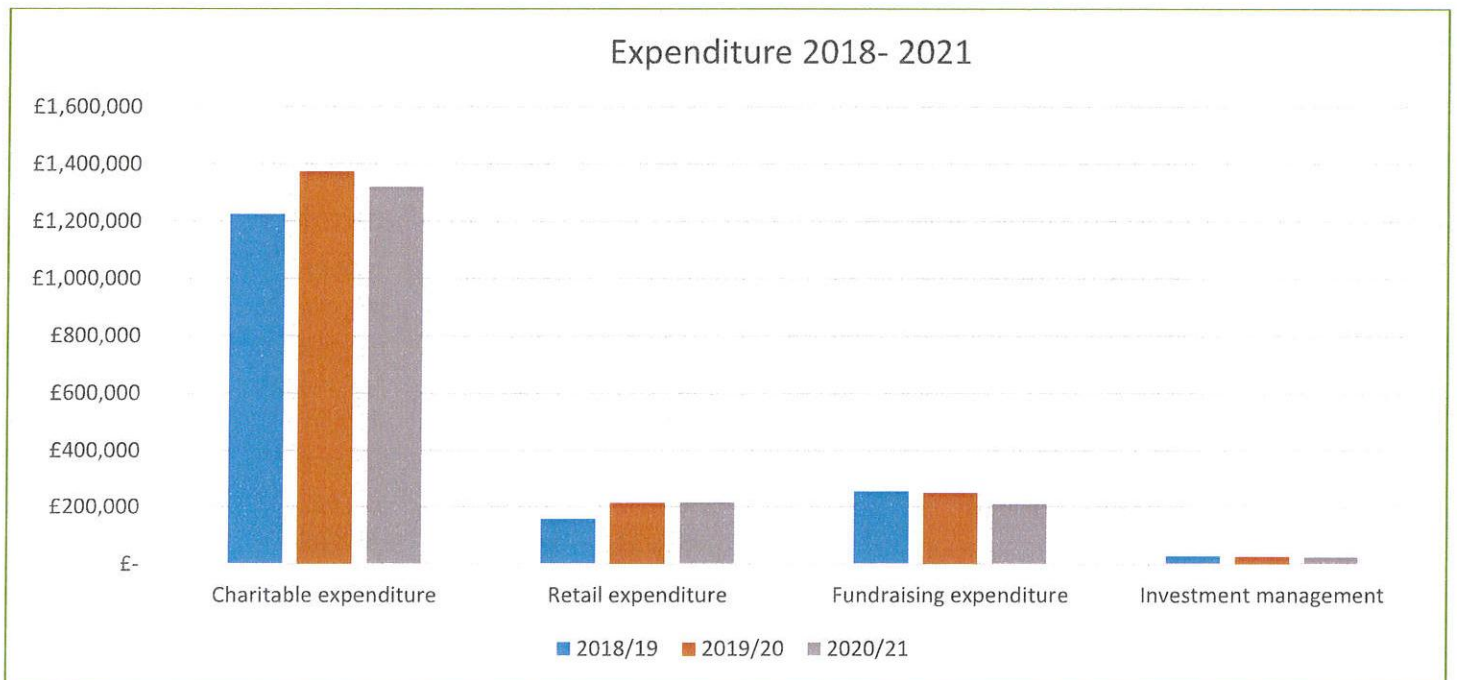
Retail income including grants was £41,638 higher than the previous year largely due to increased trade when the shops were able to open during the year. Fundraising income was down on the previous year due to the restrictions on events, but individual donations and grants were higher. In total, income generated was up £99,471 on the previous year. Welsh Government restricted funding was £37,000 lower than 2019/20 but unrestricted funding was up £590,000.

THE HOSPICE OF THE VALLEYS

A summary of income received over the last three years:



By far the greatest expenditure has been on delivering Hospice Care to the population of Blaenau Gwent and in 2021 we spent £1.320m (2019/20: £1.375m) which has accounted for 75% of our expenditure (2019/20: 73%).

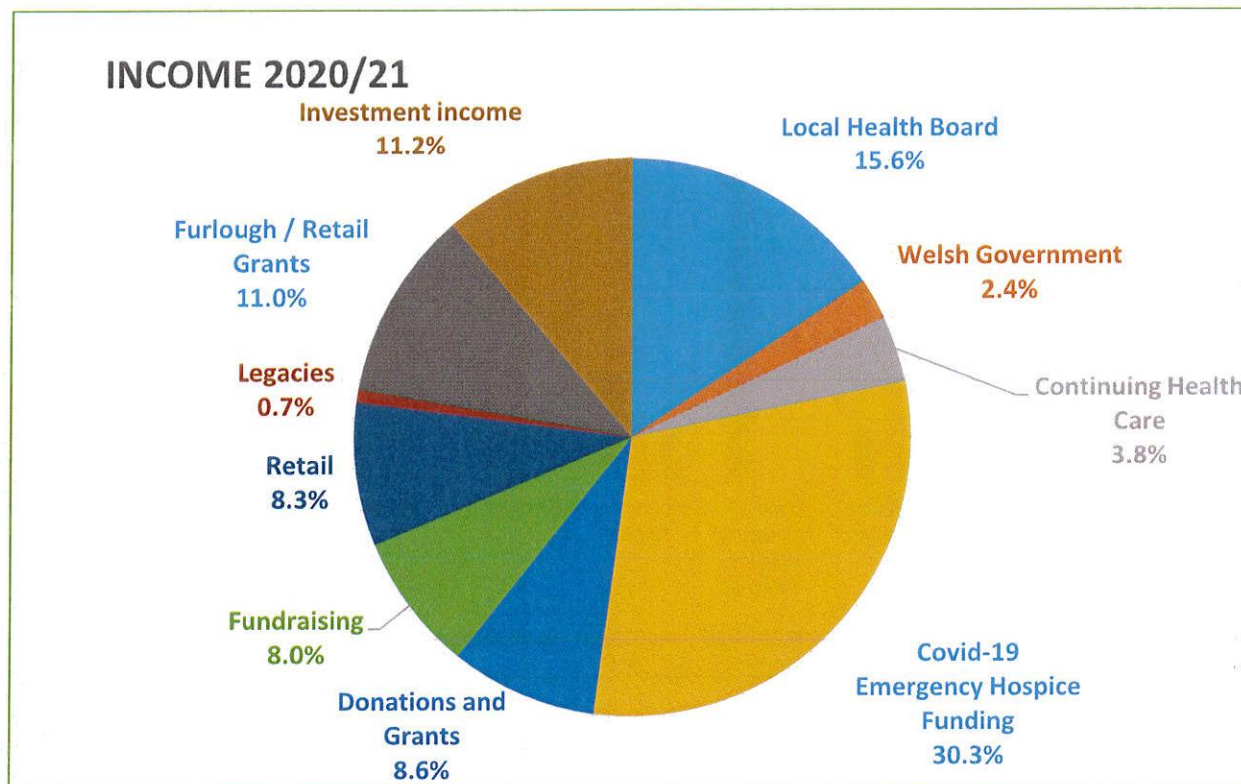


Expenditure during the last financial year was down due to operating a lean organisation over the pandemic and reducing costs where possible due to uncertainty. This, however, is not sustainable as demand on our service continues to grow, and costs will increase in the next financial year.

THE HOSPICE OF THE VALLEYS

After transfers between funds, unrestricted reserves now stand at £436,473 restricted reserves at £7,143,989.

Principal Funding Sources

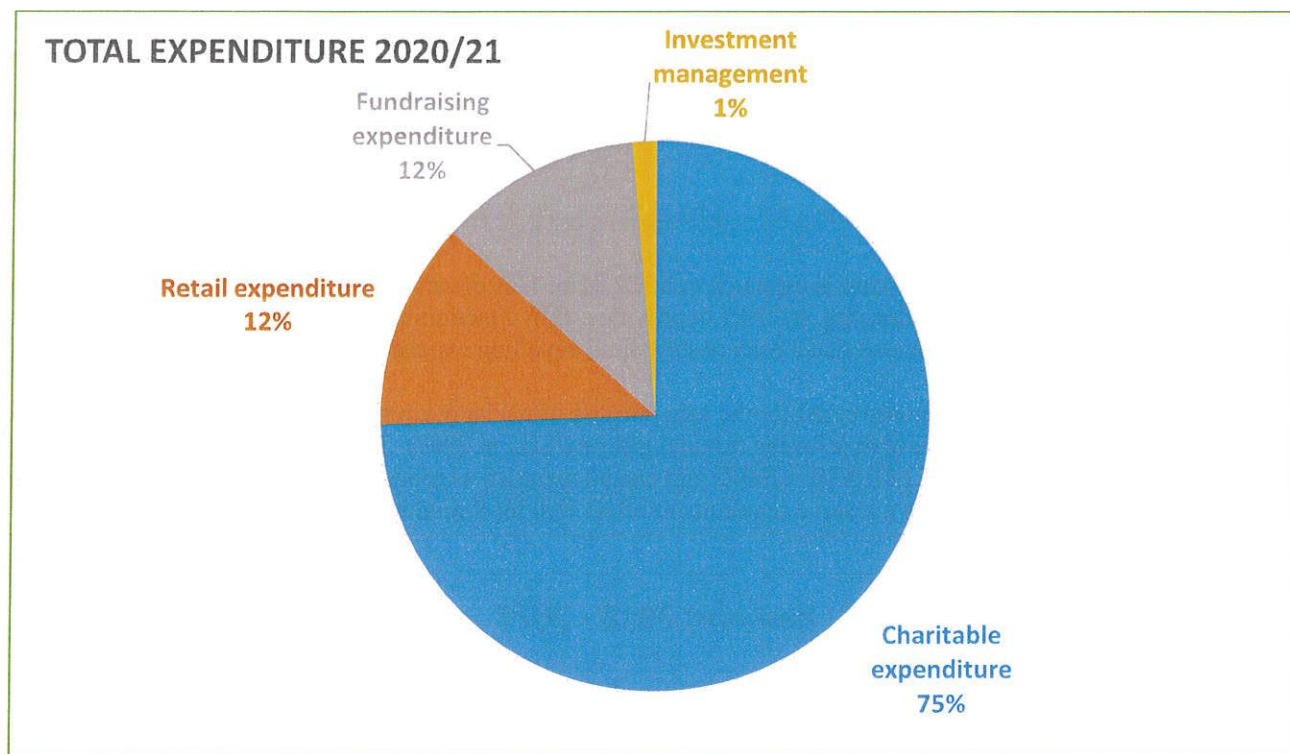


The principal funding sources for the last 3 financial years can be seen below:

| Income split | 2018/19 | 2019/20 | 2020/21 |
|------------------------------------|------------------|------------------|------------------|
| Local Health Board | 242,598 | 207,796 | 295,765 |
| Welsh Government | 24,038 | 82,595 | 45,404 |
| Covid-19 Emergency Hospice Funding | | | 575,721 |
| Continuing Health Care | 99,256 | 148,908 | 73,042 |
| Donations and Grants | 71,229 | 91,168 | 162,896 |
| Fundraising | 122,975 | 173,890 | 152,258 |
| Retail | 238,951 | 304,852 | 157,359 |
| Legacies | 21,020 | 2,700 | 14,000 |
| Furlough / Retail Grants | | | 209,278 |
| Investment income | 230,164 | 216,486 | 212,923 |
| Total | 1,050,231 | 1,228,395 | 1,898,646 |

Income generation contributed to 47.8% of total income (2019/20: 64%). This includes Legacies at 0.7% (2019/20: 0.2%) and Investment Income of 11.2% (2019/20: 17.6%). Local Health Board, Welsh Government and Continuing Health Care services income contribute towards 52.1% (2019/20: 36%) of total income. This had remained consistent for the last 3 years. One off income accounted for 42% of our total income during the year.

THE HOSPICE OF THE VALLEYS



£1,320,132 relates to Charitable activities and is analysed further in note 6 to the accounts.

Reserves Policy

Hospice of the Valleys provides palliative care to the population of Blaenau Gwent. It is a core service provider on behalf of the Aneurin Bevan University Health Board and delivers the only Community Specialist Palliative care service in the borough. By any standards, the provision of health care is an expensive business and the Hospice is not immune from the high costs associated with employing specialist healthcare professionals to deliver the service.

The demographics of the borough of Blaenau Gwent are such that it is widely recognised as being one of the poorest areas in Wales and the UK. This can be measured in terms of income, unemployment rates, home and car ownership and morbidity rates. In considering the need for reserves the Hospice takes the position that its clinical service is essential to this population. Sufficient funds should be available to ensure continued delivery of this service for between 9- and 12-months during periods when volatile income falls below predicted levels.

Normally a reserve of six months would be considered acceptable for a charity. However, the essential nature and high cost of our service to the population, together with possible difficulties fundraising locally in such a deprived area, indicate a responsibility to extend our capacity beyond a six-month period.

Reserves Statement

Reserves will be maintained at levels sufficient to maintain services for between 9 and 12 months in accordance with the following procedure:

- The Head of Finance will present a financial report in accordance with the Hospice financial reporting policy at each Trustees meeting. Reports will include income and expenditure forecasts and financial risk assessments and the impact of these on the level of reserves.
- At each Trustees meeting the level of reserves will be reviewed in accordance with the above, taking into account and changes in service, income and costs incurred by the organisation.

THE HOSPICE OF THE VALLEYS

- In the event of a surplus in reserve funds, the Chief Executive and Head of Finance will decide to move funds as appropriate in order to maximise interest from any surplus. The level of surplus will be reported to the Board of Trustees who will arrange for the disposal of the surplus funds in accordance with the objects of the Hospice.
- A deficit in reserve funds will be reported to the Board of Trustees and a recovery plan will be presented by the Chief Executive for discussion.

Required Level of Reserves

In 2021/22 the level of unrestricted expenditure is expected to be £2.02m. This covers all functions of the Hospice including the Clinical Service, Administration and Fundraising. In order to provide a fully functioning organisation, assuming that no income is received for twelve months, it is anticipated that a cash reserve fund equalling expenditure each year is maintained.

However, our investment portfolio was constructed for the sole purpose of realising a regular cash income to help meet the running costs of the Hospice. (This is the reason for the original gift of £5.2m in 2007). The cash withdrawn from our investment portfolio in 2021 was £475K (2019/20: £730K) and can be regarded as robust and thus, would reduce the reliance on reserves by £760K for the year leaving a reserve requirement of £0.76m for 9 months running costs.



A cash-flow contingency fund is also required to ensure the Hospice can meet its monthly obligations in terms of wages, pensions and PAYE should any short term interruptions to income streams occur. A two month contingency fund would be sufficient to give Hospice managers time to investigate and correct any income problems. A two month contingency fund would need to be £337K.

It is difficult to imagine under what circumstances the organisation would be required to close down. However, should this occur there would be financial obligations that would need to be honoured such as statutory redundancy pay and creditors due. It is anticipated that winding-up costs will amount to a minimum £138K of statutory redundancy pay and creditors obligations to the Hospice of £134K.

The Hospice manages creditors efficiently and strives to pay all invoices before the due date, especially for local suppliers. This means that the amount of cash owing is maintained at the lowest possible level. Most day-to-day invoices are for “hundreds” rather than “thousands” of pounds. At the year end, trade creditors due within 12 months amounted to £43K.

The Board of Trustees considers the Hospice Finances at its Bi-monthly meetings which include an updated Forecast to the end of the Financial Year, an updated cashflow and risk management. The Head of Finance prepares a 12 month rolling forecast to allow the board of trustees to consider the main risks to the charity and to allow adequate time to plan for the future of the hospice.

At the end of March 2021 cash reserves stood at £232,459.

THE HOSPICE OF THE VALLEYS

The requirement of 9 months running costs of £1.52m and the “cash-flow” contingency reserve of £337K (£1.86m in total), means there is a cash reserves deficit of £1.62m.

However, our investment manager advises that the entire portfolio could possibly be liquidated within two weeks with a total value as at 31st March 2021 of £7,065,799. More immediately, the Treasury stocks, with a value of £627,000, could be realised in 24 hours. All of these are of course subject to the market state, but under normal circumstances the above can be taken as a good guide.

Investment Powers and Policy

Under the memorandum and articles of association, the Charity has the power to invest monies not immediately required for its purpose in or upon such investments, securities, or property as may be thought fit. It is the policy of the Hospice to obtain maximum earnings from interest rates whilst maintaining a suitable level of liquidity of funds that will enable it to comply with the reserves policy. The Hospice will comply with this by holding cash accounts with no more than 12 months access to funds. Longer-term investments will not meet the needs of the organisation.

The Hospice has a moderate risk investment strategy with the aim of generating an attractive income to support the patients and carers of the Hospice and to grow the capital above inflation to protect the purchasing power of the savings over the longer term. If urgent funds were required from the portfolio there is currently £627,395 in cash and secure government bonds, capital which could be returned to the Hospice within 1 day.

Performance

For the financial year to 31st March 2021, the below highlights the performance data for the Charity.

Value as at 31st March 2021: **£7,065,799**

| | Portfolio | MSCI Income Index | FTSE All Share |
|---------|------------------|--------------------------|-----------------------|
| 1 year | 24.33% | 19.68% | 26.71% |
| 3 years | 28.81% | 19.55% | 9.89% |
| 5 years | 46.54% | 40.35% | 35.69% |

All performance figures are quoted net of fees.

Market Commentary

We moved into the financial year beginning 1st April 2020 with plenty of uncertainties at the forefront of investors' minds. COVID pandemic worries had caused global markets to collapse; the FTSE 100 had fallen 34.6% from peak to trough and the S&P 500 fell 33.8%. The diversification of the portfolio, through asset class, geography and sector, combined with the high quality nature of the businesses we invest in meant the maximum drawdown of the portfolio was 13.4%, demonstrating how important capital preservation is to us and forms the foundation of generating attractive returns for the Charity.

Whilst concern continues to surround COVID, the financial soundness of businesses was quickly reinforced by central bank liquidity which propelled financial markets, reduced financial stress, prevented liquidity problems from making good companies insolvent and increased the likelihood of a decent recovery. We have since seen this recovery in equity markets, buoyed by global low interest rates, vaccinations and supportive governments. Dividends that were temporarily suspended while businesses assessed the damage of the pandemic have gradually returned.

COVID may have been at the key concern for the financial year, however political risk also remained. The US election see-sawed between Trump and Biden, and Brexit negotiations continued. A Biden administration initially looked like a negative result for markets, given how supportive of markets Trump had been during his tenure. However, in practice it has been the opposite; Biden's perceived better relationship with China combined with a mandate to increase spending on US infrastructure has been very positively received by investors.

THE HOSPICE OF THE VALLEYS

Brexit, after nearly five years, finally had an outcome. The UK left the European Union (EU) with a free trade agreement (FTA) in goods after the end of the transition period on 31st December. This was again received well by investors; the nature of the agreement was not what was important, simply clarity on the UK's future was enough to drive UK investment returns.

Looking to the next 12 months, the emphasis will remain on COVID and how economies and people adapt as we move out of lockdown. We remain positive on markets as a low interest rate environment is favourable for equities against bonds, vaccines should lead to the return of confidence in businesses and unemployment should hopefully decrease, leading to increases in wages and increased disposable incomes. We will keep a close eye on inflation, i.e. today's price basket compared to the same month last year, as it increases borrowing costs, increases input costs and reduces standards of living. However, we have adequate protection to this in the portfolio and we believe this is temporarily high given the low prices of 12 months ago. Inflation may increase from the low base we've seen in the past couple of years, but we do not believe we will see runaway inflation that would hamper equity markets.

Since 31st March 2021, the value of the portfolio has increased to £7,807,984, a total return of 8.85% against the MSCI PIMFA Income generating 6.12% and the FTSE All Share increasing 7.85%. The income percentage remains at 2.6%, however given the rise in the value of the overall portfolio this represents an increase in anticipated income going forward.

Plans for Future Periods

The strategic aim is:

to deliver the highest quality of clinical care, becoming a Beacon Centre for community-based specialist palliative care; not bigger geographically but bigger and better at what we do, consolidating our position as THE provider of Specialist Palliative Care for Blaenau Gwent

10 key objectives:

1. sustain and improve current levels of patient-focused and patient-centred care through all aspects of service provision and ongoing development.
2. respond positively and flexibly to the specific needs of our patient population, extending the current levels of "24/7" care to include 7 day working for all services with access to outpatient, day centre and family support services extended to 8am – 8pm;
3. respond positively to the changing case mix with reciprocal working agreements across a range of medical specialities e.g. MND; cardiac; dementia; renal;
4. extend the current hospice at home service to include the provision of "packages of care" and a rapid response team
5. improve the range of specialist services available, including, increased medical cover; occupational therapy; physiotherapy; dietician and psychology
6. support the increasing need for local access to transitional care, helping to bridge the gap between paediatric palliative care and adult services.
7. build services that take account of potential changes in local population demographics as a result of planned regeneration and ensure equity of access for all
8. be recognised for research-based service development, acting as an expert resource and training centre in specialist palliative care
9. function as a "community resource", well known and actively supported throughout Blaenau Gwent; recognised for a professional approach in all clinical and non-clinical aspects of the service and recognised as being fully supportive of patients, families, staff and volunteers.
10. build strong partnerships with Aneurin Bevan University Health Board and other health and social care organisations; working to develop integrated models of hospice palliative and end-of-life care that reflect national priorities and best practice, achieving recognition for the "added value" offered by independent hospices.

THE HOSPICE OF THE VALLEYS

Responsibilities of the Trustees

The trustees (who are also directors of Hospice of the Valley for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the management committee are required to prepare financial statements for each financial year. Under company law the management committee must not approve the financial statements unless they are satisfied that they give a true and fair view of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these statements, the committee are required to:

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

The management committee is responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the charity's constitution. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention of fraud and other irregularities.


Insofar as each of the committee of management of the charity at the date of approval of this report is aware there is no such relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditors, Baker Knoble Chartered Accountants, were re-appointed as the charitable company's auditors during the year.

This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities FRS102, Charities Act 2011 and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

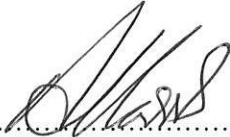
Approved by the council of management on 19/11/21 and signed on their behalf by


.....

(Signed)

SUSANA VIDA KENT

.....
(Name)


.....

(Signed)

ALAN HARRIS

.....
(Name)

THE HOSPICE OF THE VALLEYS

Independent Auditor's Report to the Trustees of Hospice of the Valleys

Opinion

We have audited the financial statements of The Hospice of the Valleys (the 'charitable company') for the year ended 31st March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2021 and of its 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

THE HOSPICE OF THE VALLEYS

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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 responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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 identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the Officers and other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related trade union legislation) and taxation regulation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Officers.

THE HOSPICE OF THE VALLEYS

- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement on the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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.



Huw Baker FCA (Senior Statutory Auditor)
for and on behalf of Baker Knoye Accountancy Limited
Chartered Accountants & Statutory Auditors
Orbit Business Centre
Merthyr Tydfil
CF48 1DL

Date: *19th November 2021*

THE HOSPICE OF THE VALLEYS

Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31st March 2021

| | NOTES | UNRESTRICTED FUNDS £ | RESTRICTED FUNDS £ | DESIGNATED FUNDS £ | 31/03/21 TOTAL FUNDS £ | 31/03/20 TOTAL FUNDS £ |
|---|-------|-------------------------|-----------------------|-----------------------|------------------------------|------------------------------|
| Income from: | | | | | | |
| Donations and Legacies | 3 | 137,446 | 39,450 | - | 176,896 | 93,868 |
| Charitable activities: | | | | | | |
| Local Health Board service level agreement | | - | 295,765 | - | 295,765 | 207,796 |
| Welsh Government Covid-19 Emergency Funding | | - | 45,404 | - | 45,404 | 82,595 |
| Aneurin Bevan University Health Board | | 575,721 | - | - | 575,721 | - |
| | | - | 73,042 | - | 73,042 | 148,908 |
| Other trading activities: | | | | | | |
| Shop and merchandise sales | | 157,359 | - | - | 157,359 | 304,852 |
| Fundraising | | 151,414 | 844 | - | 152,258 | 173,890 |
| Investments | 4 | 49 | 212,874 | - | 212,923 | 216,486 |
| Other | 5 | 209,278 | - | - | 209,278 | - |
| Total Income | | <u>1,231,267</u> | <u>667,379</u> | <u>-</u> | <u>1,898,646</u> | <u>1,228,395</u> |
| Expenditure on: | | | | | | |
| Raising funds: | | | | | | |
| Shops and merchandise | | 216,149 | - | - | 216,149 | 214,853 |
| Fundraising | | 209,191 | 1,789 | - | 210,980 | 252,853 |
| Investment management | 6 | - | 25,307 | - | 25,307 | 27,873 |
| Charitable activities | 7 | <u>892,758</u> | <u>427,374</u> | <u>-</u> | <u>1,320,132</u> | <u>1,374,888</u> |
| Total Expenditure | | <u>1,318,098</u> | <u>454,470</u> | <u>-</u> | <u>1,772,568</u> | <u>1,870,467</u> |
| Gains/ (losses) on investments | | - | 1,366,748 | - | 1,366,748 | (681,863) |
| Net Income / (Expenditure) | | (86,831) | 1,579,657 | - | 1,492,826 | (1,323,935) |
| Transfers between funds | 19 | 475,000 | (475,000) | - | - | - |
| Net movement in funds for the year | | <u>388,169</u> | <u>1,104,657</u> | <u>-</u> | <u>1,492,826</u> | <u>(1,323,935)</u> |
| Reconciliation of funds: | | | | | | |
| Balances brought forward | | <u>48,304</u> | <u>6,039,332</u> | <u>-</u> | <u>6,087,636</u> | <u>7,411,571</u> |
| Balances carried forward at 31st March 2021 | 20 | <u>436,473</u> | <u>7,143,989</u> | <u>-</u> | <u>7,580,462</u> | <u>6,087,636</u> |

The notes on pages 21 to 31 form part of these financial statements.

The statement of financial activities includes all gains and losses recognised in the year.


THE HOSPICE OF THE VALLEYS

Balance sheet As at 31st March 2021

| | Notes | 2021 | | 2020 | |
|--|-------|--------------|------------------|--------------|------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 10 | | 1,656 | | 3,185 |
| Tangible assets | 11 | | 49,409 | | 45,408 |
| Investments | 12 | | <u>7,065,799</u> | | <u>5,986,484</u> |
| | | | 7,116,864 | | 6,035,077 |
| Current assets | | | | | |
| Stocks | 13 | 833 | | 1,747 | |
| Debtors | 14 | 426,551 | | 82,740 | |
| Cash at bank and in hand | | 230,746 | | 59,663 | |
| Investment short term deposits | | <u>1,713</u> | | <u>1,712</u> | |
| | | 659,843 | | 145,862 | |
| Liabilities: | | | | | |
| Creditors: amounts falling due within one year | 15 | (194,455) | | (81,337) | |
| Net Current assets | | | <u>465,388</u> | | <u>64,525</u> |
| Total assets less current liabilities | | | <u>7,582,252</u> | | <u>6,099,602</u> |
| Creditors: amounts falling due after more than one year | 16 | | (1,790) | | (11,966) |
| Total net assets | | | <u>7,580,462</u> | | <u>6,087,636</u> |
| The funds of the charity | | | | | |
| Unrestricted funds | 17 | | 436,473 | | 48,304 |
| Designated funds | 18 | | - | | - |
| Restricted funds | 17 | | <u>7,143,989</u> | | <u>6,039,332</u> |
| Total charity funds | | | <u>7,580,462</u> | | <u>6,087,636</u> |

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the council of trustees on 19/01/21 and signed on its behalf by:


.....
(Signed)


.....
(Signed)

SUSAN VIDA KENT
.....
(Name)

ALAN HARRIS
.....
(Name)

Companies House Registered Number 2007005

THE HOSPICE OF THE VALLEYS

Statement of Cash Flows for the year ended 31st March 2021

| | Notes | 2021 | 2020 |
|---|--------------|-----------------------|----------------------|
| | | £ | £ |
| Cash flows from operating activities: | | | |
| Net cash (used in) operating activities | 26 | <u>(278,284)</u> | <u>(807,674)</u> |
| Cash flows from investing activities | | | |
| Interest from investments | | 49 | 115 |
| Purchase of tangible/intangible fixed assets | | (25,681) | (25,676) |
| Transfers from investments | | 475,000 | 730,000 |
| Proceeds from disposal of fixed assets | | - | - |
| Net cash provided by investing Activities | | <u>449,368</u> | <u>704,439</u> |
| Increase (decrease) in cash and cash equivalents in the year | | 171,084 | (103,235) |
| Cash and cash equivalents at the beginning of the year | | <u>61,375</u> | <u>164,610</u> |
| Total cash and cash equivalents at the end of the year | | <u><u>232,459</u></u> | <u><u>61,375</u></u> |

THE HOSPICE OF THE VALLEYS

Notes forming part of the financial statements for the year ended 31st March 2021

1. Charity information

The Hospice of the Valleys was incorporated in England and Wales as a company limited by guarantee with Companies House (registered number 2007005) and has no share capital. The Hospice of the Valleys was also registered with the Charity Commission (registered number 517724). The address of the registered office is Festival Drive, Ebbw Vale, Gwent, NP23 8XF.

In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

2. Accounting policies

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006. The incorporated charity is registered in England and Wales.

Going concern

The charity produces annual budgets and forecasts which take into account expected changes in the funding streams and which demonstrate that the charity will be able to continue to operate. Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and are not aware of any material uncertainties regarding this assumption. On this basis, the trustees consider it appropriate to continue to prepare the financial statements on the going concern basis.

Income

All income is included in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

The following specific policies are applied:

Voluntary Income

Voluntary income is income received by way of grants, gifts or donation. These are included in full on receipt unless it is subject to a condition when it is treated as deferred income.

Gifts in Kind

The value of services provided by volunteers is not quantified.

Deferred Income

Income or grants received in advance are held as deferred income and carried forward to future accounting periods to be released when the defined purpose of the work or project have been completed, approved or certified.

Investment Income

Investment income is included when receivable.

Trading Income

Trading income is recognised when earned.

THE HOSPICE OF THE VALLEYS

Notes forming part of the financial statements for the year ended 31st March 2021

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

Costs of Generating Funds

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes including the charity's shops.

Charitable Expenditure

Charitable expenditure comprises those costs incurred by the charity in delivery of its activities and service for its beneficiaries. It includes the costs that can be attributed directly to those activities and those costs of an indirect nature necessary to support them.

Governance Costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Investments

Listed fixed asset investments are included at fair value (quoted market price in an active market). All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later). Realised and unrealised gains are not separated in the Statement of Financial Activities.

Fund Accounting

- Restricted funds are to be used for specific purposes laid down by the donor. Expenditure which meets these criteria is allocated against the fund.
- Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes and are expendable at the discretion of the trustees in furtherance of the objects and administration of the charity.
- Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are charitable objects

Operating leases

Rentals applicable to operating leases where substantially all the risks and benefits of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Financial instruments

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

THE HOSPICE OF THE VALLEYS

Notes forming part of the financial statements for the year ended 31st March 2021

Intangible fixed assets

Software has been capitalised and amortised over its useful life of 5 years.

Tangible fixed assets

Fixed assets (excluding investments) are included at cost less an appropriate provision for depreciation. Items donated or purchased for a cost of less than £500 are not capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

| | |
|-----------------------|---------------------------|
| Office Equipment | - 20% on cost |
| IT Equipment | - 33% on cost |
| Clinical Equipment | - 20% on cost |
| Shop Fixtures | - 20% on cost |
| Motor Vehicles | - 25% on reducing balance |
| Day Centre | - 20% on cost |
| Property Improvements | - Over period of lease |

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items. Donated stock held at charity shops is not valued.

Interest receivable

Interest on funds held on deposit is included when receivable, and the amount can be measured reliably by the charity.

Cash at bank and in hand

Cash at bank and cash in hand includes current and short-term liquid deposit accounts with a short maturity.

Debtors

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

Creditors

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

Pensions

The charity contributes to a defined benefit scheme operated by the NHS. The charity also contributed to some employees' personal pension schemes.

The NHS scheme is a defined benefit scheme which is unfunded. This is a multi-employer pension scheme based on final pensionable pay, contributions being charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the company. The charity accounts for the scheme as a defined contribution scheme and is not required to account for any of the assets or liabilities of the scheme in accordance with FRS102.

THE HOSPICE OF THE VALLEYS

Notes forming part of the financial statements for the year ended 31st March 2021

3. Donations and Legacies

| | Unrestricted | Restricted | Designated | 2021 Total | 2020 Total |
|---------------------|----------------|---------------|------------|----------------|---------------|
| | £ | £ | £ | £ | £ |
| Charitable Trusts | 55,612 | 31,040 | - | 86,652 | 16,022 |
| Voluntary Donations | 63,941 | - | - | 63,941 | 47,854 |
| Miscellaneous | 3,893 | 8,410 | - | 12,303 | 27,292 |
| Legacies | 14,000 | - | - | 14,000 | 2,700 |
| | <u>137,446</u> | <u>39,450</u> | <u>-</u> | <u>176,896</u> | <u>93,868</u> |

4. Investment Income

| | 2021 £ | 2020 £ |
|---|----------------|----------------|
| Dividends – UK equities | 185,701 | 189,578 |
| Interest on cash deposits within investment portfolio | - | - |
| Interest on fixed interest securities | 27,173 | 26,552 |
| Interest on current accounts | 49 | 241 |
| | <u>212,923</u> | <u>216,371</u> |

5. Other Income

| | 2021 £ | 2020 £ |
|---------------|----------------|-----------|
| Furlough | 48,782 | - |
| Retail grants | 160,496 | - |
| | <u>209,278</u> | <u>-</u> |

6. Investment Management Costs

| | 2021 £ | 2020 £ |
|----------------------------|---------------|---------------|
| Investment management fees | 25,307 | 27,873 |
| | <u>25,307</u> | <u>27,873</u> |

7. Analysis of Charitable Expenditure

| | Notes | Unrestricted 2021 £ | Restricted 2021 £ | Total 2021 £ | Total 2020 £ |
|-------------------------------------|-------|---------------------------|-------------------------|--------------------|--------------------|
| Clinical salaries and pensions | | 356,619 | 402,515 | 759,134 | 770,983 |
| Social worker salaries and expenses | | 159,604 | 9,256 | 168,860 | 170,255 |
| Drugs and clinical supplies | | 47 | - | 47 | - |
| Clinic rent | | - | - | - | - |
| Motor expenses | | 17,820 | 100 | 17,920 | 19,519 |
| Clinic food and other costs | | 84 | 337 | 421 | 3,709 |
| Clinical equipment maintenance | | 1,411 | - | 1,411 | 2,241 |
| Telephone costs | | 3,975 | - | 3,975 | 4,097 |
| Training | | 4,103 | 1,840 | 5,943 | - |
| Recruitment | | - | 140 | 140 | 927 |
| Clinical equipment depreciation | | 36 | - | 36 | 287 |
| Equipment loss on disposal | | - | - | - | - |
| Miscellaneous | | 1,939 | 3,464 | 5,403 | 120 |
| Support costs | 7 | 273,365 | 7,656 | 281,021 | 317,005 |
| Governance | | 73,755 | 2,066 | 75,821 | 85,745 |
| | | <u>892,758</u> | <u>427,374</u> | <u>1,320,132</u> | <u>1,374,888</u> |

THE HOSPICE OF THE VALLEYS

Notes forming part of the financial statements for the year ended 31st March 2021

8. Resources Expended – Allocation of Support Costs

| Support costs allocated to activities | Basis of Allocation | Fund Raising £ | Charitable Activities £ | Governance £ | 2021 Total £ | 2020 Total £ |
|---------------------------------------|---------------------|-------------------|----------------------------|-----------------|-----------------|-----------------|
| General office and finance staff | Salary costs | 38,892 | 166,513 | 44,926 | 250,331 | 248,634 |
| Premises | Salary costs | 11,473 | 49,122 | 13,253 | 73,848 | 74,383 |
| Insurance | Salary costs | 1,648 | 7,056 | 1,904 | 10,608 | 24,007 |
| Communications | Salary costs | 7,978 | 34,157 | 9,216 | 51,351 | 19,615 |
| Legal & Professional | Salary costs | 4,585 | 19,630 | 5,296 | 29,511 | 13,286 |
| Depreciation | Salary costs | 2,980 | 12,758 | 3,442 | 19,180 | 28,751 |
| Motor Expenses | Salary costs | 298 | 1,274 | 344 | 1,916 | 6,949 |
| Miscellaneous | Salary costs | 1,104 | 4,729 | 1,276 | 7,109 | 52,831 |
| Irrecoverable vat | Salary costs | (3,321) | (14,218) | (3,836) | (21,375) | 7,352 |
| | | <u>65,637</u> | <u>281,021</u> | <u>75,821</u> | <u>422,479</u> | <u>475,808</u> |

9. Net income/(expenditure) for the year

This is stated after charging:

| | 2021 £ | 2020 £ |
|-------------------------------------|--------------|--------------|
| Depreciation – owned assets | 9,844 | 23,434 |
| Depreciation – assets on finance | 11,384 | 9,375 |
| Amortisation | 1,529 | 1,529 |
| Auditor's remuneration | 4,356 | 3,431 |
| Accountants fees for other services | <u>4,984</u> | <u>9,855</u> |

10. Intangible Fixed Assets

| | Software £ | Total £ |
|-----------------------------------|---------------|--------------|
| COST: | | |
| As at 1st April 2020 | 7,645 | 7,645 |
| Additions | - | - |
| Disposals | - | - |
| As at 31st March 2021 | <u>7,645</u> | <u>7,645</u> |
| DEPRECIATION | | |
| As at 1st April 2020 | 4,460 | 2,931 |
| Charge for year | 1,529 | 1,529 |
| Eliminated on disposal | - | - |
| As at 31st March 2021 | <u>5,989</u> | <u>4,460</u> |
| NET BOOK VALUE | | |
| As at 31 st March 2021 | <u>1,656</u> | <u>3,185</u> |
| As at 31 st March 2020 | 3,185 | 4,714 |

THE HOSPICE OF THE VALLEYS

Notes forming part of the financial statements for the year ended 31st March 2021

11. Tangible Fixed Assets

| | Office Equipment | Clinical Equipment | Shop Fixtures & Fittings | Motor Vehicles | Day Centre | Property Improvements | Total |
|-----------------------------------|---------------------|-----------------------|-----------------------------------|-------------------|---------------|--------------------------|----------|
| | £ | £ | £ | £ | £ | £ | £ |
| COST: | | | | | | | |
| As at 1st April 2020 | 90,333 | 18,008 | 4,030 | 26,582 | 12,528 | 89,007 | 240,488 |
| Additions | 25,681 | - | - | - | - | - | 25,681 |
| Disposals | (24,432) | - | (2,167) | - | - | - | (26,599) |
| As at 31st March 2021 | 91,582 | 18,008 | 1,863 | 26,582 | 12,528 | 89,007 | 239,570 |
| DEPRECIATION | | | | | | | |
| As at 1st April 2020 | 59,002 | 18,008 | 3,950 | 12,735 | 12,378 | 89,007 | 195,080 |
| Charge for year | 17,651 | - | 80 | 3,461 | 36 | - | 21,228 |
| Eliminated on disposal | (23,980) | - | (2,167) | - | - | - | (26,147) |
| As at 31st March 2021 | 52,673 | 18,008 | 1,863 | 16,196 | 12,414 | 89,007 | 190,161 |
| NET BOOK VALUE | | | | | | | |
| As at 31 st March 2021 | 38,909 | - | - | 10,386 | 114 | - | 49,409 |
| As at 31 st March 2020 | 31,331 | - | 80 | 13,847 | 150 | - | 45,408 |

The net book value at 31st March 2021 represents tangible fixed assets used for:

| | Office Equipment | Clinical Equipment | Shop Fixtures & Fittings | Motor Vehicles | Day Centre | Property Improvements |
|-----------------------------------|---------------------|-----------------------|-----------------------------------|-------------------|---------------|--------------------------|
| | £ | £ | £ | £ | £ | £ |
| DIRECT CHARITABLE PURPOSES | | | | | | |
| Community Services | 7,725 | - | - | 4,069 | 114 | - |
| Other Purposes | - | - | - | - | - | - |
| Administration office | 31,184 | - | - | - | - | - |
| Fundraising | - | - | - | 6,317 | - | - |
| | 38,909 | - | - | 10,386 | 114 | - |

12. Investments (including cash deposits)

| | 2021 £ | 2020 £ |
|---|-----------|-------------|
| Market value as at 1 st April 2020 | 5,986,484 | 7,209,849 |
| Disposals at carrying value (transfers to income) | (475,000) | (730,000) |
| Investment income | 212,874 | 216,371 |
| Investment costs charged and accrued | (25,307) | (27,873) |
| Net (loss)/gain on revaluation | 1,293,053 | (1,476,367) |
| Net (loss)/gain on disposals | 73,695 | 794,504 |
| Market value as at 31 st March 2021 | 7,065,799 | 5,986,484 |

THE HOSPICE OF THE VALLEYS

Notes forming part of the financial statements for the year ended 31st March 2021

12. Investments (including cash deposits) continued

Investments at market value comprised of:

| | 2021 £ | 2020 £ |
|------------------------------|------------------|------------------|
| UK equities | 2,577,905 | 1,536,144 |
| Overseas equities | 1,880,005 | 1,786,299 |
| Cash deposits | 262,912 | 177,095 |
| UK fixed interest securities | 1,483,697 | 1,725,927 |
| Overseas fixed interest | - | - |
| Alternatives | 858,013 | 757,159 |
| | <u>7,062,532</u> | <u>5,982,624</u> |
| Income held in bank accounts | 3,267 | 3,860 |
| | <u>7,065,799</u> | <u>5,986,484</u> |

13. Stocks

Merchandise for resale

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| | 833 | 1,747 |

14. Debtors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|--------------------------------|----------------|---------------|
| Trade Debtors | 6,468 | - |
| Other debtors | 12,676 | 57,780 |
| Prepayments and Accrued Income | 407,407 | 24,960 |
| | <u>426,551</u> | <u>82,740</u> |

15. Creditors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------|----------------|---------------|
| Trade creditors | 17,170 | 16,134 |
| Accrued expenses | 86,484 | 36,932 |
| Deferred income | 60,709 | 7,500 |
| Other creditors | 30,092 | 20,771 |
| | <u>194,455</u> | <u>81,337</u> |

Deferred income

| | 2021 £ | 2020 £ |
|--------------------|---------------|--------------|
| Opening balance | 7,500 | 17,500 |
| Movement in period | 53,209 | (10,000) |
| | <u>60,709</u> | <u>7,500</u> |

Deferred income represents income received from contributing agencies where the contribution was restricted to a fixed time period that extends beyond the current financial year. Income is deferred on the basis that the contribution was to the project as a whole, the time period of the project was fully disclosed to the contributing agencies and that time period is certain.

THE HOSPICE OF THE VALLEYS

Notes forming part of the financial statements for the year ended 31st March 2021

Deferred income continued

The deferred income carried forward is analysed as follows:

| | 2021 £ | 2020 £ |
|---------------------------------------|---------------|--------------|
| Aneurin Bevan University Health Board | 26,357 | 7,500 |
| Welsh Government | 32,996 | |
| Other | 1,356 | |
| | <u>60,709</u> | <u>7,500</u> |

16. Creditors: amounts falling due after one year

| | 2021 £ | 2020 £ |
|-----------------|--------------|---------------|
| Other creditors | 1,790 | 11,966 |
| | <u>1,790</u> | <u>11,966</u> |

17. Movements in funds

| | At 01/04/20 | Income (including gains) | Expenditure (including losses) | Net Transfers | At 31/03/21 |
|---------------------------------------|------------------|--------------------------------|--------------------------------------|------------------|------------------|
| | £ | £ | £ | £ | £ |
| Restricted funds | | | | | |
| Robin Judah investment portfolio | 5,986,484 | 1,579,622 | (25,307) | (475,000) | 7,065,799 |
| Aneurin Bevan University Health Board | 17,500 | 228,339 | (228,339) | - | 14,131 |
| Welsh Government | - | 45,404 | (45,404) | - | - |
| Continuing Health Care | - | 56,648 | (56,648) | - | - |
| ABUHB – Hospice at Home | - | 83,820 | (83,820) | - | - |
| Other | 35,348 | 40,294 | (11,583) | - | 64,059 |
| | <u>6,039,332</u> | <u>2,034,127</u> | <u>(454,470)</u> | <u>(475,000)</u> | <u>7,143,989</u> |
| Unrestricted funds | | | | | |
| - general | 48,304 | 1,231,267 | (1,318,098) | 475,000 | 436,473 |
| - designated | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Purposes of restricted funds

Robin Judah Investment Portfolio

This donation was given with the restriction that it could not be used for capital projects but is available for general running costs.

Aneurin Bevan University Health Board (ABUHB)

This funding is given to support specialist nurses and related costs. Further funding is given to support a Hospital Admissions Avoidance Project (HAAP) along with education funding.

Welsh Government

This fund is for NHS matched pension contributions.

Continuing Health Care

This funding is given to support specialist nurses and related costs.

ABUHB – Hospice at Home

This funding is given to support specialist nurses to provide palliative care through the hospice at home service.

Other

These funds relate to donations given specifically for the purchase of specific items, such as equipment for patients, clinic rent and for the social workers to spend at their discretion to help the families of patients who may be suffering financial difficulties.

THE HOSPICE OF THE VALLEYS

Notes forming part of the financial statements for the year ended 31st March 2021

18. Designated Funds

| | 2021 | 2020 |
|---|----------|-----------|
| | £ | £ |
| Balance brought forward 1 st April 2020 | - | 150,000 |
| Interest received for year | - | - |
| Transferred to unrestricted funds | - | (150,000) |
| | <u>-</u> | <u>-</u> |
| Balance carried forward 31 st March 2021 | <u>-</u> | <u>-</u> |

The designated fund was released in the previous year. It previously consisted of an 'emergency' fund of £50,000 to be used in the event of the charity having to be wound up, and a new premises fund of £100,000.

19. Transfers Between Funds

The following transfer was made in the year:

- £475,000 is transferred from income and gains on the investment portfolio to be used for general running costs.

20. Analysis of Net Assets between Funds

| | Unrestricted Funds | Restricted Funds | Designated Funds | Total Funds |
|--|-----------------------|------------------|---------------------|------------------|
| | £ | £ | £ | £ |
| Intangible fixed assets | 1,656 | - | - | 1,656 |
| Tangible fixed assets | 35,278 | 14,131 | - | 49,409 |
| Investments | - | 7,065,799 | - | 7,065,799 |
| Current assets | 536,431 | 123,412 | - | 659,843 |
| Current liabilities | (135,102) | (59,353) | - | (194,455) |
| Liabilities over 1 year | (1,790) | - | - | (1,790) |
| Net assets at 31st March | <u>436,473</u> | <u>7,143,989</u> | <u>-</u> | <u>7,580,462</u> |
| 2021 | <u>436,473</u> | <u>7,143,989</u> | <u>-</u> | <u>7,580,462</u> |

21. Analysis of staff costs and numbers, and the cost of key management personnel

Staff costs were as follows:

| | 2021 | 2020 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Salaries and wages | 1,203,863 | 1,211,989 |
| Social security costs | 108,473 | 109,204 |
| Pension costs | 89,636 | 89,265 |
| | <u>1,401,972</u> | <u>1,410,458</u> |

The charity considers that its key management personnel comprise the CEO, the Head of Finance and the Head of Clinical Services. The total employment benefits including employer pension contributions of the key management personnel were £151,950 (2020: £139,084).

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was 1 (2020: 1). This employees' emoluments fell within the £70,000 to £80,000 band.

THE HOSPICE OF THE VALLEYS

Notes forming part of the financial statements for the year ended 31st March 2021

21. Analysis of staff costs and numbers, and the cost of key management personnel continued

The average monthly number of employees during the year was as follows:

| | Total | |
|---|--------------|--------------|
| | 2021 | 2020 |
| Hospice services | 27.00 | 28.00 |
| Fundraising and publicity (including shops) | 7.00 | 6.00 |
| Management and administration of the charity | 8.00 | 14.92 |
| | <u>42.00</u> | <u>48.92</u> |

22. Trustees' Remuneration

No members of the management committee received any remuneration or other payments during the year (2020: nil)

23. Related Party Transactions

Income of £310,515 (2020: £317,119) has been received from Aneurin Bevan University Health Board, of which, P Robson (trustee) is a Special Board Advisor. During the year £195 (2020: £1045) was paid to Roseblade Media Limited, of which M Morris-Parker (trustee) is a Director.

| | 2021 | 2020 |
|-----------------------------------|-------------|-------------|
| 24. Capital Commitments | <u>Nil</u> | <u>Nil</u> |
| 25. Contingent liabilities | <u>Nil</u> | <u>Nil</u> |

26. Reconciliation of net movement in funds to net cashflow from operating activities

| | 2021 | 2020 |
|--|------------------|------------------|
| | £ | £ |
| Net movement in income/ (expenditure) | 1,492,826 | (1,323,935) |
| Add back amortisation charge | 1,529 | 1,529 |
| Add back depreciation charge | 21,228 | 32,809 |
| Add back loss on disposal | 452 | - |
| (Gains)/losses on investments | (1,366,748) | 681,863 |
| Dividends and interest from investments | (212,923) | (216,485) |
| Investment charges accrued | 25,307 | 27,873 |
| Decrease (increase) in stocks | 914 | 668 |
| Decrease (increase) in debtors | (343,811) | (46,833) |
| Increase (decrease) in creditors | 102,942 | 34,837 |
| | <u>(278,284)</u> | <u>(807,674)</u> |
| Net cash used in operating activities | | |
| Analysis of cash and cash equivalents | | |
| Net cash used in operating activities | <u>232,459</u> | <u>61,375</u> |

THE HOSPICE OF THE VALLEYS

Notes forming part of the financial statements for the year ended 31st March 2021

27. Pension Costs

Net pension costs of £89,636 (2020 - £89,265) were charged to the Statement of Financial Activities during the year. Included in other creditors at 31 March 2021 was £8,230 (2020 - £6,302) in relation to the personal schemes.

28. Operating Lease Commitments

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2021 | 2020 |
|----------------------------|----------------|---------------|
| | £ | £ |
| Within one year | 81,243 | 20,833 |
| Between two and five years | 143,837 | 29,583 |
| | <u>225,080</u> | <u>50,416</u> |

The following pages do not form part of the statutory accounts of the charity

THE HOSPICE OF THE VALLEYS

Total Funds Income and Expenditure Account for the year ended 31st March 2021

| | Unrestricted 2021 £ | Restricted 2021 £ | Unrestricted 2020 £ | Restricted 2020 £ |
|--|---------------------------|-------------------------|---------------------------|-------------------------|
| Income: | | | | |
| Charitable trusts | 55,612 | 31,040 | 14,022 | 2,000 |
| Donations & legacies | 77,941 | - | 50,554 | - |
| NHS donations & grants | - | 211,945 | - | 145,748 |
| Sales of merchandise | 93 | - | 542 | - |
| Bank interest received | 49 | - | 115 | - |
| Investment income | - | 212,874 | - | 216,371 |
| Aneurin Bevan University Health Board | - | 73,042 | - | 56,736 |
| Events/community fundraising | 151,414 | 844 | 173,890 | - |
| ABUHB – Hospice at Home | - | 83,820 | - | 92,172 |
| Shop sales | 157,266 | - | 304,310 | - |
| Welsh Government | 575,721 | 45,404 | - | 144,643 |
| Furlough & Retail grants | 209,278 | - | - | - |
| Other | 3,893 | 8,410 | 4,916 | 22,376 |
| | <u>1,231,267</u> | <u>667,379</u> | <u>548,349</u> | <u>680,046</u> |
| Expenditure | | | | |
| Charitable activities | | | | |
| Clinical salaries | 312,009 | 375,154 | 311,599 | 412,347 |
| Clinical pensions | 44,610 | 27,361 | 26,015 | 21,022 |
| Social worker salaries | 159,442 | 9,256 | 163,491 | - |
| Social worker expenses | 162 | - | 6,763 | - |
| Drugs & clinical supplies | 47 | - | - | - |
| Clinic rent | - | - | - | - |
| Motor expenses | 17,820 | 100 | 19,519 | - |
| Clinic food & other costs | 84 | 337 | 3,709 | - |
| Clinical equipment maintenance | 1,411 | - | 2,241 | - |
| Doctors / nurses mobile phones | 3,975 | - | 4,098 | - |
| Training | 4,103 | 1,840 | - | - |
| Miscellaneous | 1,939 | 3,464 | 927 | 120 |
| Clinical equipment depreciation | 36 | - | 287 | - |
| Equipment loss on disposal | - | - | - | - |
| Recruitment | - | 140 | - | - |
| Support costs | 273,365 | 7,656 | 314,523 | 2,482 |
| | <u>819,003</u> | <u>425,308</u> | <u>853,172</u> | <u>435,971</u> |

THE HOSPICE OF THE VALLEYS

Total Funds Income and Expenditure Account for the year ended 31st March 2021 continued

| | Unrestricted 2021 £ | Restricted 2021 £ | Unrestricted 2020 £ | Restricted 2020 £ |
|--|---------------------------|-------------------------|---------------------------|-------------------------|
| Fundraising & Publicity | | | | |
| Salaries | 98,253 | - | 119,223 | - |
| Pensions | 7,975 | - | 6,910 | 965 |
| Motor expenses | 3,837 | - | 4,235 | - |
| Printing & stationery | 903 | - | 1,396 | - |
| Training | 1,829 | - | - | - |
| Merchandise for resale | 1,492 | - | 1,055 | - |
| Fundraising expenses | 27,775 | - | 10,662 | - |
| Events | 490 | - | 28,340 | - |
| Shop rental & costs | 92,657 | - | 111,758 | - |
| Retail salaries | 118,460 | - | 96,743 | - |
| Investment management fees and charges | - | 25,307 | - | 27,873 |
| Telephone | 1,887 | - | 2,617 | - |
| Shop fittings & vehicle depreciation | 3,540 | - | 5,298 | - |
| Database costs | 2,394 | - | 2,568 | - |
| Support costs | 63,848 | 1,789 | 73,453 | 2,482 |
| Loss on disposal of motor vehicle | - | - | - | - |
| | 425,340 | 27,096 | 464,258 | 31,320 |
| Management & Admin / Governance | | | | |
| Salaries | 233,821 | 5,941 | 242,496 | - |
| Pensions | 10,569 | - | 5,483 | 4,964 |
| Motor expenses | 1,916 | - | 6,949 | - |
| Telephone & postage | 14,033 | - | 14,814 | - |
| Printing & stationery | 4,166 | - | 2,970 | - |
| Insurance | 10,607 | - | 10,705 | - |
| Auditors remuneration | 4,984 | - | 3,431 | - |
| Accountants remuneration | 4,356 | - | 9,855 | - |
| Professional fees | 3,542 | - | - | - |
| Bank charges and interest | 568 | - | 609 | - |
| Miscellaneous | 4,030 | - | 8,781 | - |
| Office equipment depreciation | 17,651 | - | 16,838 | - |
| Property improvements depreciation | - | - | 10,385 | - |
| Software amortisation | 1,529 | - | 1,529 | - |
| Subscriptions | 1,373 | - | 1,817 | - |
| Rent and rates | 66,296 | - | 65,492 | - |
| IT expenses | 25,044 | 5,569 | 24,749 | - |
| Trade Team expenses | 7,553 | - | 8,891 | - |
| Office machine rental | 2,538 | - | 1,831 | - |
| Lease finance interest | 1,139 | - | 1,458 | - |
| Irrecoverable vat | (21,375) | - | 7,352 | - |
| Personnel services | 16,629 | - | 27,286 | - |
| | 410,969 | 11,510 | 473,721 | 4,964 |
| Allocation of support costs | (337,214) | (9,444) | (387,976) | (4,964) |
| | 73,754 | 2,066 | 85,745 | - |
| Transfer of funds | 475,000 | (475,000) | 880,000 | (730,000) |
| (Deficit)/ surplus of income over Expenditure | 388,169 | (262,091) | 22,174 | (517,246) |

