

EAST CHESHIRE HOSPICE
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

Registered company number 01807691 (England and Wales)
Registered Charity number 515104

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2018

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EAST CHESHIRE HOSPICE

LEGAL AND ADMINISTRATIVE INFORMATION
For the year ended 31 March 2018

Registered Company Number	01807691 (England and Wales)
Registered Charity Number	515104
Constitution	Company limited by guarantee
Principle and Registered Office	Millbank Drive Macclesfield Cheshire SK10 3DR
Auditors	Heywood Shepherd Chartered Accountants & Registered Auditors 1 Park Street Macclesfield Cheshire SK11 6SR
Bankers	Royal Bank of Scotland PLC 51 Park Green Macclesfield Cheshire SK11 7NH
Investment Advisors	Quilter Cheviot One Kingsway London WC2B 6AN

2017/18 A Year in the life of East Cheshire Hospice

370
patient
admissions by
the nurses and
doctors on our
in-patient unit

55
carers of
patients with
MND or dementia
supported in our
Wellbeing Centre

1,288
out-patient
appointments
attended

30
years of Hospice care since
our opening in 1988. 2018 is a
special year of celebration



1
New Hospice @Home Service
launched, changing the face of
palliative care in East Cheshire



71
hospital admissions avoided
thanks to Hospice @Home
since launch in October

13
volunteer
dementia
companions
working in the
community

2,500
supporters
attended
Hospice
events

8,000
children in schools & nurseries
across East Cheshire took part
in our fundraising Elf Run

83%
of our costs
were covered
by fundraising,
donations and
legacies



9,360
freshly prepared
nutritious meals
made onsite and
served to our
patients

10,126
new
supporters
added to our
database

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In submitting their Annual Report together with the consolidated financial statements of East Cheshire Hospice and its subsidiary for the year ended 31 March 2018, the Trustees have ensured that all financial statements comply with the Charity Act 2011, the Companies Act 2006, and Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102, effective 1 January 2015).

CHARITABLE PURPOSE

The objects and principal activities of East Cheshire Hospice are to provide palliative care and support to people with life limiting illnesses within the communities of Buxton, Congleton, Handforth, High Legh, High Peak, Knutsford, Macclesfield, Poynton, Wilmslow and the 72 villages and hamlets in between, serving a total population of c.240,000. It does this by:

- operating a residential hospice
- operating a wellbeing centre
- operating outpatient clinics
- providing out of hours palliative care to patients in their own home
- providing social, psychological and spiritual support services
- research into, and training of staff involved in delivering, end of life care.

Our mission is to provide the highest quality care and support to the people we serve. Our values and principles can be summarised by the acronym CARE – compassion, association, resourcefulness and excellence.

- **Compassion.** Our services are tailored to meet the needs of the communities we serve. We recognise our responsibilities to the community that support us. We are open and transparent, promoting quality and celebrating diversity. We ensure we put our patients, their families and carers at the centre of everything we do, and we always act with care and compassion and demonstrate this in our daily activities.
- **Association.** We will work in partnership and collaboration, forming productive alliances in the interests of our patients.
- **Resourcefulness.** We will make the best use of our resources, ensuring that income from our communities is directly channelled into the care and support for patients and their families, and uphold the spirit and letter of our charitable objectives.
- **Excellence.** We will act with integrity and treat patients, families, colleagues, collaborators and supporters with respect at all times. We will invest in learning and development for our staff and volunteers – striving for excellence in all we do.

ACTIVITIES

East Cheshire Hospice provides services free of charge to adults with life-limiting illnesses within its boundaries, and supportive care for their families and carers. Our comprehensive range of services are available without restriction to all groups in the communities we serve.

These include:

A 15-bed purpose-built inpatient unit, appropriately staffed by a consultant-led team of highly trained clinical palliative care specialists across all grades and supported by a 30-strong team of volunteers. Admissions into the unit can be facilitated at any time and are not restricted to normal working hours.

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Sunflower Wellbeing Centre Day Hospice, open five days per week providing nurse-led clinics and therapeutic interventions for all disease types and conditions as well as dedicated external partnership collaborations with local branches of national charities for disease specific support groups such as MND. The Centre relies on a team of volunteers who transport patients to and from the facility, one-to-one support of patients who wish to access a range of activities or those who need assistance with their three-course midday meal.

Other services offered by the Centre include:

- Living Well programme
- Breathlessness clinic
- Dementia carers support programme & Community Dementia Companions service
- Friends & family support and information programme
- Creative and craft activities
- One-to-one and group counselling sessions
- Patient-led follow-on group for discharged patients
- Complementary therapies for patients and carers
- Guidance and advice on advanced care planning
- Information and signposting provided by Community Agents
- Healthcare professional awareness raising sessions

Outpatient facility operating five days-a-week providing private appointments for patients needing access to:

- Physiotherapy
- Occupational Health
- Blood transfusions
- Lymphoedema service
- Art psychotherapy
- Complementary therapies
- Consultations with Advanced Nurse Practitioners

Family Support Services meeting the practical, social, physiological and spiritual needs of the people who are important to our patients. These include:

- 24-hour helpline staffed by clinical palliative care specialists
- Friends and family support and information programme
- Complementary therapies
- Pre- and post-bereavement counselling for adults
- Specialist childhood bereavement service
- Spiritual support led by a chaplain supported by a team of volunteers from all faiths and none
- Access to an in-reach social work assessor

Hospice @Home Service Launched in October of 2017, the Hospice @Home service provides out-of-hours specialist palliative care to patients in their own homes. The service works in close collaboration with existing community services such as District Nurses to prevent unnecessary hospital admissions and to enable more people to spend their final days in the place where they feel most at home.

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Education and learning continues to be central to the provision of our high-quality services that meet the needs of our community. We partner with local and national training service providers to ensure staff and volunteer teams have the skills they need to deliver great care.

Volunteers play a vital role in connecting us to our local community, bringing their skills, talents and insights to our work. Our 600+ volunteers from all age groups, demographics and communities across our area are trained and given safe spaces to make their valuable contribution to the exceptional care delivered by East Cheshire Hospice.

Addressing our local need

Our part of north east Cheshire has a population of 240,000 living in largely rural locations with a higher than the national average of older people aged 65+. Pockets of extreme deprivation are masked by neighbouring affluent areas resulting in low levels of inward investment. The area does not attract major NHS per capita funding, therefore the grant awarded to East Cheshire Hospice by local CCGs equates to 17% of our annual running costs, the remaining 83% raised from voluntary contributions from the communities we serve and, to a much lesser extent, our commercial activity. The disparate and rural nature of our area of benefit restricts communication channels and makes awareness-raising of our services more challenging.

Our services are adapting to meet an increased need for the largely neglected patient group of elderly frail and those living with or caring for someone with dementia. More patients are accessing multiple treatments for longer across the disease spectrum and that means they are presenting to our services with more complex needs and co-morbidities.

ACHIEVEMENTS AND PERFORMANCE

The financial year 2017/18 marks the final year of the Trustees' ambitious five-year strategy to deliver quality in all we do, secure sustainable income to support our aims, work in collaboration and partnership and ensure East Cheshire Hospice is an effective, efficient and thriving organisation. We have consolidated upon the successes of the previous years and have now successfully completed this strategy.

Each year an Annual Delivery Plan is created to achieve our strategic priorities and measure performance. The progress in relation to the 2017/18 plan is detailed as follows:

Strategic Priority 1:

Developing high quality services for the communities we serve

Our common purpose is to deliver the best possible services to patients and families in the communities we serve. In addition to the exceptional care delivered throughout the year in our inpatient unit, outpatient services and the Sunflower Wellbeing Centre, this year we were able to launch several new projects:

East Cheshire Hospice @Home

In October 2017, the face of palliative care in East Cheshire was altered forever by the launch of our new Hospice @Home service. This service works in collaboration with existing community

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services in our area, enabling end-of-life patients to have the choice to stay at their usual place of residence and feel in control of their care.

The success of Hospice @Home has greatly exceeded even the most conservative of estimates. The patient and family feedback has been particularly humbling, and our small, highly trained team has shown great resilience in meeting the demands of a service which we thought would take time to embed in the local health and social care economy. In fact, the service was an instant success, caring for 153 patients in its first 6 months of operation and helping patients and families avoid more than 70 instances where a traumatic ambulance transfer to A&E would have been the only option prior to the launch of this service.

Hospice @Home has successfully recruited and fully trained a team of specialist nurses and healthcare assistants, who are based in bespoke offices at East Cheshire Hospice. The team have worked hard to develop positive working relationships and practices with existing NHS services and third sector providers (District Nurses, Intermediate Care, Marie Curie, Macmillan, and Continuing Health Care), and these relationships continue to strengthen.

The service currently provides out of hours and weekend support for patients in the last two weeks of life. We have recently carried out some research with healthcare providers in the area to test their satisfaction with the service and investigate the possibility of extending our service to cover a longer period of time.

Dementia Community Companions programme

Successful implementation of dementia carers 'Living Well' programme initiated in 2015/16 highlighted a lack of community support resulting in carers feeling isolated and unable to achieve normal everyday tasks due to their caring responsibilities.

In collaboration with other third sector providers, we developed a community companion service providing trained volunteers who spend time with the person with dementia and/or their carer befriending and supporting them. We now have 13 trained Dementia Companions working within the community, providing consistent companionship and support.

Feedback from the service has been exceptionally positive, and the results were presented at a national Hospice UK conference in November 2017, where we were delighted to win a prize for how the service was communicated.

Strategic Priority 2: Securing sustainable income to support our aims

Integrating GDPR into our processes (May 2018)

The General Data Protection Regulation is an EU-wide regulation which will become effective in the UK on 25 May 2018. Amongst other changes, it gives consumers and supporters the right to be contacted only by organisations they have expressed an interest in, and to dictate the ways they will receive this information.

A project began in April 2017 to ensure we collect data and preferences in the way advised by the guidance documentation. We have adapted our processes to ensure that they are fully compliant with the upcoming changes in legislation, including developing new data retention and privacy policies. We have also begun the process of contacting our supporter base so that they can inform us of how they wish to be kept informed in the future.

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Open, honest and timely reporting

Throughout the year we have published a quarterly report on our website to let our families, donors and supporters know how we are doing. The report includes information on the numbers of patients and family members we have supported, our income and expenditure, volunteer and staff recruitment, and how we have spent the money we have raised.

Major donor project - Phase II

This year we have consolidated the progress made in phase I with a programme of stewardship and engagement of existing donors. We have created an appropriate staffing structure and put processes into place to ensure that we can now effectively reach out to new audiences and individuals to promote the work of the Hospice.

Strengthening our Commercial Independence - Phase II

This year has seen the successful appointment of a new Commercial Manager to help us strengthen this area of fundraising. Key achievements through the year have included:

- Expansion of sales on eBay to include collection only furniture sales
- Improved logistics, i.e. transport and warehousing to increase furniture items in shops and assist in storage of out-of-season stock to avoid hazards in store
- Use of the van as mobile advertising space
- Launch of online lottery ticket sales, both one off payments and Direct Debit
- Special 1988 lottery draw to celebrate our 30th anniversary.

Strategic Priority 3:

Working in collaboration and partnership to achieve our aims

Motor Neurone Wellbeing Service

Patient feedback from our disease specific wellbeing groups identified an exponential benefit received from peer-to-peer support, therefore we have collaborated with the Motor Neurone Disease (MND) Association to develop a monthly programme for people with MND and their carers.

The full programme was launched in 2017 and has proved to be very successful. Services offered include clinical and social support on fatigue management, use of equipment, dealing with diagnosis, advanced care planning, nutrition, communication and finances. All patients and carers have access to the full range of Hospice services to assist their wellbeing. One cohort of patients has now completed the programme and a second cohort is about to begin.

EPaCCs template

The implementation of EMIS Web within East Cheshire Hospice in April 2015 allowed shared access to patient records and End of Life Care Summary View using the EPaCCs template. To ensure continued patient safety and information governance compliance, in 2017/18 we held a review of EPaCCs use and effectiveness internally and externally and promoted its use in care settings across our area of benefit. We continue to share our learnings on EMIS with their National Hospice User Group and with other hospices throughout the UK.

Strategic Priority 4:
Ensuring that ECH is an effective, efficient and thriving organisation

Workforce

It has been increasingly difficult in recent years to recruit the high calibre nurses needed to deliver the quality and complexity of care required in a modern palliative care setting such as East Cheshire Hospice.

In order to tackle this problem, this year we have reviewed our remuneration packages to bring them in line with NHS clinical pay structures. We have also developed a new employment 'brand' reflecting the positive culture and supportive working environment on offer at the Hospice. We have used a range of innovative recruitment promotion and practices, and have seen a significant increase in application levels as a result.

Fit for the Future - Developing our workforce

We acknowledge the need for and the importance of a competent and efficient workforce to meet the increasing need to deliver and fund more extensive and complex services to the community we serve.

To enable us to do this, we have worked this year to create a culture of continuing professional and personal development within ECH. We have created several development posts within the Hospice, which are supporting the personal career development of team members by allowing them to gain training, experience and qualifications within a Hospice setting. These have proven very successful and several team members have expressed an interest in potential future opportunities.

IT and Infrastructure

We have continued to upgrade and keep secure our IT systems and processes to facilitate an efficient working environment. A key project for 2017/18 was the integration of payroll functionality into our staff rostering system to increase accuracy and remove the need for inefficient, paper-based processes.

FINANCIAL REVIEW

The Statement of Financial Activities is set out on page 19, and a summary of the financial results is given below. The group achieved a surplus on net operating activity of £780,850, compared to £411,761 last year. The overall result after allowing for gains and losses on the market value of our investment fund through movements on the stock market is a gain of £770,101, compared to a gain of £818,625 last year. The Trustees were anticipating a small deficit this year, but above average legacy income added significantly to performance. The Hospice finished the year in a strong financial position and the Board is pleased with the progress made against the ambitious service plans and development of income generation capability.

Income generation activity

Despite another year of financial and economic uncertainty, our fundraising work continued to meet income targets, by delivering exceptional levels of donor care and relationship building, event participation stewardship, service and fundraising marketing.

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As 2018 is the 30th anniversary of the opening of the Hospice, we developed a number of events and initiatives to celebrate this special year. Events and initiatives to celebrate the anniversary year started in January 2018.

In 2017/18 we kept our focus on the three key income streams supported by relevant activity.

Commercial

- We continued to develop our retail presence online, with an increasing use of social media by our high street shops to sell particular items or advertising promotions. Our eBay store also continued to be a strong source of income, with sales now expanded to include furniture.
- Although the number of regular lottery players continues to decline, we have had some success with a special 1988 draw to celebrate our anniversary. Tickets were promoted via mailing, in our retail shops, online and at promotional events and more than £14,000 income was generated.

Relationships

- We successfully supported the recruitment and development of new members to our local support groups, building a network of volunteer fundraisers in previously inactive areas.
- We have strengthened our support of the well-established Christmas Tree Collection, by bringing order processing and record management in-house. This proved both challenging and rewarding, as, with improved donor choice, the Tree Collection benefited from a rise in the value of donation per tree, raising more than £119,000.
- We have increased our activity within the local business community, strengthening links with local chambers of commerce and launching our new Corporate 500 Club. This has led to a significant increase in numbers of corporate supporters.

Engagement

- We have continued to improve our marketing activity, including some investment into social media promotion. Our social media audiences have increased significantly, with almost 6,000 followers on Facebook alone. Social media looks set to increase in importance in future Hospice promotion, especially once GDPR comes into effect.
- Hospice @Home proved to be a successful means of engagement with our supporter base. An appeal mailing asking for funds to support the launch of the service led to responses from a number of previously inactive supporters.
- We added 10,130 supporters to our database, giving them “gold standard” options for controlling how we use their data. This significant increase in numbers gives us more opportunities than ever to engage with our community.
- Event participation figures remain high, thanks to successful promotion and stewardship. The events team look set to build upon this success with several new events and challenges lined up for our 30th year.

Funding from statutory bodies

Our core funding towards running costs (excluding drugs funding) from local Clinical Commissioning Groups (CCG's) continues to remain static at £474,000 for the seventh year in

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a row, resulting in a decrease in funding in real terms, and requiring us to find additional monies from income generation activity. We continue to work closely with our CCG to develop services.

Investment Objectives and Returns

The Trustees have the power to invest in such assets as they see fit. The Hospice maintains a mixture of liquid funds and longer-term stock market investments which act as both an income stream and reserves. Income flows can be hard to predict, and so cash balances over and above those required for immediate operational purposes are invested in a mix of shorter and longer-term deposits to allow for possible funding gaps. The investment portfolio is managed by Quilter Cheviot on a discretionary basis, but with no investment in tobacco related companies. Their performance is reviewed quarterly against the ARC benchmark, comprising 50% of the Balanced Index and 50% of the Steady Growth Index. The markets have been more turbulent in the year to 31 March 2018 and the total return on the portfolio was 3%, and ahead of the benchmark.

Expenditure

Total costs increased by 10% following the introduction of the new Hospice at Home service in October 2017 at a cost of £280,527, and the impact of a number of 'one off' items last year including the write back of pension costs and VAT recovery which were not expected to re-occur (£113,856 – see note 11). Further cost increases are budgeted in 2018/19 following a full year's service of Hospice at Home.

Risk Management

The Board reviews detailed assessments of the risks to which the Charity may be exposed. Comprehensive governance arrangements are in place to oversee risk management in clinical and supporting services to ensure that standards are maintained in line with good practice, legislation and accreditation. The processes in place are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include :-

- identification and management of risks, using an Organisational Risk Register;
- insurance covers for the major financial risks which are reviewed annually;
- a five-year strategic plan and an annual delivery plan with budgets and key performance indicator targets, all approved by the trustees;
- regular consideration by trustees of financial results in comparison with budgets and prior year performance;
- regular review of financial and non-financial performance indicators and bench-marking reports;
- appropriate levels of delegation of authority and segregation of duties.

The key risk identified by the Trustees is financial sustainability, given the reliance on voluntary income, which is needed to support 83% of the Hospice's annual costs. The Trustees are following a strategy of investing in the Income Generation and marketing team, alongside service delivery, in order to generate an increased donor base.

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Reserves

At 31 March 2018 the Hospice held total reserves of £9,477,195, an increase of £770,127 over last year. Of this total, £3,912,901 relates to restricted reserves, with the main restriction being over the Hospice building. Should the Hospice cease to operate, or the building be sold, all proceeds must be returned to the Secretary of State for Health. Restricted reserves increased slightly during the year following a successful Hospice at Home fundraising campaign, which has been running for 18 months whilst the service has only been operational for 6 months. As the service becomes fully operational, this position is expected to reverse, with costs exceeding expected income, resulting in annual losses. The Trustees set up a £1.1m designated Hospice @Home fund in 2016/17 to pump prime the service whilst a sustainable income stream is built up over the next 5 years and believe that this is still required.

The Hospice's 'free reserves', excluding all restricted and designated funds and fixed assets is £4,258,861 compared to £3,404,620 last year. This is equivalent to 11.8 months running costs (2017: 10 months), but this coverage will reduce next year as costs rise to meet a full year's Hospice at Home running costs. The Board reviews its reserves requirements annually and still deems it prudent to hold 'free reserves' equivalent to a minimum of 3 months total running costs in readily accessible funds, and a further 6 months free reserves in a mixture of deposits and investments to meet exceptional circumstances and as a basis for service developments. The Trustees are satisfied with the current level of reserves given the uncertainty of the funding stream of the new service over the next few years.

PLANS FOR FUTURE PERIODS

Our 2018/19 Annual Delivery Plan has been agreed by our Trustees and includes the following projects designed to meet our strategic priorities:

- 1) **Clinical Staff Development Project.** We are planning to develop a set of core and developmental competencies for all clinical staff and to support these competencies with a learning programme. We will also undertake a review of the way we utilise our senior clinicians and the development of future clinical leadership.
- 2) **Advanced Care Planning Project.** We will be working with the End Of Life Partnership to develop a framework to roll out Advanced Care Planning across our area.
- 3) **Continuing Health Care (CHC) funding / Use of Inpatient Unit review.** We are combining a review of our activity and occupancy, an investigation of the need for respite facilities, and a review of the criteria and application of CHC funding to determine whether we need to change our use of inpatients beds and our admission criteria.
- 4) **Hospice @Home review (PDSA – Study).** We will formally review the use and outcomes of our Hospice @Home service as part of the PDSA cycle.
- 5) **Major Donor / Angels project.** We will review and re-launch our Major Donor / Angel appeal process to ensure that our Hospice @Home funding objectives are achieved.

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- 6) **SMI / Payroll system review.** We will transform our systems and processes to embed the SMI rota management system into our payroll system to ensure our payroll processes can better manage the increasing complexity of our terms and conditions.
- 7) **30th Anniversary programme.** We will deliver our ambitious 30th Anniversary programme ensuring we meet the income projections and meet the objectives set out our People, People, People income generation Strategy.
- 8) **Review of Therapies provision.** We will fully review our Therapies provisions both in terms of what services we provide and how these services are provided. We will implement the recommendations from the review and consultation.
- 9) **Transform Bereavement Provision.** We will develop a plan to increase bereavement provision to support families of Hospice @Home patients, to maintain and improve the childhood bereavement service, and to improve the governance and management and support provided to our volunteer bereavement team.
- 10) **Lottery / Regular Giving development project.** We will review and implement the agreed changes to our Lottery programme, with the objective of maintaining and/or increasing the overall financial contribution from donors who want to give by this means.
- 11) **Funeral Provision.** We will review the potential for ECH to be part of an Integrated approach to Funeral Provision.
- 12) **New SMT development plan.** We will develop and deliver a bespoke individual and team development programme to ensure our new SMT has the capacity and capability to deliver.
- 13) **Kitchen / Facilities development plan.** We will develop a comprehensive 'Nutrition' facilities plan which will ensure our facilities are 'fit for the future' and that this can be delivered without adverse service and financial implications.
- 14) **EMIS web collaboration and integration.** We will be working with EMIS web to produce codes and templates to be able to collate data from the OACC collaborative suit of outcome measures. The implementation of OACC will be supported by education session throughout hospice patient services to monitor outcomes.
- 15) **Development of Outcome Assessment Complexity Collaborative (OACC) Measures and Integrated Palliative Care Outcome Scale (IPOS).** We will further integrate these two national standard outcome measures into our operating procedures to demonstrate that we meet the needs of individual patients and their families, and that we do this in an effective and efficient way. We will use the data gathered to drive higher standards of care and innovation in services.
- 16) **Launch e-prescribing and upgrade EMIS.** We will work with our partners and use our influence and expertise to increase the functionality of real-time reporting on our EMIS system to improve the operability for all users. A particular focus will be the introduction of e-prescribing which will increase productivity, make clinical decision-making simpler and reduce our already low drug-related incidents to almost zero.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

The Hospice is a charitable company limited by guarantee, incorporated on 10 April 1984 and registered as a charity on 25th April 1984. The company is established under a Memorandum of Association which sets out the objects and powers and is governed under its Articles of Association, as updated in March 2015.

The Remuneration and Nominations Committee is responsible for monitoring and evaluating the trustee recruitment, selection and appraisal process. The governing document requires between 5 and 14 trustees. Board vacancies are identified through regular skills audits and vacancies are filled through a formal recruitment process. The Hospice serves the needs of the broad community so the Board endeavours to reflect this in the make-up of its membership, whilst meeting the need to have an appropriate mix of professional skills necessary for the day-to-day and longer term running of the Charity. Once co-opted to the Board, new trustees undertake an induction programme, supported by an existing member of the Board, and are supplied with a comprehensive information pack detailing the responsibilities of their trusteeship. Trustees are elected to serve for a term of three years, but can seek re-election for two further periods, with a total permitted maximum of nine consecutive years.

The Board meets at least four times a year and is responsible, through its sub-committees, for setting and monitoring progress against the Five Year Strategic Plan, Annual Delivery Plans and Key Performance Indicators. These meetings are attended by the Hospice Director and members of the management team, who are responsible for the day-to-day running of Hospice services.

The sub-committees meet quarterly and are attended by designated Trustees and management team. The committees make proposals to the Board and have approved terms of reference with specific assigned responsibilities. The subcommittees are:

- The Patient Care & Clinical Governance Committee which is responsible for monitoring patient care/services, partnership and clinical governance.
- Finance and Resources Committee which is responsible for monitoring and compliance of all matters financial, donor engagement, partnerships, use of technology and all other resources inclusive of human resources.
- The Remuneration and Nominations Committee which is responsible for the appointment of Trustees, Vice Presidents and other key roles. It is also responsible for agreeing the remuneration of management posts as they become vacant. This is done by reference to other similar roles in the local job market and other hospices.

The Finance and Resources Committee reviews all staff pay on an annual basis to determine whether an inflation pay award can be given. The management team is included in this review and receive any increase on the same basis as all other staff.

The Hospice has a close relationship with The End of Life Partnership, a local charity which promotes the delivery of high quality palliative care education in order to transform end of life care in the communities that we serve. The Hospice does not have any control over this charity, but does provide an annual grant towards its core costs, along with other hospices within Cheshire. The Hospice is also a shareholder in the Hospice Quality Partnership, a commercial company set up by hospices nationally to provide more efficient and better quality procurement in the sector through bulk purchasing power.

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The Hospice's wholly owned subsidiary, ECH Trading Limited, was established to run commercial retail activities. It gift aids its profits to the Hospice and all related party transactions are provided in the notes to these accounts.

RESPONSIBILITIES OF THE BOARD OF TRUSTEES

The trustees (who are directors of East Cheshire Hospice for the purposes of company law) are responsible for preparing the Trustees' Annual 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 Board to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure for the financial year. In preparing those financial statements, the Board should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The Board is responsible for maintaining proper accounting records which 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. The Board is also responsible for safeguarding the assets of the charitable company 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 company's auditors are unaware; and
- we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITORS

Heywood Shepherd were re-appointed as the charitable company's auditors and have expressed their willingness to continue in that capacity.

Approved by the Board on 6 September 2018 and signed on its behalf by:

Mr P Morrissey

EAST CHESHIRE HOSPICE
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF EAST CHESHIRE HOSPICE
For the year ended 31 March 2018

Opinion

We have audited the financial statements of East Cheshire Hospice (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheet and the consolidated statement of cashflows 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 / Part 4 of the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees 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 and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2018, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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 and parent 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

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

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

EAST CHESHIRE HOSPICE
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF EAST CHESHIRE HOSPICE
For the year ended 31 March 2018

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 15, 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.

EAST CHESHIRE HOSPICE
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF EAST CHESHIRE HOSPICE
For the year ended 31 March 2018

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

Auditor's responsibilities for the audit of the financial statements

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.

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 auditor's report.

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

Mr N A Kennington (Senior Statutory Auditor)
For and on behalf of Heywood Shepherd, Statutory Auditor
1 Park Street
Macclesfield
Cheshire
SK11 6SR

Dated: 6 September 2018

EAST CHESHIRE HOSPICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating and Income & Expenditure account)
As at 31 March 2018

	Notes	2018			2017		
		Unrestricted Funds £	Restricted Funds £	Total £	Unrestricted Funds £	Restricted Funds £	Total £
Income from:							
Donations and legacies	2	3,493,774	430,732	3,924,506	3,126,167	129,478	3,255,645
Charitable activities	3	40,152	-	40,152	21,224	-	21,224
Other trading activities	4	1,065,816	-	1,065,816	968,269	-	968,269
Investments	5	88,866	-	88,866	99,983	-	99,983
Total		4,688,608	430,732	5,119,340	4,215,643	129,478	4,345,121
Expenditure on:							
Raising funds	7	971,300	196	971,496	950,149	1,570	951,719
Charitable activity	8						
Inpatient services		2,163,767	19,163	2,182,930	2,209,477	20,132	2,229,609
Day-care and outpatients		509,018	22,133	531,151	501,198	26,250	527,448
Hospice at Home		92,827	187,700	280,527	-	-	-
Family support services		244,571	40,284	284,855	212,746	33,976	246,722
Outreach and education		87,255	250	87,505	91,409	309	91,718
Other	11	-	-	-	(113,856)	-	(113,856)
Total		4,068,738	269,726	4,338,464	3,851,123	82,237	3,933,360
Net gains/(losses) on investments	13	(10,749)	-	(10,749)	406,864	-	406,864
Net income/(expenditure)		609,121	161,006	770,127	771,384	47,241	818,625
Transfers between funds	23	107,704	(107,704)	-	215,371	(215,371)	-
Net income/(expenditure) for the year		716,825	53,302	770,127	986,755	(168,130)	818,625
Total funds brought forward		4,847,469	3,859,599	8,707,068	3,860,714	4,027,729	7,888,443
Total funds carried forward	23	5,564,294	3,912,901	9,477,195	4,847,469	3,859,599	8,707,068

The statement of financial activities includes all gains and losses recognised in the year and all amounts derive from continuing activities. The transfer between funds is in respect of movements in fixed assets.

The notes on pages 22 to 33 form part of these accounts.

EAST CHESHIRE HOSPICE

BALANCE SHEET
For the year ended 31 March 2018

	Notes	Group		Charity	
		2018 £	2017 £	2018 £	2017 £
Fixed Assets					
Tangible assets	12	3,938,656	4,086,570	3,938,656	4,086,570
Investments	13	2,844,008	2,365,529	2,844,010	2,365,531
		6,782,664	6,452,099	6,782,666	6,452,101
Current Assets					
Stock	15	8,468	7,189	-	-
Debtors	16	311,248	168,593	317,791	175,782
Cash at bank and in hand		2,743,218	2,362,013	2,743,216	2,362,011
		3,062,934	2,537,795	3,061,007	2,537,793
Creditors: amounts falling due within one year	17	368,403	282,826	366,478	282,826
Net Current Assets		2,694,531	2,254,969	2,694,529	2,254,967
Total Assets Less Current Liabilities		9,477,195	8,707,068	9,477,195	8,707,068
Creditors: amounts falling due after more than one year		-	-	-	-
Net Assets		9,477,195	8,707,068	9,477,195	8,707,068
Restricted funds		3,912,901	3,859,599	3,912,901	3,859,599
Unrestricted - general funds		4,204,165	3,314,222	4,204,165	3,314,222
- designated funds		1,006,566	1,100,000	1,006,566	1,100,000
- revaluation reserve		353,563	433,247	353,563	433,247
Total Funds	23	9,477,195	8,707,068	9,477,195	8,707,068

These financial statements of East Cheshire Hospice (charity number 515104; company number 01807691) were approved by the Board of Trustees on 6 September 2018 and signed on its behalf by:

Mr P Morrissey

Mr A Kennedy

The notes on pages 22 to 33 form part of these accounts

EAST CHESHIRE HOSPICE

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2018

	2018	2017
	£	£
Cash flows from operating activities:		
Net cash provided by / (used in) operating activities	<u>811,538</u>	<u>453,215</u>
Cash flow from investing activities:		
Dividends and interest from investments	88,866	99,983
Purchase of property, plant and equipment	(22,357)	(141,624)
Proceeds from the sale of investments	367,809	803,630
Purchase of investments	(864,651)	(289,158)
Net cash provided by / (used in) investing activities	<u>(430,333)</u>	<u>472,831</u>
Change in cash and cash equivalents in the year	381,205	926,046
Cash and cash equivalents b/f	<u>2,362,013</u>	<u>1,434,967</u>
Cash and cash equivalents c/f	<u>2,743,218</u>	<u>2,361,013</u>

Notes to the consolidated cash flow statement

Reconciliation of net income / (expenditure) to net cash flow from operating activities:

	2018	2017
	£	£
Net income / (expenditure) for the reporting period	770,127	818,625
Depreciation charge	169,571	156,310
(Gains) / losses on investments	10,749	(406,864)
Investment income	(88,866)	(99,983)
Loss / (profit) on sale of fixed assets	700	3,306
Decrease/(increase) in stock	(1,279)	377
(Increase)/decrease in debtors	(142,655)	180,534
(Decrease)/increase in creditors	85,577	(206,740)
Investment commissions	7,614	7,650
Net cash provided by / (used in) operating activities	<u>811,538</u>	<u>453,215</u>

Analysis of cash and cash equivalents:

	2018	2017
	£	£
Cash in hand	1,643,215	1,762,009
Notice deposits	<u>1,100,003</u>	<u>600,004</u>
Total cash and cash equivalents	<u>2,743,218</u>	<u>2,362,013</u>

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2018

1. Summary of Significant Accounting Policies

General Information and Basis of Preparation

The financial statements of the charitable company, which is a public benefit entity under FRS102, have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS102 – effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments, which are included at market value as modified by the revaluation of certain assets.

Basis of consolidation

These accounts consolidate the results of the charity and its wholly owned trading subsidiary, ECH Trading Limited, on a line by line basis. A separate Statement of Financial Activities has not been presented for the charity as allowed by Section 408 of the Companies Act 2006. The net income of the Hospice for the year is £770,127 (2017: net income £818,625).

Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Restricted funds are donations which the donor has specified are to be used for specific projects. The aim and use of each significant restricted fund is set out in the notes to these accounts.

Incoming Resources and Debtors

All income is recognised in the statement of financial activities when the Hospice has entitlement to the funds, receipt is probable and the amount can be reliably measured. The following policies are applied to income:

- Voluntary income is included in full when receivable. Grant income is recognised when the charity becomes unconditionally entitled to it.
- Legacies are included at the earlier of when the Executors notify the Hospice that a distribution will be made, or when a distribution is received. Where legacies have been notified to the Hospice but the recognition criteria have not been met, the legacy is treated as a contingent asset and disclosed if material.
- Gifts in kind and donated services are recognised within incoming resources and expenditure at an estimate of open market value. The value of services provided by volunteers is not included in the accounts.
- Items donated for resale through the charity's shops are included as incoming resources when they are sold.
- Investment income is included when receivable.
- Lottery income received in advance is deferred and released in the week that the draw takes place.

Debtors are recognised at settlement value.

Resources Expended and Creditors

Expenditure is recognised when there is a legal or constructive obligation to a third party, payment is probable and the amount is reliably measurable. Irrecoverable VAT is allocated as a support cost. Expenditure is classified under the following activity headings:

- Costs of raising funds are those associated with fundraising activity, including the charity's shops and lottery operations and their associated support costs.
- Charitable expenditure is incurred in the delivery of the charity's activities and services for its beneficiaries. It includes costs that can be directly apportioned and indirect associated support costs.

Grants payable are made to third parties in the furtherance of the Hospice's charitable objectives. Grants are accounted for when the conditions for payment have been met by the recipient, or in full when no conditions have been set.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2018

1. Accounting Policies (continued)

Creditors are recognised where it is probable that a reliably estimated present obligation will result in a payment to a third party. Creditors are recognised at their settlement value.

Support costs

Support costs are those back office functions that are necessary for the effective running of the Hospice but are not directly involved in providing care. They are allocated between the cost of raising funds and charitable activities as set out in the notes to these accounts.

Tangible Fixed Assets and Depreciation

Tangible fixed assets costing more than £1,000 are capitalised at cost and depreciated over their estimated useful life as follows:

- | | |
|---------------------------------|---|
| • Buildings | 2 - 10% p.a. reducing balance depending on the asset nature |
| • Plant, equipment and vehicles | 20% p.a. reducing balance basis |
| • Computer hardware | 33.3% reducing balance basis |

The land at Millbank Drive is included at market value at the time of donation from the Health Authority.

Investments

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

Stock

Stocks are valued at the lower of cost and net realisable value. Items donated for resale are not included in the financial statements until they are sold.

Leases

Rental payable under operating leases are charged to the statement of financial activities in equal annual instalments over the period of the lease.

Pensions

The Hospice contributes to the NHS pension scheme as allowed under direction of the Secretary of State in England and Wales. This is an unfunded, defined benefit pension scheme and it is not possible to identify the assets and liabilities which are attributable to the Hospice. The scheme is therefore accounted for as defined contribution scheme. The Hospice also operates 2 further defined contribution pension schemes. The assets of all schemes are held separately from those of the Hospice in independently administered funds. Contributions payable for the year are charged to the SOFA in line with the activity carried out by the relevant pension scheme member.

Taxation

The Hospice is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Going Concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of Hospice reserves to be able to continue as a going concern.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2018

2. Donations and legacies:

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Unrestricted Funds £	Restricted Funds £	Total 2017 £
Donations	627,885	338,313	966,198	622,191	38,625	660,816
Legacies	1,681,570	-	1,681,570	1,305,972	-	1,305,972
Community activity	491,556	37,985	529,541	515,438	2,675	518,113
Grants	692,763	54,434	747,197	682,566	88,178	770,744
	3,493,774	430,732	3,924,506	3,126,167	129,478	3,255,645

Donations includes £nil (2017: £632) from gifts in kind of donated equipment for use within the Hospice.

Grants receivable were:	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Unrestricted Funds £	Restricted Funds £	Total 2017 £
NHS Eastern Cheshire CCG - care	433,067	-	433,067	433,067	-	433,067
NHS Eastern Cheshire CCG - drugs	106,000	-	106,000	106,000	-	106,000
NHS Eastern Cheshire CCG - non recurrent care	50,000	-	50,000	50,000	-	50,000
NHS Derbyshire CCG - care	40,481	-	40,481	40,481	-	40,481
Big Lottery Fund Grant	-	28,709	28,709	-	37,131	37,131
Cheshire East Borough Council – Carers Break Programme	-	-	-	-	33,051	33,051
Other grants and trusts	63,215	25,725	88,940	53,018	17,996	71,014
	692,763	54,434	747,197	682,566	88,178	770,744

The Hospice's main grant agreements are with NHS Eastern Cheshire Clinical Commissioning Group (CCG), which makes a contribution to the provision of 24 hour specialist palliative care for patients and families in the East Cheshire region and for drugs. The Hospice has a similar arrangement with NHS Derbyshire CCG as the boundaries of the Hospice's service area extend to parts of Derbyshire.

3. Charitable activities:

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Unrestricted Funds £	Restricted Funds £	Total 2017 £
Local government and NHS service contracts	16,056	-	16,056	2,793	-	2,793
Other ancillary income	24,096	-	24,096	18,431	-	18,431
	40,152	-	40,152	21,224	-	21,224

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2018

4. Other trading activities:

	Unrestricted Funds	Restricted Funds	Total 2018	Unrestricted Funds	Restricted Funds	Total 2017
	£	£	£	£	£	£
Events and sponsorship	335,139	-	335,139	300,302	-	300,302
Lottery income	380,454	-	380,454	393,120	-	393,120
Shops	350,223	-	350,223	269,662	-	269,662
Other sundry income	-	-	-	5,185	-	5,185
	1,065,816	-	1,065,816	968,269	-	968,269

5. Investment income:

	Unrestricted Funds	Restricted Funds	Total 2018	Unrestricted Funds	Restricted Funds	Total 2017
	£	£	£	£	£	£
Dividends received	81,485	-	81,485	93,017	-	93,017
Interest received	7,381	-	7,381	6,966	-	6,966
	88,866	-	88,866	99,983	-	99,983

6. Net incoming resources for the year (group and charity):

	2018	2017
	£	£
This is stated after charging:		
Depreciation (owned assets)	169,571	156,310
Auditor's remuneration (excluding VAT)	7,200	6,750
Non audit fees (excluding VAT)	4,135	3,210

7. Raising funds:

	Unrestricted Funds	Restricted Funds	Total 2018	Restated Unrestricted Funds	Restated Restricted Funds	Restated Total 2017
	£	£	£	£	£	£
Donations and legacies:						
Staff costs	203,949	-	203,949	223,784	199	223,983
Events and fundraising costs	164,526	-	164,526	145,703	1,097	146,800
	368,475	-	368,475	369,487	1,296	370,783
Other trading activity:						
Staff costs	254,147	-	254,147	223,922	199	224,121
Events and fundraising costs	114,825	-	114,825	132,228	-	132,228
Lottery management costs	13,450	-	13,450	11,578	-	11,578
Lottery prizes	80,756	-	80,756	86,250	-	86,250
Shop running costs	113,088	-	113,088	101,236	-	101,236
	576,267	-	576,267	555,214	199	555,413
Investment costs:						
Investment managers fee	14,520	-	14,520	14,650	-	14,650
Support costs	12,038	196	12,234	10,798	75	10,873
	971,300	196	971,496	950,149	1,570	951,719

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2018

8. Charitable activities:

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Restated Unrestricted Funds £	Restated Restricted Funds £	Restated Total 2017 £
Inpatient services:						
Staff and related costs	1,567,498	-	1,567,498	1,599,110	1,743	1,600,853
Patient consumables – direct	123,482	-	123,482	136,606	12,535	149,141
Catering and housekeeping	40,544	-	40,544	40,218	675	40,893
Property occupation and repairs	104,756	15,439	120,195	104,491	3,546	108,037
Depreciation	98,757	-	98,757	96,912	-	96,912
Support costs	228,730	3,724	232,454	232,140	1,633	233,773
	2,163,767	19,163	2,182,930	2,209,477	20,132	2,229,609
Day care and outpatients:						
Staff and related costs	312,309	14,134	326,443	317,780	24,177	341,957
Patient consumables – direct	5,162	243	5,405	4,714	-	4,714
Catering and housekeeping	11,511	-	11,511	11,424	161	11,585
Property occupation and repairs	39,459	6,188	45,647	35,655	1,261	36,916
Depreciation	44,270	-	44,270	39,078	-	39,078
Support costs	96,307	1,568	97,875	92,547	651	93,198
	509,018	22,133	531,151	501,198	26,250	527,448
Hospice at Home:						
Staff and related costs	78,028	171,859	249,887	-	-	-
Patient consumables – direct	28	7,376	7,404	-	-	-
Catering and housekeeping	305	-	305	-	-	-
Property occupation and repairs	3,035	8,335	11,370	-	-	-
Depreciation	3,405	-	3,405	-	-	-
Support costs	8,026	130	8,156	-	-	-
	92,827	187,700	280,527	-	-	-
Family support:						
Staff and related costs	144,058	33,333	177,391	125,283	32,599	157,882
Patient consumables – direct	1,129	2,770	3,899	(19)	397	378
Catering and housekeeping	2,132	-	2,132	2,347	-	2,347
Property occupation and repairs	21,247	3,332	24,579	18,541	655	19,196
Depreciation	23,838	-	23,838	20,320	-	20,320
Support costs	52,167	849	53,016	46,274	325	46,599
	244,571	40,284	284,855	212,746	33,976	246,722
Outreach and education:						
Staff and related costs	18,486	-	18,486	32,082	282	32,364
Patient care – grant	64,756	185	64,941	55,471	-	55,471
Support costs	4,013	65	4,078	3,856	27	3,883
	87,255	250	87,505	91,409	309	91,718

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2018

9. Allocation of support costs:

	Raising funds	Inpatient services	Day care & outpatients	Hospice at Home	Family Support	Outreach/ education	Total 2018	Total 2017
	£	£	£	£	£	£	£	£
Governance costs	452	8,604	3,623	302	1,962	151	15,094	16,581
Office support	552	10,495	4,419	368	2,394	184	18,412	18,469
Accounting and payroll	1,901	36,111	15,204	1,267	8,236	634	63,353	58,127
Information technology	2,708	51,455	21,665	1,805	11,735	903	90,271	99,407
Workforce & volunteers	4,064	77,213	32,511	2,709	17,610	1,355	135,462	112,233
Marketing	2,295	43,596	18,356	1,530	9,943	764	76,484	72,753
Irrecoverable VAT	262	4,980	2,097	175	1,136	87	8,737	10,756
	12,234	232,454	97,875	8,156	53,016	4,078	407,813	388,326

Support costs are apportioned on the basis of floor space used in each activity as an approximation of the resources used in that activity.

10. Staff costs and numbers

Staff payroll costs (excluding agency) were:

	2017	2016
	£	£
Salaries	2,466,163	2,281,118
Social security costs	194,362	185,445
Employers pension – defined contribution	94,108	89,675
Employers pension – defined benefit	92,644	97,681
	2,847,277	2,653,919

Staff costs includes £13,777 (2017: £11,955) for redundancy and termination payments as a result of a reorganisation of service delivery.

The average monthly number of staff employed during the year on a full time equivalent and headcount basis was:

	2018	2017
	No.	No.
Full time equivalent:		
Clinical and patient support staff	59	55
Support – HR & Volunteer, Finance, Marketing, office and ICT	14	14
Income generation staff – retail, lottery and Fundraising	15	14
	88	83
Headcount – all areas:	135	126

The number of staff whose emoluments exceeded £60,000 in the year was:

	2018	2017
	No.	No.
£60,000 - £70,000	2	2

Pension contributions of £9,081(2016: £9,023) were made to a defined contribution scheme in respect of these employees.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2018

The total amount of salary and benefits paid to key management personnel, as identified on page 2 (Legal and administrative details – Management Team) was £322,363 (2016: £283,717). None of the Trustees received any remuneration or benefits from an employment with the charity or related entities.

During the year no expenses were paid to or on behalf of Trustees (2017: £nil). Trustees donate their time, talent and skills to the smooth running of the Hospice. As well as their ambassadorial duties, they have supported fundraising events and contributed to the commercial activity of the Hospice as Lottery members and by making donations to the shops. In addition to this, the aggregate unconditional donations from Trustees during the year was £40,165 (2017: £14,754).

The Hospice is grateful for the valuable support of all its volunteers who support the work of paid staff in all areas of the Hospice's work.

11. Other costs:

Other costs in 2017/18 are £nil. Other costs in 2016/17 includes the write back of pension contributions £57,840 to The Federated Flexiplan No 1 Pension Scheme as explained in Note 19. It also includes £56,016 in respect of VAT recovered in respect of prior periods following a change to VAT recovery in the Hospice sector.

12. Tangible fixed assets (group and charity):

	Freehold land & Buildings	Plant & Equipment	Computers	Total
Cost	£	£	£	£
At 1 April 2017	5,044,825	609,962	154,189	5,808,976
Additions	-	13,661	8,696	22,357
Disposals	-	(5,156)	(7,051)	(12,207)
At 31 March 2018	5,044,825	618,467	155,834	5,819,126
Depreciation				
At 1 April 2017	1,265,104	335,330	121,972	1,722,406
Charge for the year	103,905	54,926	10,740	169,571
Disposals	-	(4,635)	(6,872)	(11,507)
At 31 March 2018	1,369,009	385,621	125,840	1,880,470
Net book values				
At 31 March 2018	3,675,816	232,846	29,994	3,938,656
At 31 March 2017	3,779,721	274,632	32,217	4,086,570

Land and buildings includes £300,000 of non-depreciable land

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2018

13. Investments:

Managed Portfolio	2018	2017
	£	£
Market value b/f	2,365,519	2,480,777
Additions	814,776	321,352
Disposals	(367,809)	(803,630)
Net investment gains/(losses)	(10,749)	406,864
Charges paid in the year	(7,614)	(7,650)
Movement in cash deposits	49,875	(32,194)
Market value c/f	2,843,998	2,365,519
Historical cost c/f	2,495,435	1,932,271
The portfolio consisted of:	£	£
UK Equity Shares	902,580	959,755
International equity shares	1,053,439	698,189
UK Fixed Interest	312,588	210,492
International fixed interest	81,900	82,680
Alternatives	434,001	404,788
Cash	59,490	9,615
	2,843,998	2,365,519
Unquoted - Hospices Quality Partnership	10	10
	2,844,008	2,365,529
ECH Trading Ltd - wholly owned subsidiary (see note 13)	2	2
	2,844,010	2,365,531

The investment portfolio is managed by the Investment Advisors on a discretionary basis with the objective of having a balanced, medium risk fund with no investments in tobacco companies.

14. Results of Trading Subsidiary:

ECH Trading Limited (Company number 05688814) is a wholly owned subsidiary of East Cheshire Hospice, operating a retail business selling new goods. The results for the year ended 31 March 2018 are:

	2018	2017
	£	£
Turnover	33,688	30,202
Cost of sales and administration	(23,600)	(20,965)
Operating profit	10,088	9,237
Amount gift aided to the charity	(10,088)	(9,237)
Retained in subsidiary	-	-
Balance Sheet	£	£
Current assets	8,470	7,191
Current liability - amount owed to parent	(8,468)	(7,189)
Total net assets	2	2

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2018

15. Stocks:

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Merchandise stock	8,468	7,189	-	-

The amount of stock recognised as an expense in other trading activity during the year for the Group is £16,283 (2017: £14,947) and Charity £nil (2017: £2,785).

16. Debtors:

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	15,722	24,975	15,722	24,975
VAT recoverable	24,655	25,135	24,655	25,135
Amount due from subsidiary company	-	-	6,543	7,189
Gift aid recoverable	104,139	36,129	104,139	36,129
Prepayments and accrued income	166,732	82,354	166,732	82,354
	311,248	168,593	317,791	175,782

17. Creditors:

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year:				
Grants payable	60,000	60,000	60,000	60,000
Trade creditors	109,551	88,825	109,551	88,825
Tax and social security	-	-	-	-
Accruals	106,422	46,020	106,422	46,020
Deferred income	92,430	87,981	90,505	87,981
	368,403	282,826	366,478	282,826
Analysis of deferred income:				
Deferred income b/f	87,981	112,955	87,981	112,955
Income deferred in the year	462,296	476,278	460,371	476,278
Income released in the year	(457,847)	(501,252)	(457,847)	(501,252)
Deferred income c/f	92,430	87,981	90,505	87,981

Deferred income includes lottery subscription fees and event income received in advance. Lottery income is deferred on receipt and released in the week of the draw. Events income relates to ticket and participator sponsorship monies received in advance of events, which is deferred and released when the event takes place.

18. Pensions:

The Hospice, without obligation, contributes to 3 pension schemes for current employees:

- **Scottish Widows Group Personal Pension Plan** - a defined contribution scheme. The Hospice paid employers contributions of £92,123 (2017: £88,493), and the pension creditor at the yearend was £nil (2017: £nil).
- **NowPensions** - a defined contribution, auto-enrolment scheme with for staff who do not wish to join the Scottish Widows or NHS schemes. The Hospice paid employers contributions of £1,985 during the year (2017: £1,182), and the pension creditor at the yearend was £354 (2017: £275).

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2018

- **NHS Pension Scheme** – an unfunded defined benefit scheme under the direction of the Secretary of State in England and Wales. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. It 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, the scheme is accounted for as if it were a defined contribution scheme: the cost to the Hospice is taken as the contributions payable to that scheme for the accounting period. The Hospice paid employers contributions of £92,644 (2017: £97,681) on behalf employees who were existing members of the scheme before joining the Hospice and are therefore able to carry on their membership under the scheme rules. The pension creditor as at the yearend was £nil (2017: £nil).

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 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 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.

A further scheme - **the Federated Flexiplan No 1 Pension Scheme** ("the Plan") was wound up during the year, after the Scheme Trustees entered a buy-in covering the full scheme liabilities with an insurer in February 2017. The administrator for the scheme was KPMG and the trustee was Entrust Pension Ltd. It is a defined benefit, multi-employer scheme which is closed to new members and to future accrual of benefits.

19. Contingent liabilities and assets:

Contingent liability - In 2011 the Hospice received a grant from the Social Enterprise Investment Fund (SEIF) of £450,000. The grant agreement contains a condition that repayment is required if free reserves, defined as all liquid assets that are not restricted, exceed 12 months operational expenditure in any financial year. Should this happen the grant must either be repaid in full or converted to an interest bearing loan to be repaid in monthly instalments over the remainder of a ten year term. If free reserves remain below 12 months operational expenditure for the whole of the 10 year term commencing on 1st April 2011, the grant becomes non-repayable. The grant is secured by a legal charge over the Hospice's premises at Millbank Drive. In April 2017, the Social Investment Business Group, who administer SEIF, varied the grant terms so that the Designated Hospice at Home Fund is also excluded from free reserves until March 2022.

Contingent asset – as at 31 March 2018 the Hospice is aware of 12 ongoing legacy cases (10 residuary and 2 pecuniary) where the value is uncertain as estate accounts are still to be finalised – no amounts have been included in income in relation to these legacies.

20. Operating lease commitments:

At the year end, the group and charity had total commitments under operating leases expiring:

	Land & Buildings	Equipment	Total 2018	Total 2017
	£	£	£	£
Within 1 year	-	-	53,688	375
Between 1 and 5 years	51,759	7,994	59,753	105,266
In more than 5 years	124,417	-	124,417	144,667
	176,176	7,994	184,170	250,308

Operating lease payments made during the year were £42,491 (2017: £40,146).

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2018

21. Capital Commitments:

There were no capital commitments at the end of the financial or prior year.

22. Share capital and company status:

The company is incorporated under the Companies Act 2006. It is limited by guarantee and, therefore, does not have any issued share capital. 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.

23. Funds:

	Restated Balance b/f	Income	Costs	Transfers	Gains/ (losses)	Balance c/f
	£	£	£	£	£	£
Unrestricted Funds:						
General	3,314,222	4,688,608	(3,975,304)	107,704	68,935	4,204,165
Revaluation reserve	433,247	-	-	-	(79,684)	353,563
Designated Hospice at Home	1,100,000	-	(93,434)	-	-	1,006,566
	4,847,469	4,688,608	(4,068,738)	107,704	(10,749)	5,564,294
Restricted:						
Property Funds:						
Hospice Premises	3,743,721	-	-	(103,905)	-	3,639,816
Equipment fund	32,798	35,000	(19,174)	-	-	48,624
Hospice garden	8,370	7,835	(12,099)	(1,399)	-	2,707
Service Funds:						
Hospice at Home	30,596	340,206	(187,093)	-	-	183,709
In-patient Unit	-	-	-	-	-	-
Big Lottery Fund - childhood bereavement	26,876	28,709	(34,151)	(2,400)	-	19,034
Childhood services	3,138	-	(2,197)	-	-	941
Sunflower Centre for Day Care	-	1,561	-	-	-	1,561
Dementia services	13,362	1,650	(15,012)	-	-	-
Chapel Fund	-	15,771	-	-	-	15,771
Other Funds:						
Staff Fund	738	-	-	-	-	738
Total Restricted	3,859,599	430,732	(269,726)	(107,704)	-	3,912,901
TOTAL FUNDS	8,707,068	5,119,340	(4,338,464)	-	(10,749)	9,477,195

Unrestricted Funds:

General fund – this is the accumulation of free reserves.

Revaluation Reserve – is required by the Companies Act 2006 and represents the amount by which investments have been revalued from their historic cost.

Designated fund – Hospice at Home – in March 2017 the Trustees agreed to transfer £1,100,000 of reserves to help fund the Hospice at Home project for 5 years whilst a secure and viable income stream is built up to fund this service in the longer term.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2018

Restricted Funds:

Property Funds - Hospice Premises - this fund represents the net book value of the Hospice's premises at Millbank Drive and includes £300,000 for the land originally donated by the Health Authority. It does not include £36,000 relating to a retail property in Macclesfield. Should the Hospice's activities cease, and the Millbank Drive premises be sold, all the proceeds would be payable to The Secretary of State for Health and Social Care. This obligation is secured by a legal charge over the Hospice's premises at Millbank Drive.

The value of the land and buildings is therefore considered to be restricted. The transfers result from movements in the property value arising from capital expenditure and depreciation.

Property funds - Equipment Fund and Hospice Garden funds represents funds received for the purchase of equipment for all areas of the Hospice, and for the maintenance of the gardens.

Service funds:

These represent monies received for the provision of specific Hospice services. In particular the **Big Lottery Fund Grant** funds a project to provide on-going emotional support and childhood bereavement counselling services in the Hospice's catchment area. Funding for the 5 year project term is provided by The Big Lottery Fund under a 'Reaching Communities' grant, and any unspent monies must be refunded to the provider. This project has been extended until October 2018.

Other funds:

The **Staff Fund** - this represents donations given specifically for the benefit of staff and for staff training. The HR manager is responsible for deciding benefits to be provided.

Transfers between funds:

These reflect the fulfilment of restrictions through the purchase of fixed assets with restricted donations, and depreciation of those restricted assets.

24. Analysis of net assets between funds:

	Unrestricted Funds £	Restricted Funds £	Total 2018 £
Tangible fixed assets	298,840	3,639,816	3,938,656
Investments	2,844,008	-	2,844,008
Net current assets	2,421,446	273,085	2,694,531
Group:	5,564,294	3,912,901	9,477,195
Investments	2	-	2
Net current assets	(2)	-	(2)
Charity:	5,564,294	3,912,901	9,477,195

25. Related parties:

There are no related party transactions that require disclosure.