

**Cornwall Hospice Care Limited
(Limited by guarantee)**

**Report of the Members of the Board and
financial statements**

For the year ended 31 March 2018

Company registration number 05660401

Charity registration number 1113140

Cornwall Hospice Care Limited (Limited by Guarantee)

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Cornwall Hospice Care Limited (Limited by Guarantee)

Section 1: Strategic Report

The Members of the Board (who constitute Directors of the company for the purposes of the Companies Act and Trustees for the purposes of the Charities Act) have pleasure in submitting their report together with the audited financial statements for the year ended 31 March 2018 and confirm that the latter comply with the requirements of the Act, the Memorandum and Articles of Association, and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015)

Highlights of the Year

Patient Care

During the year, we admitted 342 patients to our two hospices with those patients staying with us for an average of 15 days. A greater number of patients were discharged to either their home or another place of care.

Calls to our advice line come from community based staff including GPs, community nurses, out of hours and emergency services, nursing homes and community hospitals. The total number of calls received grew by 55% this year reflecting the increasing value of this relatively new part of our service.

This year we introduced our neighbourhood hubs in Penzance and Wadebridge. Take up of the services offered has been encouraging and we plan to open in more locations in the coming year.

Patient Care	2016/17	2017/18
Number of patients admitted	347	342
Number of patients discharged	108	129
Occupied bed days	5107	5190
Day care Appointments	113	96
Lymphoedema outpatient appointments	1514	1698
Lymphoedema inpatients	82	86
Advice Line calls	984	1524
Hub Sessions run	na	145
Hub patients seen	na	122

Patient Satisfaction

During the year we received just under 200 written compliments from patients and their families. There was one complaint received and this was partly upheld.

External Regulation

The CQC have awarded ratings of “outstanding” and “Good” to our two Hospices. We believe that these ratings acknowledge the incredibly high levels of care given to our patients by our hospice teams and reflect the passion for care that all our staff and volunteers share across the charity.

External recognition of our work

We were shortlisted for the second year in succession for the BMJ Palliative Care Team of the Year award in May 2018. This year it is in recognition of the joint working in Oncology clinics with the Royal Cornwall Hospital, entitled “Beyond Early Intervention, Integrated Working for Better Outcomes in Oncology”

The research on intrathecal analgesia carried out collaboratively with acute Pain Teams in Gloucester and Truro was published in the Palliative Medicine Journal in July 2017.

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Financial

This year we generated a small surplus result, which served to increase the level of total reserves to £10.7m. Of this, £9.9m is unrestricted, leaving us in a strong financial position to continue to invest confidently in the community-based services that will form an important part of our future work. This result is more positive than our budget for the year had assumed. At the start of the year, we budgeted for a deficit position of around £0.6m because of new investment in our community hubs and modest income growth expectations. In reality, we have opened the two neighbourhood hubs that we hoped for and seen stronger income growth from our fundraising activities and from legacies.

Our income, as reported on page 20 of the financial statements, grew by 4% to reach £9.6m. This growth was mainly due to a strong year in both retail and fundraising offset by a small fall in legacy receipts. The total amount received from our contracts with health authorities remained unchanged.

Fundraising

During the year, our fundraising team enjoyed significant success, raising almost £0.97m to fund the work of our charity and the care we provide. Over the last year, we have developed a new strategic focus, setting out the vision for the department for the next five years, whereby we will grow our contribution to meet the future care demands of the charity. Particular highlights of the year include a £100,000 contribution from our Volunteer Fundraising Groups, a record £70,000 from our Virgin Money London Marathon Team, as well as more dedications and new locations for our Light Up A Life memorial events.

The support we receive from our Community never ceases to amaze and humble us with £300,000 raised. Additionally our bespoke overseas cycle ride from Cornwall to France, the Mount to Mont Cycling Challenge, raised £110,000 before costs and funded £65,000 of care; we are thrilled to have raised a six-figure sum and interest in our overseas challenges remains high.

Lastly, gifts in Wills fund approximately a third of our care costs at £1.9m, and we remain truly touched that someone believes so strongly in our work they wish to support us after their death. To everyone who has supported us, thank you.

Our People

The average number of staff employed across the organisation remained stable for the year at 280 full and part time permanent along with 25 bank. We also have 900 volunteers providing 162,321 hours in the last year supporting the work of the charity in our hospices, shops, offices and at fundraising events.

The emphasis and focus for our People in 2018-19 remains to deliver the following key work areas.

- Building the brand of Cornwall Hospice Care as an 'Employer of Choice'
- Workforce Development across Cornwall Hospice Care
- Attracting, recruiting, rewarding and retaining the very best people
- Leadership & Management Development
- Upgrading our people infrastructure by implementing a new HR System
- Providing the very best HR service to our internal customers
- Ensuring that our volunteers feel inspired, valued, supported & connected to the work of Cornwall Hospice Care.

The over-arching aim of our people strategy is to be an 'Employer of Choice' for Cornwall with this being delivered by;

- Providing meaningful work that meets the needs of both the organisation and the community
- Providing flexible working practices to meet the needs of an ever-changing workforce
- Placing an emphasis on performance through being efficient and effective
- Providing open, honest and transparent internal and external communication
- Putting patients, families, carers, friends and our people at the heart of everything we do.

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Developing our organisational plans and priorities has been a collective effort. In order to maintain and build on our successes, we will continue to offer personal and professional development opportunities to ensure all of our people feel inspired, valued, supported and connected to the work of Cornwall Hospice Care.

Vision Mission and Values

These were developed with input from trustees, staff and volunteers during the financial year 2016/17. This year we have concentrated on embedding the values and ensuring all of our people understand and demonstrate them in all of their work at Cornwall Hospice Care.

Our Vision

Our vision is for all people living with terminal illness in Cornwall to be able to access the care and support they may need at the time and in the place that is right for them and their families.

Our Mission

We aspire to deliver the highest possible quality care and support to our patients and their families. We will strive to secure the resources necessary to achieve this, now and in the future.

Our Values

We aim to...

- **Care** by delivering the highest quality, holistic, compassionate and individualised care to people in Cornwall.
- **Value everyone**, behaving with honesty and integrity and unlocking the potential of staff and volunteers so they can deliver a high standard of care, generate funds and support the patients, families, friends and carers who rely on us.
- **Listen** carefully to what patients, families and professionals are telling us about the services we provide.
- **Communicate** in a timely and transparent manner with both internal and external audiences, ensuring we engage, consult and inform everyone in Cornwall and beyond of what we are doing and why.
- **Collaborate** working in partnership with others to broaden our scope and deliver services to those who are hard to reach.
- **Innovate** by encouraging creativity and development of ideas to ensure we are as efficient and effective as we can be in everything we do.

Structure, governance and management

Status

The charity was incorporated on 21 December 2005. The company registration number is 05660401 and it is also a registered charity, registration number 1113140.

Governing document

The charity's governing document is its Memorandum and Articles of Association.

Charitable objects

The objects of Cornwall Hospice Care Limited are to provide help and relief to people suffering from cancer and other life threatening illnesses by providing and promoting specialist palliative care to the people of Cornwall and the Isles of Scilly.

Organisational management

The company's governing body is a Board of Trustees whose members are elected by the members of the charity. The Board currently comprises 10 members and there are five Board sub-committees.

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The charity has two wholly owned trading subsidiaries: Cornwall Hospice Care Trading Limited whose sole purpose is to raise funds for the charity by reselling purchased goods for profit, and Cornwall Hospice Care Lottery Limited, which raises funds through the operation of a lottery.

The Board and its Committees meet quarterly, or more regularly if required, to review policy and performance. The day to day management of the charity's affairs is delegated to the Chief Executive and the Executive team.

Members of the Board

The following were members of the Board during the year:

Mrs L Ross (Chair)	
Mrs M A Anson	<i>Appointed 12th July 2017</i>
Dr J N Barnes	<i>Appointed 15th March 2018</i>
Mr RA Brownscombe	
Mrs LA Clarke	
Dr R Dhumale	<i>Resigned 9th November 2017</i>
Mrs MR Geake	<i>Resigned 9th November 2017</i>
Dr S Hawkins	
Dr CJ Phillip	
Mr DW Renwick	
Dr M Turfitt	
Mr AJ Whyte	

Mrs Ross, Mr Brownscombe and Mr Renwick also served on the Boards of Cornwall Hospice Care Trading Limited and Cornwall Hospice Care Lottery Limited during the year.

Since the year-end, Mrs Lesley Jane Stubberfield has been appointed to the board.

Board members retire by rotation every 3 years and may offer themselves for re-election at that time, up to a maximum 9-year period of office. This can be extended in exceptional circumstances by an additional year as set out in our governance policy.

Board Committees

There are five sub-committees of the Board. Membership of these Committees during the year is set out below:

<i>Clinical Services Committee</i>	<i>Finance Committee</i>	<i>Income Generation Committee</i>	<i>Governance Committee</i>	<i>Remuneration Committee</i>
Dr M Turfitt (Chair)	Mr A Brownscombe (Chair)	Mr D Renwick (Chair)	Mrs L Ross (Chair)	Mrs L Ross (Chair)
Mrs M A Anson	Mr D Renwick	Mr A Brownscombe	Dr R Dhumale	Mr A Brownscombe
Dr J Barnes	Mrs L Ross	Mrs LA Clarke	Dr S Hawkins	Mr D Renwick
Dr R Dhumale	Dr M Turfitt	Mrs M Geake	Mr D Renwick	Dr M Turfitt
Dr S Hawkins	Mr AJ Whyte	Mrs L Ross		
Dr CJ Phillip				
Mrs L Ross				

NB; The above represents core membership but any Trustee may attend any committee meeting should they so wish.

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Recruitment and induction of Trustees

Recruitment of Trustees is an ongoing process in order to maintain a balance of members with a good mix of up to date and appropriate skill sets.

Trustee vacancies are advertised on our website and through other channels. Suitable candidates are interviewed and, depending on vacancies, are invited to become Trustees based on their skills and knowledge. New Trustees are introduced to the charity's workings by the existing Trustees and the executive team when appointed via a structured induction program.

Executive Officers

Chief Executive: Paul Brinsley

Finance Director & Company Secretary: Graham Clarke

Director of Patient Services: Dawn Tame- Battell

Medical Director: Dr Deborah Stevens

Director of Human Resources and Organisation Development: Paddy Dummett

Patron

The Rt Revd Tim Thornton, Bishop of Truro

Principal address and registered office

Mount Edgumbe Hospice,

Porthpean Road

St Austell

Cornwall

PL26 6AB

www.cornwallhospicecare.co.uk

Advisers

Solicitors: Michelmores LLP
Woodwater House
Pynes Hill
Exeter EX2 5WR

Auditors: PKF Francis Clark
Lowin House
Tregolls Road
Truro TR1 2NA

Investments: Standard Life Wealth Ltd
30 St Marys Axe
London EC3A 8EP

Bankers: Barclays Bank PLC
10 Church Street
St Austell PL25 4AS

Related parties

The charity has two wholly owned subsidiaries, Cornwall Hospice Care Trading Limited and Cornwall Hospice Care Lottery Limited. Details of transactions with those parties are included in note 14 of the financial statements.

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Report of the Chair

Over the past twelve months we have continued to build on the work initiated during 2016/17, which sought to establish collaborative involvement in the future of the services provided by our charity across Cornwall. This collaboration was both external, involving discussions with other health care providers and commissioners, and internal through continued engagement with our staff and volunteers to promote increased awareness of our strategic priorities.

Whilst provision of the highest quality care via our two inpatient units remains core to what we do, our 2016/17 plans to expand the delivery and scope of our expertise and services into the community via Neighbourhood Hubs saw the successful start of the process with the opening of two such hubs in Wadebridge and Penzance in October 2017. More are planned for 2018 as well as the expansion of volunteer-led Open House sessions also intended to support patients and carers at an earlier stage in their diagnosis.

Aspiration for clinical excellence underpins all that we do and our clinical teams continue to gain recognition for their research both locally and nationally. In spite of a challenging commissioning and financial environment we have continued to invest in improving our governance structures and our education provision and to put in place strategies to ensure the sustainability of our service provision.

Without the support and dedication of the staff and volunteers, both in-house and out in the community, who have worked tirelessly over the past year we would be unable to deliver the high-quality patient care and support that the Charity is renowned for. On behalf of the Board of Trustees I would like to pay tribute to them all.

We have been pleased by the response to our request for new Trustees in order to update and maintain a balance of key skills and knowledge on the Board and during the year were delighted to welcome two new members. At the same time we have also seen two Trustees step down. I would like to thank them both for their hard work and dedication over their period of service.

I would like to say a special thankyou to Margaret Geake, a Trustee of the Charity since its inception in 2006 and one of those who retired during the year. Involved initially in raising funds for what was to become Mount Edgumbe Hospice her commitment since then has been unstinting and I wish to acknowledge in particular the passion, determination and enthusiasm that she has brought not only to the Board but also to our dedicated community fundraising groups. I am delighted that Margaret will continue to contribute fully via the St Austell Fundraising Group and any other means available to raising funds in support of the care we provide.

Lesley Ross

Chair of Trustees

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Chief Executives Report

Cornwall Hospice Care is the only charity providing specialist palliative and end of life care to the whole of Cornwall. We currently provide this through our two inpatient units, at St Julia's in Hayle and Mount Edgcumbe in St Austell; as well as our advice line providing advice and support to healthcare professional 24 hours a day 7 days a week, and the domiciliary visits provided by our medical and therapy teams.

I believe this care to be of the highest quality, evidence for which is described in this report and by the two most recent CQC inspections.

Public benefit

The members of the Board have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and in planning future activities. In particular, the members of the Board consider how planned activities will contribute to the aims and objectives set.

Aims and intended impact

The aim of the charity is to ensure the widest possible access to its specialist palliative care services throughout Cornwall. The intended impact is to reduce suffering of patients living with terminal conditions predominantly cancer related and to provide appropriate support to their families.

To support our care we have a governance structure through which we work hard to critically review our care; developing systems and processes that allow us to continually challenge ourselves and where necessary implement changes to improve our care. The structure includes Quality Assurance, Clinical Governance and the Clinical Services Committee, as well as quarterly scrutiny by the full Board of Trustees.

In 2016 we published a five-year strategy and in the first year we have started our journey to reach out into the community and provide care closer to home with the opening of our first Neighbourhood Hubs.

The provision of specialist inpatient beds remains central to what we do, however, the development of community and outreach services will be vital to us in the coming years. As more people ask for care to be delivered closer to home, the changing demographics mean there will be more deaths and the professional modelling shows that more people will die in care homes and in the community, the hospices need to reshape their care provision to remain relevant.

Cornwall Hospice Care provides high quality clinical services to people with a terminal illness focusing on providing specialist palliative care. To achieve our stated vision and as a charity that prides itself on being Cornish, we need to develop services that are available and accessible wherever people live in our County.

During 2017/18 the Board and Executive Team focused on equity of access and sustainability, and these two themes will be constant in the years ahead.

Paul Brinsley
Chief Executive

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Strategic Priorities for 2018-23

During the year we reviewed our five-year strategic priorities for the period up to 2023. This was done in consultation with Trustees, staff, and volunteers. Our agreed strategic priorities are as set out below:

- **In-patient beds** – ensuring sufficient beds for specialist palliative care are maintained to meet the needs of the population.
- **Community services** – offering service and support closer to home.
- **Carers** – providing emotional support and practical help to enable carers to cope with the difficult task of looking after a loved one at the end of their life.
- **Volunteers** – harnessing the skills and knowledge volunteers have to deliver services; building on the work of compassionate communities.
- **Community engagement** – ensuring services deliver what our users and potential users want and need.
- **Education** – raising the standard of end of life care in all our communities.
- **Workforce** – developing, supporting and shaping the workforce for the future.
- **Funding** – growing and developing our funding ethically from a diverse range of sources including our retail, fundraising and lottery activities.

Underpinning these eight strategic priorities we will work to deliver services that are integrated and offer value for money. We also need to ensure that throughout the coming strategic cycle we develop our workforce (paid and volunteers) ensuring it is fit to deliver care in the 21st century, therefore ensuring the balance between acute medical specialist palliative care and the wider holistic care for which hospices are renowned is correct.

Progress made in 2017/18

As described by the Chairman, good progress has been made in developing our new outreach models comprising both Neighbourhood Hubs and Open House in locations in the County where we have not previously held a visible presence. These initiatives have been well received in the community and are clearly meeting people's need for access to hospice services closer to home.

Priorities for 2018/19

We are working through the strategic priorities and in 2018/19; we will build on the community work begun in 2017/18. We are also exploring how we can fully utilise the bed capacity within the two hospices, involving staff and trustees in how this may best be achieved. We aim to ensure that as many patients as possible can be accommodated – the difference in improvement of quality of life that our dedicated clinical staff achieve is second to none.

In order to deliver these aims we will continue to invest in our fund raising and retail activities to grow our income. We regularly review these areas to ensure they remain both efficient and cost effective – the success of our hard working Income Generation team together with the many volunteers who support them underpins the delivery of clinical services.

Risk Management and Internal control

The Trustee Board has overall responsibility for the charity's risk management and internal control systems. Each Board Committee reviews risk in its own area at each of its meetings during the year. The Finance Committee, advised by management, supports the Board by monitoring an agreed program of internal audit activity, keeping risk management and internal controls constantly under review.

The Board carries out a robust assessment of the principal risks facing the charity, including those that would threaten its business model, future performance, reputation or solvency. The Board risk register sets out the charity's key risks as assessed at any point in time and these are reviewed at each Board meeting.

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The strategic risks currently include risks to our contract with the NHS, which underpins our contractual funding, shortfalls in our funding and a failure in the care that we give. The Board has set a risk framework and categorises risks by impact and likelihood and the necessary level of management or mitigation.

The table below identifies the principal risks identified and reviewed by the Board during the year based on the processes described above. Going forward, the Board will continue to monitor work carried out by the executive on the identification and management of risk, including in relation to the delivery of our planned community programs.

Risk Area	CHC Key Risk	Mitigating Actions
Information Governance	Failure to meet the Information 2018 Governance Toolkit deadline for level 2 compliance leading to withdrawal of access to patient records	IG Officer has been appointed. IG forum established and a planned program of work is in place geared toward retention of level 2 accreditation and planning for the new requirements for 2019.
Marketing	Ineffective or inaccurate story in the media either externally or internally sourced can change perception of staff shortages or the charity	Clear communications to be maintained about our work, role and place in Cornwall whilst providing community support. Information to be available for key issues that may arise or that we are aware of, to maintain public knowledge. Staff communications in Vol-bag strengthened including around our 16 staff sessions, the formation of a newsletter, Staff forum and a Staff Survey
Clinical	Serious untoward incident in patients care could lead to serious harm or premature death	Clinical governance, policy, processes and procedures in place, SOP's used, medicines management regularly reviewed, staffing levels monitored and locum staff can be accessed if needed. Mandatory training, learning environment, critical incident review process, research and audit are all carried out, clinical staff undergo appraisal and revalidation process.
Strategic/External Environment	NHS Contract not renewed in March 2019	Continued collaborative working with the current partnership contract review in March 2019 led to a three year contract being agreed
Strategic / External Environment	Failure to roll out the planned extension of hospice services into the community	Continued review of ongoing management to ensure project milestones are achieved, recruitment plan for key staff and a communication plan is in place.
Human Resources	Failure to attract and retain sufficient skilled staff and volunteers especially in clinical roles, to sustain our operations	Training and career development and progression opportunities are in place, total reward packages kept under review with help from CHC as a main employer of choice. We have widened our recruitment advertising approach to reach the maximum number of potential candidates
Charity wide	Staff who are not permanently based at our office locations are at risk when working alone. Existing lone working alarms have proven to be unpopular and unreliable.	We continue to evaluate new alarms and other methods whereby staff can remain protected when working remotely and on their own. Steps taken to embed the use of the current system more widely.
Funding	Shortfall in funding leading to an inability to deliver the services at the level currently provided to patients	Opportunities to diversify funding streams are kept constantly under review. Live financial portfolio monitored to ensure favourable return. As level of services maintained will help mitigate any shortfall in the short term
Fundraising	Breach of ICO and Fundraising Regulator Rules ahead of the introduction of GDPR in May 2018	Review Fundraising Regulator guidance as it becomes available. Develop tools to record contact preferences. Current approach to be based on legitimate interest.

Going concern basis of accounting and long term viability

The Directors have carried out a review of the company's budget for 2018/19 and its strategic priorities for that year; and have concluded that they have a reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

As part of its assessment of principal risks, CHC has also considered its viability over the longer term. Much of the funding we require is generated by our shops and other fundraising activities. The Board has reviewed long-term plans in each of these areas and is satisfied that the level of investment in staff, systems and new shops is appropriate and will help to generate the necessary income to ensure the continuing level of care.

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Financial Review

The details of our financial performance for the year are set out in section 5 of this report. Management accounts are prepared each month and are reviewed by the executive team. Annual budgets for both income and expenditure are set and approved by the Board. The monthly management accounts set out performance against budget and against the previous year. At the end of each quarter, revised forecasts are prepared by the finance team and presented to the Board through the Finance Committee.

A surplus result of £15k was recorded in the period which compared to a budgeted deficit of £0.6m. This result represents a reduction of £0.24m compared to the previous year.

The financial performance is summarised in the table below:

Financial Summary £000s	2017/18 Actual	2017/18 Budget	2016/17 Actual
Total Income	9,599.3	9,522.3	9,259.7
Expenditure	9,727.1	10,157.5	9,080.3
Operating Result	-127.8	-635.2	179.4
Gain / (loss) on investments & property	3.8	0.0	69.5
Gain / (loss) on disposal of fixed assets	9.1	0.0	12.4
Gain / (Loss) on pension scheme provision	129.9	0.0	0.0
Surplus / deficit	14.9	-635.2	261.3

Income

The table below sets out a summary of income as recorded in our management accounts for the year.

The total income earned in the year was £9.6m, which was £0.1m (0.7%) ahead of budget and £0.4m (3.6%) better than last year.

The key area of growth compared to budget was in legacies where a higher number of new notifications were received during the year. Across our income generation activities comprising retail, fundraising and lottery, we were collectively below budget for the year by £0.2m (3%). Whilst this is disappointing, we have ended the year strongly and are in very good shape to start the new year in a positive way.

Investment income is below budget due to the transfer of two investment properties to our own use.

Compared to last year we have seen strong growth in retail income of £0.4m (9.7%) as the number and size of our shops has increased. Fundraising and lottery were also both slightly ahead.

The amount of contracted income we received from the NHS was unchanged. 2017/18 was the second year of a three year fixed contract signed in 2016. One of our priorities during 2018/19 will be to renew this contract.

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Income Summary £000s	2017/18 Actual	2017/18 Budget	2016/17 Actual
Legacies	1,886.5	1,687.0	2,050.6
Donations	434.0	333.5	343.9
Fundraising	969.2	967.8	948.1
Gross Income from Retail	4,368.0	4,566.3	3,979.7
Gross income from Lottery	548.8	527.2	488.1
Income from clinical contracts	1,017.2	1,014.1	1,017.3
Investment Income	103.5	140.8	148.6
All other income	272.1	285.6	283.3
Total Income	9,599.3	9,522.3	9,259.7

Expenditure

Total expenditure for the year was £9.7m, representing an underspend of £0.4m (4.2%) against budget. Expenditure grew by £0.65m (7.1%) compared to last year.

Against budget, we achieved a significant saving across our clinical activities, mainly due to higher vacancy levels amongst nursing staff and a slower than expected start in our neighbourhood hubs project. This was offset by higher expenditure in retail where staffing and property costs were both higher. The increase in staffing arose as a direct result of the increase in living wage and property costs increased as the number of shops operated grew.

Compared to last year, much of the increase has been driven by retail where a number of new shops have been opened during the year. During the year, we implemented a new till system in all of our shops, with the aim of improving accuracy and efficiency and better supporting the process of managing gift aid claims.

The cost of providing care rose by 3.1% due mainly to the investments made to roll out the community hubs.

Expenditure Summary £000s	2017/18 Actual	2017/18 Budget	2016/17 Actual
Retail	3,712.5	3,692.5	3,350.5
Lottery	280.2	301.3	286.8
Cost of raising funds	690.4	730.4	558.7
Provision of care	4,927.6	5,321.3	4,779.7
Support costs	116.4	112.0	104.6
Total Expenditure	9,727.1	10,157.5	9,080.3

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Section 2: Directors Report

Reserves policy

The Board reviews the reserves policy regularly. It recognises that it needs to treat the charity's reserves as an integral part of the strategic planning process required to develop and maintain the delivery of its services in the best interests of its beneficiaries. It reviews the level of free reserves required based on an assessment of the major financial risks to which the charity is exposed.

In common with the last few years, the commissioning and funding of all NHS care service provision continues to be a high risk area, but this has been somewhat mitigated by the longer term deal reported above. Uncertainty around the economic climate and ever-increasing competition from other charities, along with a continued difficulty to recruit members of staff with the required skills and experience, continue to pose challenges to our retail, fundraising and voluntary giving activities.

Total free reserves of £5.8m were held by the charity at 31st March 2018. This comprises a general reserve equating to 3 months running costs plus a balance of £2.14m, which the Trustees believe it is necessary to retain given the strategic risk factors identified above, the continued unpredictability of vital legacy income and the current uncertainties within the economic climate and retail environment.

It is also worth identifying here that Note 29 details legal operating lease commitments of £3m (2017: £2.2m) which would need to be provided for from these reserves, in the extremely unlikely event that the charity is forced into closure.

As in previous years, the Board has continued its policy of designating funds from reserves to cover short and medium term expenditure, which it recognises may not be covered by a guaranteed income stream. This includes retention of the balances of £0.8m to cover the estimated costs of future service developments, relating to the planned introduction and expansion of community services, where £0.9m was designated to cover an initial 3 year period.

Volunteers

The Board would like to place on record once again its grateful thanks to the hospice volunteers, fundraising groups and shops volunteers for their continued and unstinting support. It is also grateful to the general public who have been so generous to the hospices over the years.

Fundraising Compliance

We comply with all relevant statutory regulations including the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 1998, the Privacy and Electronic Communications Regulations 2003, the Telephone Preference Service and the Mailing Preference Service.

We are also registered with the Fundraising Regulator and are committed to upholding the standards of the Code of Fundraising Practice. We have committed to honest, fair and open fundraising activity and protecting those who may be vulnerable. To the best of our knowledge, we have met these standards. The Fundraising Preference Service (FPS) was launched in July 2017 and we have taken steps to ensure we comply with any requests highlighted by them. For the year just ended there was a single suppression request.

During the year we utilised a wide range of fundraising activities to raise money to fund the services we provide. These include sponsored events, corporate sponsorship, community support, donations, our lottery and bumper draws. The majority of the work is carried out by our staff and our volunteers. In addition, we use third party companies as canvassers to recruit for our lottery and delivery staff for events, domestic and overseas.

We monitor fundraising activities carried out on our behalf with randomised follow up calls to supporters, regular meetings and regular training, the results of which are reported to our Income Generation Committee. No formal complaints were received in the last year.

Accounting policies

There were no changes to accounting policies during the year.

Cornwall Hospice Care Limited (Limited by Guarantee)

Executive remuneration

As a specialist medical charity directly employing highly skilled clinical staff including, nurses, therapists, doctors and consultants to deliver our services, the Board is mindful of the need to have equally well qualified and skilled senior managers to carry the responsibility for the day to day operation of the two hospices including the responsibility to raise the funds needed to ensure continuity of care. The Board, through the Remuneration Committee, has carefully considered the remuneration of the senior staff including the Medical Director, Chief Executive, Finance Director, HR Director and Director of Patient Services, and is satisfied that it is appropriate to the level of responsibility held and in line with market rates for roles in similar sized charitable organisations delivering specialist medical care.

Investment policy and objectives

The Board has approved an investment policy which requires a balanced return from income and capital growth and whose primary focus is the preservation of the capital value of the portfolio sum. In order to achieve this, the Board has set a target annual minimum return on the value of the portfolio, which is directly related to the level of risk attached to the investments.

During the year the charity's investment portfolio was managed by Standard Life Wealth (SLW). A broad range of equities and UK Government Securities were held, with the exclusion of tobacco companies. SLW follows a policy of low risk but cannot change the basic structure of the portfolio without prior consent of the Finance Committee. A quarterly report detailing the portfolio performance is prepared and scrutinised by the Finance Committee. The annual return on the portfolio for the year fell short of the Board's stated minimum requirement.

The charity also owns a total of four properties. At the start of the year, three of these were let to third parties to produce an income stream and one shop was used as part of our own retail operation. During the year, two of the three third party tenants ended their leases and the two properties reverted to our own use for retail.

Other funds are invested in bank deposits, earning a low rate of interest, but are readily available to meet any short-term cash requirements.

Our impact on the environment

Cornwall Hospice Care is committed acting in ways that minimise the impact of its activities on the environment.

Some of the things we have done during the year to help us achieve this are set out below:

- Minimised waste by continually evaluating our operations to ensure they remain as efficient as possible.
- Actively promoted recycling both internally and amongst our supporters and suppliers. We have programs in place to recycle donated goods that are not suitable for sale, especially clothing and fabrics, books, metal goods and furniture. During the year we recycled an estimated 434 metric tons of materials, including 210 tons of clothing and fabrics plus 164 tons of paper and books.
- We have committed to phase out the use of plastic bags in our shops by the end of 2018.
- Improved our processes for recycling paper and plastics in our offices
- The solar panels installed at St Julia's hospice generated 8,500 kwh of power during the year.

Tax status

Cornwall Hospice Care Limited, being a registered charity, is exempt from corporation tax on its investment and other non-trading income.

Cornwall Hospice Care Limited (Limited by Guarantee)

Accounting and reporting responsibilities of the Board

The members of the Board constitute directors of the company for the purposes of the Companies Act. They are responsible for preparing the Report of the Members of the Board and the financial statements in accordance with applicable law and regulations.

Law applicable to companies in England and Wales requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the group and company and of the net incoming or outgoing resources of the group for that year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Charities Act 2011. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of group and company and to prevent and detect fraud and other irregularities.

Statement of disclosure to auditor

So far as the members of the Board are aware, there is no relevant audit information of which the charity's auditors are unaware. Additionally, the members of the Board have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

By order of the Board



G I Clarke
Company Secretary

DATE 8/11/18

Porthpean Road
St Austell
Cornwall

Cornwall Hospice Care Limited (Limited by Guarantee)

Section 3

Cornwall Hospice Care Limited

Independent auditors' report to the Members of Cornwall Hospice Care Limited

Opinion

We have audited the financial statements of Cornwall Hospice Care Limited (the 'charitable company') for the year ended 31 March 2018 which comprise the consolidated statement of financial activities, balance sheet, consolidated 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, including Charities SORP, Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's and group's affairs as at 31 March 2018, 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; 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

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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Board of Trustees, other than the financial statements and

Cornwall Hospice Care Limited (Limited by Guarantee)

Independent auditors' report
to the Members of Cornwall Hospice Care Limited

Other information (continued)

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 Report of the Board of Trustees (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 directors' report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Trustees.

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

- adequate accounting records have not been kept, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, 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,

Cornwall Hospice Care Limited (Limited by Guarantee)

Independent auditors' report
to the Members of Cornwall Hospice Care Limited

Responsibilities of trustees (continued)

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.

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.

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.

PKF Francis Clark

Michael Scott Bentley (Senior Statutory Auditor)
PKF Francis Clark
Chartered Accountants
Statutory Auditors

Lowin House
Tregolls Road
TRURO
Cornwall
TR1 2NA

15/11/18

Cornwall Hospice Care Limited (Limited by Guarantee)

Consolidated statement of financial activities

For the year ended 31 March 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Income					
Donations & legacies	4	2,320,425	-	2,320,425	2,394,562
Income from Charitable Activities	5	1,017,164	-	1,017,164	1,017,324
Income from Other Trading Activities:					
Commercial trading operations	6	4,916,830	-	4,916,830	4,467,800
Fundraising		962,194	7,026	969,220	948,080
Other income		272,164	-	272,164	283,309
Investment income	7	103,526	-	103,526	148,628
Total Income		9,592,303	7,026	9,599,329	9,259,703
Expenditure					
Expenditure on raising funds					
Commercial trading activities		3,992,664	-	3,992,664	3,637,319
Costs of generating donations and legacies		690,415	-	690,415	558,699
Investment portfolio fees		28,766	-	28,766	28,594
Expenditure on charitable activities					
Provision of care		4,901,059	26,564	4,927,623	4,779,747
Support costs		87,656	-	87,656	75,959
Total Expenditure	8	9,700,560	26,564	9,727,124	9,080,318
Net (losses)/ gains on investments		3,834	-	3,834	24,495
Net income/(expenditure)		(104,423)	(19,538)	(123,961)	203,880
Transfers					
Gross transfers between funds		-	-	-	-
Other recognised gains and losses					
Gain on disposal of fixed assets		9,100	-	9,100	12,395
Gain on release of Federated Pension Liability		-	-	-	-
Gain on revaluation of investment property		129,885	-	129,885	45,000
Net movement in funds		34,562	(19,538)	15,024	261,275
Reconciliation of funds:					
Fund balances brought forward		9,867,160	818,600	10,685,760	10,424,485
Fund balances carried forward	26,27	9,901,722	799,062	10,700,784	10,685,760


Cornwall Hospice Care Limited (Limited by Guarantee)

Balance sheet

As at 31 March 2018

	Notes	The Company 2018 £	The Group 2018 £	The Company 2017 £	The Group 2017 £
Fixed assets					
Tangible assets	17,18	4,891,771	4,891,771	3,801,294	3,802,294
Investments	19	3,174,761	3,174,756	4,116,862	4,116,857
		<u>8,066,532</u>	<u>8,066,527</u>	<u>7,918,156</u>	<u>7,919,151</u>
Current assets					
Stock	20	15,125	302,600	12,125	334,054
Debtors	21	1,597,410	883,263	1,037,582	515,180
Cash at bank and in hand		1,569,187	2,089,657	2,400,335	2,699,115
		<u>3,181,722</u>	<u>3,275,520</u>	<u>3,450,042</u>	<u>3,548,349</u>
Creditors: amounts falling due within one year	22	(548,470)	(641,263)	(553,553)	(651,855)
Net current assets		<u>2,633,469</u>	<u>2,634,257</u>	<u>2,896,489</u>	<u>2,896,494</u>
Provision for liabilities	25	-	-	(129,885)	(129,885)
Total net assets		<u>10,699,784</u>	<u>10,700,784</u>	<u>10,684,760</u>	<u>10,685,760</u>
The funds of the charity					
Restricted funds	26	799,062	799,062	818,600	818,600
Unrestricted funds	27	9,900,722	9,901,722	9,866,160	9,867,160
		<u>10,699,784</u>	<u>10,700,784</u>	<u>10,684,760</u>	<u>10,685,760</u>

These financial statements were approved by the Members of the Board on 8/11/18 and were signed on its behalf by:


MR R A BROWNSCAMBE
Director

Company registration no.: 05660401

Cornwall Hospice Care Limited (Limited by Guarantee)

Consolidated cash flow statement

For the year ended 31 March 2018

	<i>Note</i>	2018	2017
		£	£
Cash provided by/ (used in) operating activities	32	(347,595)	374,474
Cash flows from investing activities			
Interest income	3,570	4,596	
Dividends income	46,706	44,032	
Rental income from investment property	53,250	100,000	
		103,526	148,628
Purchase of tangible fixed assets	(356,549)	(189,301)	
Purchase of investments	(484,919)	(1,213,338)	
Receipts from sale of investments	466,979	1,197,406	
Receipts from sale of tangible fixed assets	9,100	12,395	
Net cash flows from investing activities		(365,389)	(192,838)
Increase/(Decrease) in cash equivalents		(609,458)	330,264
Cash and cash equivalents at 1 April 2017		2,699,115	2,368,851
Cash and cash equivalents at 31 March 2018		2,089,657	2,699,115

All of the cash flows are derived from continuing operations during the above two periods.

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

1 Constitution

The charity is a company limited by guarantee, domiciled in England and Wales, registration number 05660401 and does not have a share capital. In the event of the charity being wound up each member is liable to contribute a sum not exceeding £10. There were 10 members at 31 March 2018 (2017:10). The registered office is recorded in the Trustees' report.

2 Consolidation

The consolidated financial statements incorporate the financial statements of Cornwall Hospice Care Limited and its subsidiary undertakings Cornwall Hospice Care Trading Limited and Cornwall Hospice Care Lottery Limited.

A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

3 Accounting policies

3.1 Accounting convention

The financial statements have been prepared on a going concern basis and in accordance with Accounting and reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland FRS 102 and the Companies Act 2006.

Cornwall Hospice Care Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

3.2 Tangible fixed assets and depreciation

Individual fixed assets costing £500 or more are capitalised at cost and are depreciated over their estimated useful economic lives on a straight line basis as follows:

Freehold buildings	2% per annum at cost (minor refurbishment costs 100%)
Short leasehold improvements	over the period of the lease
Long leasehold buildings	2% per annum (minor refurbishment costs 100%)
Medical equipment and fittings	10% per annum
I.T. equipment	15% - 25% per annum on cost
General equipment and fittings	10% - 100% per annum
Motor vehicles	20% per annum

Depreciation is calculated on a monthly basis where assets are purchased during the year.

No depreciation is provided on freehold land.

3.3 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

3.4 *Stocks*

Stocks are valued at the lower of cost and net realisable value.

Donated items of stock are not valued at time of receipt but income from them is recognised at point of sale. The Trustees opted to continue this policy due to the amount of time, cost and administration involved in the exercise of valuing donated stock. For a charity the size of Cornwall Hospice Care Limited, the Trustees took the view that this is not practical.

3.5 *Income*

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

Legacies are deemed receivable from the date of notification, provided that sufficient information has been received to enable a reliable measure of the amount receivable to be made. Recognition of a legacy, in whole or in part, is only made when the amount can be measured accurately and the charity has been notified of the executor's intention to make a distribution. This valuation method reflects the inherent uncertainty as a substantial proportion of legacy income is represented by property and other investments whose value is subject to market fluctuations until realised. Residuary legacies are valued in line with these considerations.

Investment income is credited to the statement of financial activities on a receivable basis.

3.6 *Grants receivable & deferred income*

Grants receivable are recognised as incoming resources in the year to which they relate. Grants are deferred where they relate to a specified future period. They may be repayable in certain circumstances.

3.7 *Expenditure*

The majority of costs are directly attributable to specific activities. Shared costs are apportioned to the activities in furtherance of the objects of the charity on the basis of estimated usage by each cost centre of the services provided. Irrecoverable VAT is included within expenditure.

3.8 *Investment properties*

In accordance with Charities SORP (FRS 102):

- i) investment properties are revalued annually by the Board on an open market basis (fair value) and the aggregate surplus or deficit is recognised through the Statement of Financial Activities, and
- ii) no depreciation is provided in respect of freehold investment properties.

This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, such properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

3.9 *Pensions*

The pension costs charged in the financial statements represent the contributions payable by the group during the year in accordance with FRS 102. Defined benefit pension funds have been accounted for as defined contribution schemes since these are multi-employer schemes and the group has been unable to identify its share of the underlying assets or liabilities of these funds.

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

3.10 Funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets the criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for charitable purposes.

Designated funds are unrestricted funds earmarked by the Board for particular purposes.

3.11 Provisions for liabilities

Provisions for expenditure are included within the financial statements when it has been determined that there is a present obligation as a result of a past event, there is a probability that an amount will be payable and that a reliable estimate can be made of the obligation.

4 Donations and Legacies

	2018 £	2017 £
Legacies	1,886,454	2,050,614
Donations	433,971	343,948
	<hr/>	<hr/>
	2,320,425	2,394,562
	<hr/>	<hr/>

The charity benefits greatly from the involvement and enthusiastic support of its many volunteers. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

5 Income from charitable activities

	2018 £	2017 £
Health authority contract	1,017,164	1,017,324
	<hr/>	<hr/>
	1,017,164	1,017,324
	<hr/>	<hr/>

6 Income from trading activities

	2018 £	2017 £
Gross Income from shops	4,368,016	3,979,706
Gross Income from Lottery	548,814	488,094
	<hr/>	<hr/>
	4,916,830	4,467,800
	<hr/>	<hr/>

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

7 Investment income

	Group 2018 £	Group 2017 £
Property	53,250	100,000
Bank interest	3,570	4,596
Listed investments	46,706	44,032
On loans to subsidiaries	-	-
	<u>103,526</u>	<u>148,628</u>

8 Total expenditure - group

	Provision of care £	Raising funds £	Commercial trading expenses £	Support costs £	2018 Total £	2017 Total £
Staff costs	4,094,435	363,938	1,935,392	34,643	6,428,408	5,847,929
Patient care	32,418	-	-	-	32,418	44,806
Medical supplies & drugs	87,781	-	-	-	87,781	74,843
Catering & domestic supplies	70,728	-	-	-	70,728	71,538
Travel expenses	44,918	-	2,880	-	47,798	44,284
Training & education	29,083	-	340	-	29,423	43,229
Laundry	10,147	-	-	-	10,147	10,148
Electricity & Gas	42,017	-	-	-	42,017	48,722
Telephone	31,762	-	-	-	31,762	24,794
Rates and water	15,961	-	-	-	15,961	25,590
Uniforms	2,961	-	-	-	2,961	2,153
Printing, Postage and stationery	31,235	-	14,935	-	46,170	52,050
Insurance	32,850	-	-	-	32,850	28,494
Repairs and maintenance	155,699	-	813	-	156,512	303,874
Depreciation	119,335	1,175	109,833	-	230,343	229,841
Direct fundraising costs	-	137,207	-	-	137,207	86,480
Department fundraising costs	-	162,069	-	-	162,069	143,994
Bank interest paid	-	-	272	-	272	291
Banking charges	-	543	10,429	-	10,972	9,293
Administration charge	103,241	8,485	63,640	-	175,366	132,752
Audit and accountancy	-	-	-	13,750	13,750	16,825
Legal and professional fees	-	-	-	39,263	39,263	19,904
Irrecoverable VAT	23,052	16,998	-	-	40,050	26,106
Cost of sales	-	-	605,676	-	605,676	582,804
Shops operating expenses	-	-	1,248,454	-	1,248,454	1,145,653
Investment portfolio fees	-	28,766	-	-	28,766	28,594
Staff relocation & recruitment	-	-	-	-	-	29,384
Bad debts	-	-	-	-	-	5,943
	<u>4,927,623</u>	<u>719,181</u>	<u>3,992,664</u>	<u>87,656</u>	<u>9,727,124</u>	<u>9,080,318</u>

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

9 Expenditure – analysis of governance and support costs

The charity identifies those costs which relate to the governance function. These costs are displayed within note 8 and the statement of financial activities under “Support costs” and relate to the support costs of running the charities main charitable activity. Their detail along with basis of apportionment is shown in the table below:

	Governance function £	Basis of apportionment
Staff costs	34,643	Key management allocated on time
Audit and accountancy	13,750	Governance
Legal and professional	39,263	Governance
	<u>87,656</u>	

10 Net income/ (expenditure) for the year

This is stated after charging the following:

	2018 £	2017 £
Auditors’ remuneration – audit (group)	9,750	9,750
Auditors’ remuneration – other services (group)	4,000	7,075
Operating leases	668,240	583,045
Depreciation (group)	230,947	229,841
	<u>912,937</u>	<u>1,400,711</u>

11 Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

The average monthly head count of staff employed by the group (excluding Trustees) during the year was as follows:

	2018	2017
Staff and management	284	283
	<u>284</u>	<u>283</u>

The aggregate payroll costs of these persons were as follows:

	2018 £	2017 £
Wages and salaries	5,589,709	5,031,488
Social security costs	462,020	408,655
Other pension costs	376,840	407,786
	<u>6,428,569</u>	<u>5,847,929</u>

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel (cont'd)

Other pension costs represent employer's defined contributions towards the employees NHS Scheme and the Standard Life Scheme. Board members received no remuneration during the year.

Four employees had annualised emoluments for the year in excess of £60,000 and fell into the following bands:

	2018	2017
£60,000 to £70,000 – Director of Patient Services, Clinical Director, Finance Director	3	1
£70,000 to £80,000	-	2
£80,000 to £90,000	-	-
£90,000 to £100,000 – Chief Executive	1	1
£100,000 to £110,000	-	-
£110,000 to £120,000	-	-

The key management personnel of the group comprise of the Chief Executive, Finance Director, Director of Human Resources and OD, Medical Director and Director of Patient Services. The combined employee benefits of these five personnel totalled £368,529 (2017: £292,226, four personnel). Cornwall Hospice Care Limited is unlike other hospices in that the Charity employs consultants, including the Clinical Director, who are paid at the NHS rate and therefore one (2017: two) of these consultants are included within the bandings above.

12 Pension costs

Defined benefit scheme:

NHS pension scheme

The charity contributes on behalf of its employees to the National Health Service pension scheme.

The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for the charity to identify its share of the underlying scheme.

The pension cost charge for the period amounted to £186,870 (2017: £174,029).

Contributions amounting to £26,986 (2017: £26,082) were payable to the Fund at 31 March 2018 and are included in other creditors.

Federated Flexiplan No.1

The Federated Flexiplan No.1 ("the plan") was a defined benefit pension scheme. In February 2017, the Scheme Trustees entered a buy-in covering the full scheme liabilities with an insurer, it was anticipated that the transaction to achieve a full buy-out would have been finalised in the first half of 2018 and this was the case with completion of the buyout being achieved during February 2018.

On completion of this transaction, there were no further legal or financial obligations to the Scheme, and as such, the provision previously held within the Statement of Financial Activities as been released.

Standard Life Scheme

The charity operates a Group Personal Pension Scheme for those people not in the NHS Pension Scheme. The Scheme came into effect on 1 April 2008, and the charity makes voluntary contributions (currently up to 10% of salary) to the Scheme on behalf of each employee, as the Scheme Contract is between the employee and Standard Life.

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

Auto Enrolment

The charity is fully compliant with the auto enrolment legislation regarding pension schemes. The Standard Life Scheme was modified in April 2014 to incorporate the requirements of auto enrolment, and for those employees who are not members of the NHS Pension Scheme, offers to match employees' pension contributions up to a maximum of 5% (10% for Senior Executive Team) of salary, which exceeds the current minimum requirements under legislation.

Pension costs (cont'd)

The pension cost charge for the period amounted to £186,303 (2017: £230,579).

Contributions amounting to £23,860 (2017: £25,269) were payable to the Fund at 31 March 2018 and are included in other creditors.

13 Related Party Transactions

The charity has taken advantage of the exemption available not to disclose intra-group related party transactions.

Trustee expenses have been incurred during the year at a cost of £111. (2017: £157).

14 Subsidiaries

The charity owns the whole of the issued ordinary share capital of Cornwall Hospice Care Trading Limited (registration number: 05724233) and Cornwall Hospice Care Lottery Limited (registration number: 05724116), both of which are registered in England and Wales. The subsidiaries operate the sale of bought in goods through the charity's shops and a lottery respectively. All activities have been consolidated on a line by line basis in the statement of financial activities. A summary of the results of the subsidiaries is shown below:

	Cornwall Hospice Care Trading Limited £	Cornwall Hospice Care Lottery Limited £	Total 2018 £	Total 2017 £
<i>Per company accounts</i>				
Turnover	809,334	548,814	1,358,148	1,198,748
Cost of sales	(427,688)	(177,987)	(605,675)	(582,804)
Interest payable	(3,210)	(1,170)	(4,380)	(4,948)
Administrative expenses	(259,800)	(102,972)	(362,772)	(338,146)
Interest receivable	71	-	71	8
Other income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	118,707	266,685	385,392	272,858
Amount gifted to the charity	(118,707)	(266,685)	(385,392)	(273,858)
	<hr/>	<hr/>	<hr/>	<hr/>
Result in the subsidiary	-	-	-	(1,000)
	<hr/>	<hr/>	<hr/>	<hr/>

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

15 Financial Performance of the charity

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiaries as highlighted in note 14.

The summary financial performance of the charity alone is:

	Total 2018 £	Total 2017 £
Income	8,398,440	8,156,836
Gift aid from subsidiaries	385,392	273,858
	<u>8,783,382</u>	<u>8,430,694</u>
Expenditure on charitable activities	8,768,358	8,168,419
	<u>15,024</u>	<u>262,275</u>
Net income	15,024	262,275
Total funds brought forward	10,684,760	10,422,485
	<u>10,699,784</u>	<u>10,684,760</u>
Total funds carried forward	10,699,784	10,684,760
Represented by:		
Restricted funds	799,062	818,600
Unrestricted funds	9,900,722	9,866,160
	<u>10,699,784</u>	<u>10,684,760</u>
Total funds carried forward	10,699,784	10,684,760

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

16 Comparative period statement of financial activities

Consolidated

	Unrestricted funds £	Restricted funds £	Total 2017 £
Income			
Donations & legacies	2,394,562	-	2,394,562
Income from Charitable Activities	1,017,324	-	1,017,324
Income from Other Trading Activities:			
Commercial trading operations	4,467,800	-	4,467,800
Fundraising	878,080	70,000	948,080
Other income	283,309	-	283,309
Investment income	148,628	-	148,628
Total Income	9,189,703	70,000	9,259,703
Expenditure			
Expenditure on raising funds			
Commercial trading activities	3,637,319	-	3,637,319
Costs of generating donations and legacies	558,699	-	558,699
Investment portfolio fees	28,594	-	28,594
Expenditure on charitable activities			
Provision of care	4,690,209	89,538	4,779,747
Support costs	75,959	-	75,959
Total Expenditure	8,990,780	89,538	9,080,318
Net (losses)/ gains on investments	24,495	-	24,495
Net income/(expenditure)	223,418	(19,538)	203,880
Transfers			
Gross transfers between funds	-	-	-
Other recognised gains and losses			
Gain on disposal of fixed assets	12,395	-	12,395
Gain on pension scheme provision	-	-	-
Gain on revaluation of investment property	45,000	-	45,000
Net movement in funds	280,813	(19,538)	261,275
Reconciliation of funds:			
Fund balances brought forward	9,586,347	838,138	10,424,485
Fund balances carried forward	9,867,160	818,600	10,685,760

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

17 Tangible fixed assets – company

	Freehold land and buildings £	Short leasehold improvements £	Equipment & fittings £	Motor vehicles £	IT Equipment & Software £	Total £
Cost or valuation						
At 1 April 2017	5,108,709	863,693	702,408	160,013	73,421	6,908,244
Additions	53,884	101,245	25,645	51,276	124,499	356,549
Disposals	-	-	-	(49,939)	-	(49,939)
Transfers	963,875	-	-	-	-	963,875
Revaluation	-	-	-	-	-	-
At 31 March 2018	6,126,468	964,938	728,053	161,350	197,920	8,178,729
Depreciation						
At 1 April 2017	1,686,817	610,593	612,874	126,229	70,437	3,106,950
Charge for the year	107,771	70,642	16,135	15,488	19,911	229,947
Released on disposal	-	-	-	(49,939)	-	(49,939)
Transfers	-	-	-	-	-	-
At 31 March 2018	1,794,588	681,235	629,009	91,778	90,348	3,286,958
Net book value						
At 31 March 2018	4,331,880	283,703	99,044	69,572	107,572	4,891,771
At 31 March 2017	3,421,892	253,100	89,534	33,784	2,984	3,801,294

Freehold land and buildings includes land at cost of £121,020 (2017: £121,020) on which no depreciation is charged.

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

18 Tangible fixed assets – group

	Freehold land and buildings £	Short leasehold improvements £	Equipment & fittings £	Motor vehicles £	IT Equipment & Software £	Total £
Cost or valuation						
At 1 April 2017	5,108,709	863,693	702,408	160,013	76,421	6,911,244
Additions	53,884	101,245	25,645	51,276	124,499	356,549
Disposals	-	-	-	(49,939)	-	(49,939)
Transfers	963,875	-	-	-	-	963,875
Revaluation	-	-	-	-	-	-
At 31 March 2018	6,126,468	964,938	728,053	161,350	200,920	8,181,729
Depreciation						
At 1 April 2017	1,686,817	610,593	612,874	126,229	72,437	3,108,950
Charge for the year	107,771	70,642	16,135	15,488	20,911	230,947
Released on disposal	-	-	-	(49,939)	-	(49,939)
Transfers	-	-	-	-	-	-
At 31 March 2018	1,794,588	681,235	629,009	91,778	93,348	3,289,958
Net book value						
At 31 March 2018	4,331,880	283,703	99,004	69,572	107,572	4,891,771
At 31 March 2017	3,421,892	253,100	89,534	33,784	3,984	3,802,294

Freehold land and buildings includes land at cost of £121,020 (2017: £121,020) on which no depreciation is charged.

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

19 Investments

	Freehold investment property £	Investment in subsidiary undertakings £	Listed investments £	Company 2018 £	Group 2018 £
At 1 April 2017	1,118,875	5	2,997,982	4,116,862	4,116,857
Additions at cost	-	-	484,919	484,919	484,919
Transfers	(963,875)	-	-	(963,875)	(963,875)
Disposals	-	-	(466,979)	(466,979)	(466,979)
Unrealised gains/(losses)	-	-	(11,928)	(11,928)	(11,928)
Realised gain	-	-	15,762	15,762	15,762
At 31 March 2018	155,000	5	3,019,756	3,174,761	3,174,756

The freehold investment property at 5-7 Fore Street, St Austell was last revalued on an open market basis on 7 September 2015 by Scott Burridge Commercial. The Trustees consider the valuation appropriate as at the year-end. The property at 15 St Nicholas Street, Truro and Lytton Place, St Austell have been transferred out of Investment Property and are recognised as Freehold Property. The properties were transferred at the valuation held at the transfer date, this valuation is to be used as deemed cost in the future. This transfer has been undertaken following the expiry of tenant leases during the year, the properties are now being used within the Cornwall Hospice Care retail operation.

The following investments are held which equate to over 5% of the investment portfolio: Standard Life Investments SIA Fund £1,094,163.

The cost of the above listed investments at 31 March 2018 was £3,119,695 (2017: £3,033,183). The cost of the freehold investment properties amounts to £290,000 (2017: £1,321,992).

20 Stocks

	Company 2018 £	Group 2018 £	Company 2017 £	Group 2017 £
Goods for resale	6,225	293,700	3,225	325,154
Drugs, medical supplies etc.	8,500	8,500	8,500	8,500
Maintenance stocks	400	400	400	400
	15,125	302,600	12,125	334,054

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

21 Debtors

	Company 2018 £	Group 2018 £	Company 2017 £	Group 2017 £
Recoverable income tax	66,016	66,016	36,015	36,015
VAT recoverable	70,483	70,483	71,725	71,725
Amounts owed by group undertakings	735,716	-	537,213	-
Other debtors	119,468	141,039	42,568	55,794
Prepayments and accrued income	605,727	605,727	350,061	351,646
	<u>1,597,410</u>	<u>883,265</u>	<u>1,037,582</u>	<u>515,180</u>

Interest is charged at 1.5% above the Bank of England base rate on the amounts due from the subsidiary undertakings. There is no fixed capital repayment period.

22 Creditors: amounts falling due within one year

	Company 2018 £	Group 2018 £	Company 2017 £	Group 2017 £
Trade creditors	209,388	225,911	226,751	253,918
Other creditors	82,274	82,274	96,092	96,252
Other taxation and social security	110,244	110,981	101,171	101,933
Accruals	78,540	91,115	58,197	65,047
Deferred income (note 23)	68,024	130,982	71,342	134,705
	<u>548,470</u>	<u>641,263</u>	<u>553,553</u>	<u>651,855</u>

23 Deferred Income

	Company 2018 £	Group 2018 £	Company 2017 £	Group 2017 £
At 1 April 2017	71,342	134,705	29,572	105,315
Released to income in year	(55,142)	(81,721)	(27,172)	(102,915)
Deferred in year	51,824	77,998	68,942	132,305
	<u>68,024</u>	<u>130,982</u>	<u>71,342</u>	<u>134,705</u>

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

24 Contingent assets

At 31st March 2018, the Charity had been notified of legacies receivable totalling an estimated £997k (2017: £874k) that are not included in the Statement of Financial Activities because the conditions for recognition have not been met.

In addition, the Charity has assets bequeathed to it totalling an estimated £336k (2017: £336k) which are subject to a life tenancy interest held by a third party.

25 Provision for liabilities

	Company 2018 £	Group 2018 £	Company 2017 £	Group 2017 £
Pension liability (see note 12)	-	-	129,885	129,885

During the year the Directors received notification that no further payments were due to be made to the Federated Flexplan No1. The previous deficit in the plan has been addressed and any liabilities due from members of the plan have been cancelled.

26 Restricted funds

The Company and the Group	Project Appeal Fund £	Bedrooms Refurb £	Total £
At 1 April 2017	818,600	-	818,600
Income	-	7,026	7,026
Expenditure	(19,538)	(7,026)	(26,564)
At 31 March 2018	799,062	-	799,062

The Project Appeal Fund represents grant funding from the Department of Health and public appeal monies received towards the capital project at St Julia's Hospice to provide new Out-Patient facilities which was completed early in 2013. Depreciation on this fund of £19,538 is charged to reserves annually.

The Bedroom Refurb fund represents income and expenditure towards an ongoing refurbishment project at St Julia's Hospice in respect of patient bedrooms. Two rooms are to be refurbished on an annual basis to modernise and bring them into line with clinical standards. Work was commenced in March 2018 on the refurbishment of two rooms, this work was completed in April 2018.

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

27 Unrestricted funds

(a) The Company	[----- Designated Funds -----]					
	Capital Fund	Revaluation Reserve	Future Service Develop fund	Future Capital Develop fund	Future deficit fund	Total
	£	£	£	£	£	£
At 1 April 2017	2,982,694	-	900,000	19,022	329,000	9,866,160
Surplus/(Deficit) for the year	-	-	(76,543)	-	-	34,562
Transfer	1,110,015	-	-	(19,022)	(294,000)	-
At 31 March 2018	4,092,709	-	823,457	-	35,000	9,900,722
[----- Designated Funds -----]						
(b) The Group	Capital Fund	Revaluation reserve	Future Service Develop fund	Future Develop Capital fund	Future deficit fund	Total
	£	£	£	£	£	£
At 1 April 2017	2,983,694	-	900,000	19,022	329,000	9,867,160
Surplus/(Deficit) for the year	-	-	(76,543)	-	-	34,562
Transfer	1,110,015	-	-	(19,022)	(294,000)	-
At 31 March 2018	4,093,709	-	823,457	-	35,000	9,901,722

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

27 Unrestricted funds (continued)

The designated Capital Funds represent fixed assets (being predominantly Mount Edgcumbe Hospice and St Julia's Hospice) that are not funded through the restricted Capital Funds (note 26).

The Future Services Developments Fund of £823,457 represents funds designated by the Board for the expansion of community services over the next three years.

The Future Development Capital Fund was to reflect the cost of capital improvements at St Julia's Hospice. This work has been undertaken and as such, the fund has been released.

The Future Deficit Fund represents the forecast deficit in 18/19 less the amount of budgeted expenditure on community services.

28 Analysis of net assets between funds

Consolidated fund balances at 31 March 2018 are represented by:

	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	4,092,709	799,062	4,891,771
Investments	3,174,756	-	3,174,756
Current assets	3,275,520	-	3,275,520
Current liabilities	(641,263)	-	(641,263)
Provisions for liabilities	-	-	-
	<u>9,901,722</u>	<u>799,062</u>	<u>10,701,784</u>

29 Commitments

Operating leases

The total amount of other financial commitments not provided in the financial statements was

	Land & buildings		Land and buildings	
	Company 2018 £	Group 2018 £	Company 2017 £	Group 2017 £
Expiring within 1 year	568,286	568,286	449,694	449,694
Expiring 2 - 5 years	1,583,964	1,583,964	1,154,046	1,154,046
Expiring in more than five years	640,386	640,386	370,333	370,333
	<u>2,792,636</u>	<u>2,792,636</u>	<u>1,974,074</u>	<u>1,974,074</u>

Cornwall Hospice Care Limited (Limited by Guarantee)

Notes

(forming part of the financial statements)

Commitments (continued)

	Other Company 2018 £	Group 2018 £	Other Company 2017 £	Group 2017 £
Expiring within 1 year	75,008	75,008	68,766	68,766
Expiring 1 - 2 years	93,962	93,962	134,057	134,057
Expiring 2-5 years	-	-	-	-
	<u>168,970</u>	<u>168,970</u>	<u>202,823</u>	<u>202,823</u>

30 Contingent liabilities

The charity is a member of a VAT group and as such is jointly liable for any outstanding liability. The amount owed by the group at the year-end was £nil (2017: £nil).

31 Ultimate controlling party

The ultimate controlling party of the charity are the members.

32 Reconciliation of operating surplus to net cash flow from operating activities

	2018 £	2017 £
Net income per statement of financial activities	(123,961)	203,880
(Gains)/losses on investments	(3,834)	(24,495)
Investment income	(103,526)	(148,628)
Add back depreciation charge	230,947	229,841
(Increase)/Decrease in stocks	31,454	(56,211)
(Increase)/Decrease in debtors	(368,083)	143,956
Increase/(Decrease) in creditors	(10,592)	58,974
(Decrease) in provisions	-	(32,843)
	<u>(347,595)</u>	<u>374,474</u>

33 Post balance sheet event

On 1st August 2018, Cornwall Hospice Care Trading Limited, a subsidiary of Cornwall Hospice Care Limited acquired the business, assets and employees of Re:Source Kernow Ltd from Addaction, a large national charity, for £1. Re:Source offers graded white goods along with new and donated furniture for sale from its retail premises in Bodmin. We believe that this will complement our own retail operations and will further diversify our range of income generation activities.

