



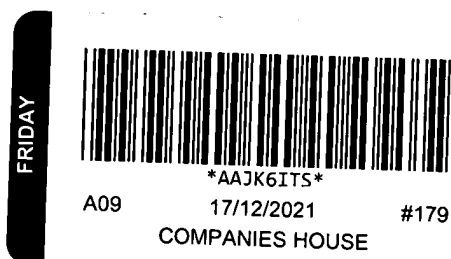
St Margaret's Somerset Hospice

Registered charity number: 279473

Company registration number: 01471345

Annual Report and Consolidated Financial Statements 2020/21

The Trustees are pleased to present their annual report and consolidated financial statements for the year ending March 2021.



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Welcome

The twelve months covered in this report will go down in history as one of the most challenging and unique periods that the hospice has ever faced. With the onset of the coronavirus pandemic in early 2020, St Margaret's swiftly recognised the urgency of the situation, and the need to responsively adapt our services and provision to keep our patients, their families, staff, and volunteers safe. As the severity of the crisis became apparent, we soon realised the vital frontline role we could also play, in helping to relieve the burden of the crisis on all care providers across the community and especially our local NHS counterparts. We mobilised our teams through the power of technology so that they could provide care remotely, and we have, ever since those first days of lockdown, done everything in our powers to be there for everyone who needs our help and support.

Despite the restrictions and with diminishing face-to-face contact, our services still benefited 4,027 patients. Throughout the crisis our specialist staff have been at the forefront of providing guidance to coordinate end of life care across Somerset and beyond. This has included working with and training the wider health and social care sectors, and our colleagues in the NHS. We have helped prevent unnecessary hospitalisations and ensured that end of life care has remained consistent, and of the very highest standard. At our Yeovil hospice, we partnered with Yeovil District Hospital to provide a safe space for local cancer patients to continue with their chemotherapy treatments during the pandemic. This collaboration has been crucial for our community, and we have recently formalised this arrangement for the foreseeable future.

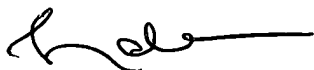
Financially the year was challenging with our ability to generate income stripped away from us almost overnight. Our network of 31 shops were closed for over seven months and public fundraising and events were cancelled so we had to find alternative ways to generate income, while carefully managing spend to keep services operational. Across the hospice we adapted and reallocated resource to focus on the areas where we could still achieve a positive return.

We are therefore delighted to announce that St Margaret's finished 2020/21 with a surplus of £2,931K, thanks to the ongoing generosity of our local community, committed funders, as well as other emergency grants and government funding that we were able to unlock because of Covid. The financial statements will reflect the extraordinary nature of our income generation last year, making comparisons year on year difficult. Our income remained static only reducing slightly from £13,443K in 2019/20 to £13,096K in 2020/21, while our costs reduced from £13,801K to £11,258K, as we managed expenditure carefully. Much uncertainty remains and we will remain vigilant, in the knowledge that the demand for our expertise and care will continue to be affected by the pandemic for many years.

Annual Report and Consolidated Financial Statements 2020/21

The last twelve months has proven the incredible resilience, stamina, and dedication of all associated with St Margaret's Hospice Care. We have faced unprecedented challenges, but we have come through stronger and more connected as a community. Our doctors, nurses and the wider clinical team will take forward lessons learnt, including new agile ways of working, so that we can forge ahead adapting and ensuring responsive compassionate care is available for all our patients and their families.

We would like to thank everyone who stood by the hospice and helped us through one of our toughest years yet. Our gratitude goes to every member of staff, who worked tirelessly, picking up new responsibilities and flexing their roles to meet the most pressing needs facing our community. A special mention must also go to the many staff who were furloughed, particularly our retail teams, whose motivation and resilience during the three lockdown periods mirror the impressive fortitude and determination embodied by the whole hospice team during the year.



Jonathan Langdon (Chair)
22nd November 2021



Ann Lee (CEO)
22nd November 2021

The trustees report for the year to 31st March 2021 incorporates the Directors' Report and the Strategic Report as required by Company Law and is set out in pages 5 to 26 of the following report.

Objectives & Activities

The Need

St Margaret's Hospice was registered as a charity in 1980, to provide specialist palliative care for the community of Somerset. Today we serve a population of approximately 520,000 people and believe that everyone in our community deserves the right care and support when facing an advanced life-limiting illness. With over 6,000 people dying each year in Somerset we estimate that 4,000 of those people would benefit from hospice care. We want to reach everyone who needs us.

An ageing population in Somerset that has complex health and social care needs, means that we know that early and equitable access to palliative and end of life care services will become more important than ever. Plus, with the delay in diagnosis and referrals to our services because of Covid we are already seeing more patients who are further advanced in their illness. We know that the demand for our work will only increase in the years to come.

Our Approach

During 2020/21 as part of a review of our strategic direction, following the remodelling of services in the prior year, and in response to the financial challenges faced by the hospice, the Executive updated the organisation's vision and mission. The essence of both remains the same, but the use of language was emboldened to reflect a stronger more compassionate and emphatic hospice voice.

Our Vision

A community that values life and provides the best care for dying people and those close to them.

Our Mission

To extend the reach and availability of our expertise, to enable compassionate, joined-up care for our whole community.

Our Values

Over 40 years ago our hospice began as a nurse led initiative, founded under the guiding principles of Dame Cecily Saunders, a nurse, physician, and social worker. Credited with pioneering the modern hospice movement, Saunders revolutionised the way that society cares for the sick, dying, and bereaved, recognising from her position as a nurse the inadequacy of the care that the dying received. She challenged the norm and led by example focusing on the importance of combining excellent medical and nursing care with "holistic" support that recognised practical, emotional, social, and spiritual need. Today, at St Margaret's we embrace this vision and have a set of values that underpin all that we do and weave through every aspect of our hospice care.

We are patient-centred, respectful, brave, self-aware, compassionate, informed and driven.

These values enable us to fulfil Saunders' legacy, while recognising the unique role that we play in delivering high quality end of life care to the community of Somerset.

Our Main Activities

St Margaret's provides high quality, responsive palliative, and end of life care to patients and their families who are facing an advanced life-limiting illness living in Somerset. For these families nothing is more important than making each day count, and our goal is to ensure that dying people, no matter what the diagnosis or where they live, can access our care when they need it. Crucially, we focus on the individual needs of our patients, whether that is physical, psychological, social, or spiritual, providing a holistic package of wraparound care, that extends to their family and support networks. We also empower other healthcare professionals to ensure that end of life care is enhanced across our community.

Last year we directly supported 4,027 patients via a range of services based in our Taunton and Yeovil sites and throughout the community. Our work also supported a further 796 people linked to these patients.

Our services include:

- Community Nursing: Caring for patients in their own homes
- 24/7 advice line: Our frontline response any time of day
- Outpatients: Physiotherapy, Lymphoedema, Complimentary Therapy and much more
- In-patient beds: For end-of-life and complex care needs
- Sunflower Centre: Day services for people living at home
- Bereavement: Caring for those who have been left behind
- Family Support: Adjusting to life without a parent
- Spiritual Care: Helping understand transitions and endings

Our In-patient Unit (IPU) in Taunton cares for people with complex symptom control needs, which cannot be met in other settings. Working tirelessly, our staff remove barriers to enable patients to achieve a better quality of life, in their final months, weeks and days. 95% of our care last year was delivered out in the community or people's homes.

Geographically, St Margaret's offers its support to residents across Somerset facing a life-limiting illness, including their families and carers. 82% of those we treated last year had a cancer diagnosis, but our care extends to any life-limiting diagnosis. Patients with the most complex conditions and symptoms are admitted to the hospice IPU. Referrals and admissions are needs-led, and as a result, the specialist In-patient beds in Taunton support patients from right across the county. Last year 221 people were admitted to our IPU, while many of their family members received support from our multi-disciplinary team. 80 admissions to our In-patient Unit were discharged home or into a community setting once symptoms were stabilised with care plans in place. The average length of a stay on the IPU was 15 days.

Delivering public benefit

Our charitable activities are focussed on offering free holistic care, support, and advice to people and their families across the county of Somerset affected by life-limiting illnesses. Our activities are undertaken in pursuit of our charitable purpose for the public benefit. Our work often continues with families and carers after the patient has died.

Our Strategy

At the start of 2020/21, St Margaret's overarching strategy was informed by the continued need to achieve financial stability, clawing back on the deficit position we finished 2019/20 in, while ensuring the ongoing delivery of high-quality and equitable care for our community. We began the year with ten strategic goals, but it quickly became apparent that different drivers and external influences would impact on our strategic direction, as the coronavirus pandemic took hold. As the crisis unfurled, we shifted into survival mode and prioritised protecting our patients, their families, and carers, as well as safeguarding staff, volunteers and stakeholders connected with the hospice.

Business continuity plans were drawn up, and risk assessments adapted to consider the very real risks facing the hospice. All face-to-face clinical services other than the In-patient Unit (IPU), 24/7 advice line and community services were suspended, with support plans put in place for all patients and families. Visiting patients in their own homes was greatly reduced, but where necessary continued so that we could facilitate symptom assessment and management, deliver equipment and support those in greatest need. We also re-deployed staff and provided additional training so that we could add capacity and provide back-up to the IPU, advice line and community teams, which became our front-line response services. Sourcing and rolling out adequate PPE was also a key activity during the first half of the year, until supplies were finally prioritised for hospices.

Across the organisation the mass mobilisation of technology and associated training was achieved, so that staff could work from home, and hospice functions could continue operating remotely. This involved significant infrastructure changes, and IT support was successfully provided to far higher numbers of staff than normal. In the early weeks of the pandemic support requests jumped by 40%, but our IT team kept staff connected throughout. For example, the 24/7 advice line remained manned throughout the period, at one time with staff based in Wales answering calls.

Overnight we closed our network of 31 shops and cancelled or postponed all public fundraising activity. This necessitated a shift in strategy again, as we had to seek alternative income generation opportunities and invest in different income streams. This included negotiating rent waivers with shop landlords, applying for business grants and unlocking emergency funding through the government. Whilst flexing our strategy we were able to assess our operational capacity and took advantage of the Government's Job Retention Scheme and furloughed 133 staff. Managing this workforce transition and payroll was considerable as the scheme continued to evolve but achieved a significant cost saving for the charity.

We also shielded all staff and volunteers aged over 70, plus those with medical conditions, which meant we temporarily lost most of our volunteers. This brought additional challenges, but the health and safety of our teams remained the driving rationale. For those staff that did work throughout the pandemic, we developed a programme of supervision to support their health, wellbeing, and resilience.

Finally, working in partnership and collaborating with others has always been key to how the hospice operates but the last year highlighted the lead role that St Margaret's plays in end of life care provision across Somerset. From the outset the hospice was called upon for its expertise and advice during this unique and challenging time. We developed and shared resources, harnessing a 'digital first' approach to ensure access for all. Despite the change in focus and the intense pressures caused by the pandemic, St Margaret's still made good headway towards achieving our ten original strategic goals. Our key achievements are highlighted below, demonstrating how our overarching strategy remained valid throughout.

Performance & Achievements



We cared for and supported **4,027** patients last year

- Our 24-hour advice line saw an increase in callers to the service, with 18,956 calls received.
- 11% (up from 8.5% in 2019/20) of those people accessing the advice line were new to St Margaret's and not previously known to the hospice, demonstrating the increased demand on our expertise and services from other healthcare professionals.
- Cancer continued to be the predominant condition affecting 82% of our patients. Our physiotherapy team continue to see a larger group of non-cancer patients (23%).
- Those patients with the most complex symptoms and pain management needs, spent time on our In-Patient Unit. The average stay on the unit was 15 days, and over the 12-month period 221 patients were admitted. 36% of those were discharged and able to return to their homes, where they are being, or have been, supported to die surrounded by family, friends, and familiar surroundings.
- Most of our care (approx. 95%) continued to be conducted out in the community, albeit augmented using remote technologies to communicate.
- Our community team completed 3,575 face-to-face sessions with patients and carers, and a further 16,531 phone calls, which was a 26% increase on prior year. 96% of urgent referrals were contacted within 24 hours.
- While our Day Hospice service was suspended due to Covid, our physiotherapy, bereavement and family support teams continued to deliver care and support.
 - 688 referrals were made to our physiotherapy team
 - 159 people were referred for bereavement counselling
 - 157 young people and children benefited from family support
- 62 patients also received psychological therapy, with over 556 interventions compared to 301 in the previous year, demonstrating the scale of trauma and distress the last twelve months has placed on families in our community.



Our community teams made **3,575** visits during the year



159 referrals were made to our bereavement team with **3,105** face to face or telephone support sessions



Patients stayed in our In-patient Unit for an average of **15** days



258 people were referred to our family support team, receiving **1,354** face to face, video or telephone sessions



Our physiotherapy teams made contact with patients via **2,500** face to face or telephone and video consultations



We directly supported **796** carers and family members

Meeting our objectives

- **To be recognised as the leading provider of specialist palliative care services in the geographical area covered by our contracts**

Without a doubt St Margaret's came into its own during the last twelve months, becoming the go-to organisation for anyone seeking advice and expertise in advanced end of life care across Somerset. From the beginning of the pandemic St Margaret's was included in the tactical Somerset COVID 19 System wide End-of-Life Cell and the Hospice UK PPE distribution Cell. Our staff were some of the first to be included in testing and later the vaccination programme, highlighting the frontline role that our clinical staff played. We are very grateful to our local NHS Trusts for recognising the importance of ensuring front line hospice staff were included in the roll out of both testing and vaccinations.

In January we saw our highest number of calls to the 24/7 advice line. Many of those callers were ambulance staff, district nurses and GPs, who all needed our expertise and help – as well as the countless calls from patients, families and carers who were exhausted and struggling to cope during the third lockdown.

Ensuring that the wishes of all patients in relation to advance care planning and end of life treatment escalation plans were central to decision making was a key activity. Working collaboratively, we ensured that the Somerset Electronic Palliative Care Coordination System (EPaCCS) was updated and reflected the unique needs of our patients so that these could be met regardless of who in the healthcare system was caring for them at the time. Not only did this prevent unnecessary hospitalisations but supported joined-up, and tailored end of life care for our community.

We were an integral part of the Somerset Integrated Digital Electronic Record (SiDeR) transformation project launched across Somerset. Our IT Team collaborated with NHS colleagues and has been instrumental in the development and success of this pilot, which involves sharing information between Yeovil District Hospital, St Margaret's Hospice and GP practices to get the best outcomes for patients. This will be extended to the wider Somerset NHS, social care services and other neighbouring hospices in the future.

We have continued to work with care homes across Somerset including through Project ECHO, which brings together communities of healthcare practitioners for learning and support, with the goal of improving care through collaborative problem-solving. Our involvement centres around building a community of practice where residential and nursing homes, can remotely join to share best practice and learn together. This project is now being extended to include healthcare providers supporting people with learning difficulties, homeless organisations, Southwest Ambulance Service Foundation Trust, and some NHS community teams. St Margaret's Hospice is taking part in the 2021 Hospice UK ECHO Showcase event.

- **To widen access to our services for patients with specialist palliative care needs, their families and carers**

As society shut down, we had to adapt our services to keep our patients, their families, our staff, and volunteers safe. To diminish the impact of reduced visiting and face-to-face appointments the team quickly began to understand the opportunity technology could offer. We continued to see patients when necessary but to keep them safe we added to the ways in which we communicate, including using video conferencing software AccuRx. Many of these additional methods were already in the pipeline, but Covid allowed us to fast track them.

In the future we plan to use a mixture of communication methods not just to maintain the current level of care and support we provide but to reach more people and groups within our community. For example, this year referrals to our family support services grew by 30%. On top of this increase these families were contacted, on average more times than in the previous year, thanks to technology.

The St Margaret's website was repurposed to provide a central repository for resources, information, and advice for the whole of Somerset. The resources were created collaboratively across the hospice and with Somerset Partnership Trust, providing different stakeholders with access to tailored and appropriate information, including for patients, carers, healthcare, and social care professionals, such as district nurses, care home staff and GPs. From exercise videos aimed at Lymphoedema patients, to resources on planning ahead and funerals, the online tools were watched 3,785 times, demonstrating the increased reach we could achieve through a shift to digital communications. Equally, to reduce costs incurred by patients, families, and carers we also transitioned our telephone lines from 0845 to a local rate number.

- **To expand our role to advise, empower and educate all those involved in end-of-life care**

As part of the Somerset COVID 19 System wide End-of-Life Cell, we identified as a county a rapid need for education and training resources related to COVID 19. Required for health professionals and carers, the county has looked to St Margaret's for this expertise. All teams have been involved in developing a range of resources that were shared and available on the hospice website and the GP Education Trust website.

Throughout the year close links were established with community volunteer networks across the county and the hospice 24hr advice line is now linked to the Somerset Coordination hub along with the End-of-Life Care Coordination Centre. Our resources were used throughout Somerset, highlighted by Hospice UK, credited by Dorothy House, Weston Hospice and North Devon Hospice. Some resources will also be featured on the new national Learning Hub supported by Health Education England. The Learning Hub is a new digital platform that will provide easy access to a wide range of resources that are pertinent to education and training in health and care.

The Spiritual Care Team continued to support patients and family members during the year, either remotely via video or telephone calls or, when appropriate, face-to-face. The Team will continue to build on the skills, which have been developed through this blended mode of working. During the pandemic, restrictions on funerals meant that families were not able to say goodbye or celebrate the lives of loved ones as they would have wished. Our team quickly recognised the impact of these restrictions and supported, guided, and developed resources for families to find alternative ways of saying goodbye and remembering their loved ones. In June the hospice's approach to spiritual care was given unanimous support by the End-of-Life Programme Board of the Somerset Clinical Commissioning Group, who confirmed that spiritual care is a fundamental element of holistic end of life care and that everyone in Somerset should have the spiritual care of their choice at the end of their life.

- **To improve the co-ordination of end-of-life care services through collaboration**

Closer working relationships have developed between NHS and hospice teams during the pandemic, with each looking at how they can work together to better support those people in our care. During this time, more localised 'neighbourhoods' have been developing in Somerset bringing care and support closer to home for patients. As a result, the hospice community nursing services have been linking more closely with their local NHS district nursing colleagues including sharing equipment, training, and learning, offering secondment opportunities and co-location of teams along with joint case management of patients.

The hospice 24/7 advice line has seen a steep increase in calls, particularly from people not previously known to hospice services, and who did not know where else to turn. As a result, out of hours we have filled a gap supporting vulnerable patients to coordinate and connect them when appropriate with GP, rapid response, and district nursing services, as well as helping to find carers at short notice for families. By increasing links with the wider Somerset 'Out of Hours' services our advice line team was able to ensure that patients got the care and support they needed, while ensuring that our own direct services were not impacted or compromised.

Our Patient portal (online patient records access) was launched encouraging other healthcare professionals to sign up so they can access a range of our services remotely. The portal also has direct links with our clinical database, meaning authorised healthcare professionals can access real time updates on mutual patients. In the future this platform will also be available to patients to improve their access to information and services.

- **To continually improve the quality and impact of our services**

We continued to excel in the high standards of care and support we provide to patients and their families, but also used this time to review the services that we had in place and the temporary changes we had to make to ensure our services were fit for purpose and addressing the core need within our community.

In addition to standard quality controls and governance work programmes embedded across the hospice, we developed a lessons learnt log, which was borne out of the pandemic. This not only captured what we did well, but what could be taken forward. This focused on the benefits of having a flexible and hybrid model to working and highlighted the importance of adopting a digital first approach. Putting strong and consistent communications as well as staff wellbeing at the heart of the organisation was also a valuable learning. As part of our regular governance work, we also continued to carry out audits of key activities, to ensure we were meeting required standards and, if not, putting in mitigation plans to rectify.

We continued to promote the use of 'I want great care' when seeking feedback from our patients to ensure we are continuing to listen and improve. We consistently received 5-star ratings and have a live link to these on our website to provide transparency to the way feedback is collated on our behalf. 99% of patients and families surveyed said they would recommend St Margaret's.

- **To value, develop and support our staff and volunteers in order to recruit and retain the best**

The disruption caused by three successive lockdowns, and rules around shielding meant that during 2020/21 our workforce not only looked different but had to operate in a very different way. At its peak 133 of our 354 strong workforce were furloughed, and teams had to adapt and pick up new responsibilities throughout the year. Huge credit must go to those who were furloughed, and those who remained on the frontline – both making sacrifices and supporting the cause in different ways.

To support colleagues, we developed a comprehensive programme of online workshops, seminars and training opportunities focused on health, well-being, and resilience. Building on our existing welfare offer we applied a test, learn, and adapt approach recognising that one size would not fit all. The cornerstone of this programme was a weekly 30-minute webinar that ran for 66 weeks, offering a range of subjects, signposting staff and volunteers to further engagement and connection points. We also monitored staff wellbeing using a pulse survey and were able to reach out and offer support where required.

Throughout the year we ensured that all staff and volunteers had access to adequate PPE, as well as training on infection control. The hospice was zoned into restricted areas to minimise the risk of cross contamination, with clear social distancing guidelines and maximum occupancy numbers allocated to each space, ensuring a safe working environment, and providing reassurance to those who were anxious. Equally, as each lockdown period eased, we put in place procedures to facilitate the safe return to the workplace.

Recruitment was ongoing throughout the year and was strengthened by the introduction of a Core Competency Framework and new performance management process to help us attract and recruit colleagues who share our values and behaviours.

During the year we welcomed a new Head of Nursing, and filled key posts, as well as conducted a successful trustee recruitment campaign, resulting in five new trustees, who took up their positions in early 2021. The quality of new staff is testament to the reputation and appeal of St Margaret's. At the beginning of the year, we also made changes to our pay structure in line with the increase in the National Living Wage, and at the same time reviewed and gave a pay uplift to several clinical roles to ensure their comparability with similar professional roles within the healthcare sector.

- **To ensure that our organisation has the agility, capacity and capabilities to meet the current and future needs of the business**

While the overarching long-term needs of the business did not change, the short-term activities and priorities did shift considerably. This meant an organisational-wide need to pivot quickly at the start of year to respond to the most urgent business needs. We were quick to take advantage of the furlough scheme, and when it became apparent that the pandemic was creating a new normal, more permanent changes in structure were introduced. The Fundraising team underwent a reorganisation to ensure that resource was allocated to areas that would weather the crisis and that could continue to provide a strong return on investment.

The pandemic also highlighted the need to fast track our 'digital first' strategy, recognising the importance of mobilising our workforce to work remotely, without impacting the quality or continuity of care. As well as sourcing or repurposing 40 laptops to enable people to deliver care in the community or work from home, our existing remote access services were scaled to meet the increased demand. With the introduction of platforms such as Teams and Zoom, we are likely to retain a hybrid way of working going forwards, ensuring our teams can work just as effectively in the community or at home, as within the hospice buildings.

- **To identify and further develop new and existing external relationships for the benefit of the organisation**

Collaboration was key to how we operated during the year as the community came together united in its defence of the pandemic. Early on we initiated discussions with local groups and organisations to facilitate networks of support for the most vulnerable in our community. We also developed a relationship with Spark Somerset, who run the Volunteer Service for our region. This partnership allowed us to tap into new volunteer networks and reach out to people who could continue to volunteer while some were shielding.

Since last summer, our hospice in Yeovil has also provided a safe haven for Yeovil District Hospital's outpatient haematology and oncology service so that local cancer patients could continue with their treatments during the pandemic. This enabled Yeovil District Hospital to hold more than 5,000 face-to-face appointments and has also brought about opportunities for collaborative working between the hospital and hospice teams, for the benefit of the patients we both care for.

Our ongoing relationship with Hospice UK was amplified last year as we benefited from the national lobbying influence of this umbrella organisation. Hospice UK became a temporary commissioner of services and a conduit to government emergency relief funding, of which we received £2,384K in total. At the same time teams from St Margaret's were invited by Hospice UK to present at various conferences and workshops to share their expertise and experiences, demonstrating the high regard our staff are held in.

Across the hospice, we also took advantage of peer-to-peer networks amongst neighbouring hospices in the southwest. This enabled a supportive environment where staff collaborated, sharing information and, where appropriate, resources.

Stewarding existing grant funders, and seeking new partnerships was a key activity, and resulted in significant financial support. New relationships with Barclays Bank and Children in Need, enabled the hospice to continue delivering key functions during the pandemic, namely the 24/7 advice line and the family support service. We also joined forces with mental health and wellbeing specialists to create the new Somerset Emotional Wellbeing Website, signposting users to wellbeing support available in the county.

- **To continually improve the effective and efficient use of our resources**

The whole organisation was rapid to respond and change its working practices out of necessity, but this has also allowed us to streamline and instigate efficiencies that we will take forward. Hybrid departmental working across the organisation has also resulted in highlighting efficiencies and better organisation of teams, with lessons learnt that will frame and improve the future working model.

New electronic systems were put in place to enable financial services to continue across the organisation for all stakeholders. We also continued to roll out our Enterprise Resource Planning (ERP) project, albeit at a slower pace and with contingency built in, so that we can continue to future proof systems that help automate and manage business processes across finance, fundraising, retail, human resources, and operations. The first phase of the new Finance system went live, and work is ongoing around the scoping, development, and testing of the next phases of the project.

The hospice successfully transitioned to a new payroll system and NHS pension administrator called APS Global, and during the year began to scope out new e-rostering and HR systems. Work also began on reviewing Crosscare, the hospice's current electronic patient record system with a view to streamlining while making navigation to the most important patient information quicker to access, read and update.

- **To ensure that strategies are in place to deliver financial stability**

Strategic planning and financial review have continued throughout the pandemic year, as we work towards achieving a more financially sustainable organisation. In response to the pandemic, both the fundraising and retail teams acted with speed and efficiency to ensure grants were received and costs were immediately minimised during each lockdown and throughout the year.

The retail team furloughed all but three staff, to maximise the cost efficiencies offered by the government's job retention scheme and successfully negotiated rent waivers and secured business grants. The team remained dynamic throughout the year, on standby and ready to open in a Covid secure way, to immediately maximise sales, in a very different retail market. Launching a new retail area on the website including a furniture shop, plus investing in e-Bay sales meant that alternative strategies were found for mitigating losses experienced by the closure of the high street.

A new strategic framework for fundraising was adopted, setting out a three-year recovery plan, underpinned by six core drivers. Key to this was enhancing the supporter experience, stronger collaboration and ensuring that we remain agile and responsive, while having a balanced portfolio of income streams. This strategy proved successful when certain income streams disappeared overnight, we were able to pivot and focus on alternative activities, which replaced the loss of revenue with minimal impact. This was particularly evidenced by the tripling of grant income during the year and development of new robust partnerships.

Resource was re-allocated so that we could invest in a dedicated post for legacy giving, recognising both the sizeable value of this income stream to the hospice each year, plus the need to retain market share, and benefit from the anticipated growth in legacy giving over the coming decade.

We also adopted a strategy to place a stronger focus on integrated campaigns, story-telling and digital engagement. Investing in digital capacity and capability enabled us to tap into alternative funding opportunities. This included developing digital tribute funds on our website and creating a digital platform for supporters to light a star in memory of loved ones as part of our annual Light up a Life Service, which was streamed for the first time ever attracting 1,000 viewers and raising £45K.

Future Plans

As a hospice we will take forward the lessons learnt from the last twelve months including the positive progress we have made adapting to a hybrid, more flexible way of working. As changing restrictions and challenges continue to impact on all parts of the health and care systems in Somerset, we will build on these new agile ways of operating, which have enabled us to safeguard our services and safely care for those who need us, across our community. This also means continuing to take a 'digital first' approach and reviewing internal systems and processes, so that as a hospice we are prepared and ready for future challenges.

Recognising the increasing demand for our work, we will endeavour to make our care more accessible, so that all those who need our support can access it in the most appropriate way when it matters most. We will continue to build on the collaborations that have enabled us to fully serve our community over the last twelve months, and we will capitalise on partnerships that will enable us and other services to improve the way end of life care is delivered across Somerset.

Recruiting, developing, and retaining the best people to our teams will remain a focus, as will creating a workplace where all staff and volunteers flourish and thrive.

Finally, we will build and invest our resources effectively, to achieve ongoing financial sustainability. Grants linked to Covid-19, and the additional support provided by the Government and through the furlough scheme were a very welcome, but temporary stop gap last year, which helped us achieve a surplus. We know that the next twelve months will be much more challenging and that we will need to explore and find alternative ways to engage with our community and stakeholders to generate sufficient income.

In light of the pandemic, and the impact it had on already depleted financial resources, the Board also created a new transformation committee to start work on a new organisational strategy and business plan. The purpose of this committee is to identify alternative models of operation to achieve break even position for the hospice within three years.

Financial Review

Overview

Financial headlines	2021 £000s	2020 £000s
Incoming resources	13,096	13,443
Resources expended	11,258	13,801
Investment net gain/(loss)	1,093	(366)
Net movement in funds	2,931	(724)

Despite the challenges posed by the pandemic, we are delighted to report that St Margaret's finished the financial year 2020/21 with a surplus of £2,931K, thanks to the local community, the ongoing generosity of funders, as well as other emergency grants and funding that we unlocked because of Covid. Included in that surplus is a healthy portfolio gain of £1,093K achieved during the period of this report. We benefited from the emergency funding provided by the UK Government and received £2,384K in one-off grants during the year. This funding was a result of the lobbying of Hospice UK, on behalf of hospices nationally, recognising the crucial frontline role that we played. The grant was negotiated by National Health Service England, Hospice UK and the government and was administered by Hospice UK, and the hospice was required to maintain its clinical hospice capacity.

We applied for and secured business grants for our network of charity shops, totalling £401K, again part of the Government's emergency package of support. Finally, we also took advantage of the Government's job retention scheme, enabling us to furlough and make savings on salaries during the year. The surplus therefore includes £717K of income as a result of the furlough scheme.

Income contribution from the NHS was similar to prior year, with receipts of £2,341K. More than ever, we continue to work closely with our Somerset Clinical Commissioning Group to ensure joined up and seamless care for our community.

As in previous years we also benefited from legacies left to the hospice, which was up on prior year at £2,716K compared to £2,424K in 2020. A breakdown of the main sources of income is provided below:

- Retail, Lottery, and ancillary trading - £2,516K (2020: £5,778K)
- Legacies - £2,716K (2020: £2,424K)
- NHS Clinical Commissioning Group - £2,341K (2020: £2,588K)
- Donations and Grants - £1,638K (2020: £1,864K)
- Hospice UK (Covid) Funding - £2,384K (2020: nil)
- Retail (Covid) Grants – £401K (2020: £545K)
- Furlough Receipts - £717K (2020: £22K)

Given the exceptional and uncertain times we monitored expenditure carefully and streamlined activities to ensure that we could continue delivering our services and care, in line with our vision. The emergency funding and grants were never guaranteed so we had to plan and allocate resource appropriately to ensure we could sustain services during the pandemic.

Total expenditure was therefore £11,258K compared to £13,801K in 2020 reflecting cost efficiencies, while also having fewer outgoings during the three successive lockdown periods. As a hospice we spent £6,897K on direct clinical costs and provision of care, compared to £7,848K in 2020. However, we also spent less on generating funds, including the costs associated with running our network of charity shops and commercial enterprises, which was £4,361K compared to £5,953K last year. Without the Government grants, furlough and portfolio gain the year end position would have been a net loss of £1,664K.

Reserves

The hospice holds reserves to improve both the financial security and the operational sustainability of the organisation. Free reserves are net assets excluding those that are subject to restriction or invested in fixed assets for charitable use. Free reserves do not include legacies that have been recognised but have not yet been received.

The Trustees' aim is to maintain sufficient free reserves so that St Margaret's clinical service delivery can be sustained for a reasonable period and to protect the charity from significant changes in flows of funds from the NHS Clinical Commissioning Group, the Somerset community, and from legacies. Trustees have agreed that the optimal level of free reserves should be more than six months of charitable expenditure. The Board of Trustees ensure that the level of free reserves is adhered to.

At the close of the financial year, free reserves amounted to £11.0M (2020: £8.3M). This exceeds the required reserves but is considered prudent in view of the uncertain economic climate that we currently face. At the close of the financial year, unrestricted reserves were £18.3M (2020: £15.2M) and restricted reserves were £2.6M (2020: £2.8M).

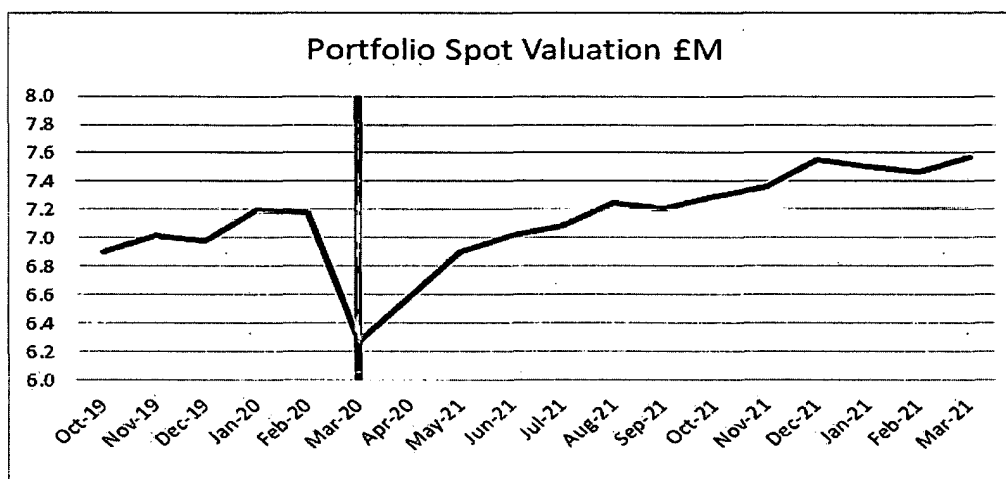
Investment Policy

Our investments are held for the purpose of generating funds for our charitable activities and as a reserve against any future shortfall in income. The overall aim is to ensure that our longer-term investments achieve a maximised return with a moderate risk factor, with an outcome of a greater level of return than could be realised in the banking sector. The investments are overseen by the Finance Committee, with day-to-day management of the investment portfolio undertaken by Rathbones, who are well regarded investment advisors. The Trustees' investment policy guides the external advisors' activities, with consideration given to social, environmental, and ethical issues. This policy specifically restricts investments in products that are ethically unacceptable and specifically not with tobacco stocks where there are proven links with cancer. The performance is monitored by the Chief Executive, Finance Director and Finance Committee Trustees who liaise with the Rathbones' Fund Manager.

Investment performance

For the year to 31st March 2021 the portfolio increased by 17.8% on a total return basis (after fees) to stand at £7,513,990. This compares to market increases, as measured by the FTSE All Share Index, of 26.7% whilst the WMA PIMFA Balanced and Income Indices increased by 22.0% and 19.7% respectively. The FTSE Gilts All Stock fell by 5.5% over the same period.

A major part of the increase in the value of the portfolio is a reversal of the drop in value experienced immediately before the last year end in March 2020, at the start of the COVID-19 pandemic, as illustrated in the diagram below.



Risk Management

The Board and Senior Leadership Team regularly review the major risks, which the charity is exposed to. A risk register is in place and is updated and reported against at Board meetings at least quarterly. This is a live tool used by the Senior Leadership Team to identify what systems or procedures need to be established or actions taken, to mitigate risks. Coming out of 2019/20 the hospice knew that the coronavirus pandemic posed a significant threat, and this resulted in an additional Covid-19 risk assessment tool being put in place for the duration of the year.

In addition to Covid, the following high-level risks, were also a key focus in 2020/21: Ensuring adequate and high-quality recruitment of staffing across the hospice, enhancing cyber-security with the continued shift to digital practices, and putting plans and mitigations in place to ensure financial recovery and long-term sustainability. Significant external risks to income generation have led to the development of a strategic framework, which focused on achieving a balanced portfolio of funding, less over-reliance on legacies and stronger return on investment of all activities. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with external regulatory bodies such as the Care Quality Commissioner (CQC), Fundraising Regulator and the Gambling Commission, as well as ensuring the health and safety of patients, families, staff, volunteers, and visitors to the hospice.

Commercial performance

Retail

St Margaret's network of shops were closed for approximately seven months, resulting in a significant loss of takings during that time. Retail income totalled £1,468K versus £4,736K in the prior year. To offset some of the lost income, the team were able to take full advantage of the Government Job Retention Scheme, which saw 133 colleagues furloughed at its peak. We also applied for and secured business grants from the Government totalling £401K. Plus, the team benefited from generous landlord and supplier support who gave rent reductions and helped meet redecoration obligations, as well as reducing fees during the past 12 months.

We reduced our warehouse footprint, amicably exiting our sub-licensee, and set up the remaining warehouse so that it is fit for purpose, all with a zero-dilapidations charge or any impact on the trading business. A continued push to maximise our trading via digital channels, saw us grow our eBay business and harness the benefits of recruiting a team of shop-based eBay volunteers.

Funerals

St Margaret's funeral business continued to support families across Somerset and a second home was opened in Bridgwater in November 2020 to build capacity and cater for a broader geographical reach. The funeral business is well received by families and has provided additional choice and affordable options for our community. While the business delivered improvements in turnover and net result on prior year, no profit was recorded for 2020/21. It was hoped that the second home would improve the operational efficiency of the business due to economies of scale, however the opening was delayed by several months due to the coronavirus pandemic and successive lockdowns. Further, the restrictions placed on funerals for families throughout the year meant that the business model was significantly impacted. The annual results for St Margaret's Funerals Ltd are included in Note 30 of the statutory accounts.

The Board of Trustees of St Margaret's Hospice Care have been in close contact with the Board of Directors of St Margaret's Funerals Limited throughout the year to fully understand the impact of the pandemic and the bearing on the original business plan to open three additional homes in Somerset. The opening of additional homes would require further capital investment from the Charity and so the Trustees have scrutinised the future forecasts for the business before any more investment is made.

In light of the results for 2020/21 and the uncertainty for the future the Trustees have agreed with the Funerals Board that the current business plan is paused and the focus for the next period is to stabilise and grow the current two home business. Given this conclusion, the Board of Trustees of St Margaret's Hospice Care have made the difficult decision to impair the intercompany balance that the funeral business owes to the Hospice. At this moment in time the Board cannot say with certainty that this balance will be recovered, there are too many unknowns in the future projections for the funeral business. The Trustees have therefore recognised a £508K impairment provision in the charity accounts to reflect this uncertainty.

There is no impact on the bottom line of the consolidated accounts or consolidated balance sheet for St Margaret's Hospice Care as the funds have already been spent in setting up the two funeral homes, and intergroup balances eliminate on consolidation. The impairment will show in the Charity Balance Sheet for the financial year 2020/21.

We are proud of the decision we took to enter the funeral marketplace and saw this as a strategic and natural extension of the services that the hospice provides, as well as an opportunity to diversify and generate a new and sustainable income stream for the charity. Our aim was to disrupt the marketplace, challenge funeral poverty by encouraging more transparent and fair pricing, and provide our community with alternative options, which we have achieved. The financial return has not yet been achieved but a new pricing and marketing strategy is being implemented with the aim to do just that.

Despite the impairment notification, it is business as usual for St Margaret's Funerals. Both funeral homes in Taunton and Bridgwater remain open and the team will continue to provide the high level of care, attention, and compassion to the families that they work with.

Hospice Funerals LLP has continued to be dormant during the coronavirus pandemic, which will be reviewed once the market restabilises. The annual results for Hospice Funerals Ltd are set out in Note 31 of the statutory accounts.

Lottery

Finally, our weekly prize draw and bi-annual raffles continued throughout the year, grossing £769K. The weekly prize draw was played on average by 12,000 people, but with no canvassers on the streets actively recruiting we were unable to replace the players we lost because of natural attrition. We estimate that it will take three years to return to pre-covid levels of lottery income.

Fundraising & Marketing performance

It was a unique year for fundraising with the hospice raising over £4,354K across a diverse range of income streams and activities. Donations and grants totalled £1.637M, which is slightly down on prior year (2020: £1,864K). Legacies finished at £2,716K including a one-off gift of £1,125K. This remains our largest source of fundraised income.

Our local community came out strongly in support of the hospice, particularly as the enormity of the Covid crisis took hold. We launched an urgent appeal and saw continued support from individuals responding to our communications throughout the year. We tripled our income from trusts and foundations and raised over £638K – notable gifts included £100K from Barclays to pay for six months running costs of our out-of-hours 24/7 advice line, £120K from the Wolfson Foundation and £250K from the William Frederick Haines Foundation. We also secured a grant from Children in Need to sustain our support of families and young people during the pandemic.

As well as using local press to garner support from our local community, sharing our urgent appeal messaging, celebrating the success of the Children in Need funding, and thanking our community for

their support we were also selected to receive additional PR opportunities as part of the Barclays Community Aid Package. Organising both national and local editorial as well as print advertising this partnership reached an additional 6.8 million people, with an estimated value of £140K.

As well as financial support, the hospice was overwhelmed by the offers of in-kind support, with members of the public offering to mend uniforms, deliver care packages and donate spare PPE and hand sanitizer for example. A massive thank you to all who continued to give their support.

Fundraising approach

Registered with the Fundraising Regulator and licensed with the Gambling Commission, all fundraising activities are carried out in accordance with best practice and in line with the current Codes of Fundraising Practice and are internally audited. As a hospice we raise funds via multiple fundraising activities, including postal and digital appeals, events and fundraising that has been organised by others on our behalf. Our reach is primarily within Somerset, with some support from national funders and donors.

Fundraising is conducted in line with the hospice's 'Key Principles and Behaviours Policy,' which outlines our approach, including protecting vulnerable people. Our Legacy Policy also details a clear framework for dealing with potential and existing legators ensuring supporters are treated fairly and not subject to unreasonable persistent or intrusive communications. As an organisation heavily reliant on volunteers who fundraise on our behalf, we ensure that everyone receives a full induction and clear instruction on how they are expected to behave, adhering to regulations and the law in relation to public fundraising, whether that's hosting events or undertaking collections.

To ensure ongoing compliance with General Data Protection Regulations (GDPR) we regularly review our fundraising practices relating to personal data, with a Fundraising, Marketing and Governance steering group meeting every quarter. All personal information we hold is treated in a safe, secure, sensitive, and confidential way. We do not buy, share, or sell personal information to third parties for marketing or fundraising purposes. On average, we send two supporter newsletters, and two fundraising appeals each year, which we aim to tailor to the interests and wishes of our donors. We use legitimate interest as the legal basis for sending our newsletter and fundraising mailings, which means we send it to people who have shown an interest in St Margaret's by their previous support or interactions with us. Our supporters can opt out of receiving contact from us at any time, and we remind them how they can do this in each correspondence. Our full Privacy Notice was updated in 2020 and Terms and Conditions are clearly signposted on our website.

We also have a complaints procedure should any supporter wish to raise an issue or complain about our fundraising activities. During the year six complaints and three concerns were received relating to fundraising and lottery practices.

During 2020/21, our relationship with our Professional Fundraising organisation responsible for the face-to-face recruitment of players for our weekly prize draw was put on hold due to Covid. We used the time to re-assess the partnership and put the activity out to tender, resulting in the appointment of a new professional fundraising organisation called Engage & Connect. We did not return to the streets with our recruitment during the whole of 2020/21 but used the time to ensure new contracts and training were in place ready for a re-launch.

In communicating our work to supporters, we recognise that the users of our services can be vulnerable and require protection from harm, abuse, and exploitation. The privacy and dignity of our patients is a foremost consideration as is sensitivity to their needs and wellbeing as both individuals and citizens of the community. Therefore, in communicating our work to supporters for fundraising purposes, we will not use a case-study or photo unless we have consent to do so. At the same time, we will only portray individuals and their story in a sensitive and dignified way.

Structure, governance, and management

Structure

St Margaret's Hospice Care is a registered charity and company limited by guarantee registered with Companies House. Incorporated in 1980, our charitable purpose is enshrined in our Articles of Association.

Subsidiaries and related parties

As the parent Charity, St Margaret's is also the sole shareholder of St Margaret's Somerset Hospice Retail Limited, St Margaret's Fundraising Limited, St Margaret's Funerals Ltd, Hospice Funerals Trading Limited, Somerset Rocks Ltd and St Margaret's Technical Services Ltd. The results of the subsidiaries' trading activities are set out in notes 28 to 34.

The Hospice is registered with the Care Quality Commission (CQC), which regulates and inspects the Hospice as an independent healthcare provider. Face to face inspections were put on hold during 2020/21, but a transitional monitoring approach was adopted. Our CQC Inspector maintained regular contact with us through scheduled telephone calls to monitor our services and gauge our response to the challenges of Covid. We continued to collect evidence and keep abreast of the necessary governance and compliance plans and our CQC Inspector has no concerns about any of our clinical activity.

Operating across Somerset, St Margaret's Hospice works collaboratively with other organisations delivering palliative care and end of life care services, including Somerset NHS Foundation Trust incorporating Musgrove Park Hospital and community services, Yeovil District Hospital NHS Foundation Trust, GP Practices, Marie Curie Cancer Care, Macmillan Cancer Support, Somerset County Council Adult Social Services, and care homes throughout the county. And while independent of the NHS, our work is guided principally by the Guidelines on Palliative Care issued by the National Institute of Clinical Excellence (NICE). St Margaret's is also a member of Hospice UK, the national umbrella organisation that gives a voice and platform for all hospices in the UK.

Governance

Trustee Board

We have a robust governance structure in place with a Board of Trustees responsible for providing strategic direction and policy-setting, as well as ensuring that all activity undertaken falls within the charitable objectives outlined in St Margaret's Memorandum and Articles of Association. The trustees are also responsible for supervising the management and administration of the charity and recognise their legal responsibility to always act in the best interests of the hospice. During 2020/21 the focus of the Board's work was on steering the hospice through the pandemic, monitoring its delivery of agreed targets, and ensuring that the income and expenditure of the charity and its property and assets were managed appropriately. At the same time the Board started to review the strategic direction for the hospice, considering Covid and the ongoing need to achieve long term sustainability.

Election and Appointment of Trustees

The Board appoints new Trustees, based on selection criteria that ensure that the Board has access to a wide range of skills and experience. The recruitment of new Trustees is through a process of advertisement, application, interview, and selection. During 2020 following a successful recruitment campaign five new Trustees were identified with two taking up their position in this financial year and three to join in the new financial year.

Under the requirements of the Memorandum and Articles of Association the members of the Board are elected to serve for a period of four years after, after which they may be re-elected at the next Annual General Meeting for one further term of four years. All Trustees are equal members of the Board, who may appoint any Trustee as Chairman and/or Vice Chairman for a maximum period of four years. The Articles stipulate that the Board should have no less than five Trustees and no more than twenty, with meetings requiring 60% of the Trustees in attendance to form a quorum. Issues are decided by majority vote with the Chairman having any casting vote.

The Board meets on a quarterly basis, and has at least one Away Day a year, and holds an Annual General Meeting. As a collective the Board undertakes annual evaluation of the performance of the Chairman, Committee Chairs, and all Trustees, as well as the CEO. Staff from across the organisation are invited to provide presentations at Board meetings to keep Trustees updated and informed of developments and issues. The Articles of Association set out the delegation of the Board's powers to six sub-committees each served by an Executive Director from the Senior Leadership team: Finance; Clinical Quality and Education; Income Generation and Marketing; Human Resources and Remuneration; Transformation; Nominations and Audit. It is constituted that each committee reports regularly to the Trustee Board.

Induction and Training

A formal and comprehensive induction programme is offered to all new Trustees, and updates are offered throughout the period of tenure. Regular performance review meetings are carried out by the Chair and Deputy Chair at which further training and development needs are identified. Board skills are regularly reviewed to provide a broad set of skills and experience. St Margaret's provides Trustees with learning opportunities in the same way as staff and other volunteers. During 2020 the Trustees received training on Safeguarding and the Fundraising Regulator.

Pay and remuneration of key management

The pay and remuneration of key management staff is reviewed by the Human Resources and Remuneration Committee. This committee makes recommendations to the Board of Trustees. Job descriptions and person specifications are benchmarked against NHS national role profiles and salaries, comparable hospice organisations within the region and pay data from competitors in healthcare and private sector companies. Internal benchmarking is also conducted to ensure fairness, equality, and consistency. Salaries of medical staff are scrutinised to ensure that they are consistent with national medical pay grades.

Management

The Board appoints the Chief Executive Officer and supports the appointment process for members of the Senior Leadership Team. In practice, this translates into giving the Chief Executive Officer and Senior Leadership Team clear strategic objectives for the hospice which have demonstrable outcomes and ensuring that the hospice's financial affairs are managed appropriately. The Chief Executive Officer is responsible for the day to day running of the charity and has delegated powers of authority approved by the Board. The Chief Executive Officer delegates decision making powers through the Senior Leadership Team into the organisation.

During the year the charity employed 203 full time equivalent staff, operating across the county. Staff are organised into seven directorates (Clinical, People & Organisational Development, Governance, Retail and Commercial, Fundraising and Marketing & Communications, Finance, and IT), each overseen by a director, but they collaborate across different teams to deliver outcomes in line with hospice strategy.

Staff & Volunteers

Staff are appointed using value-based competency procedures, and in 2020 St Margaret's introduced a new core competency framework. Information about the hospice's aims and activities is communicated to staff and volunteers through briefings, meetings, newsletters and emails. Staff and volunteers are expected to be aware of, and work in accordance with, the hospice values, and these are displayed throughout hospice premises and in induction and training materials.

Volunteers have been central to the success of St Margaret's Hospice since its inception. As of March 2020, there were over 500 volunteers supporting the hospice in a variety of roles, including on the In-patient Unit, in our shops, in the offices and out in the community. During 2020, the hospice re-organised the management of volunteers, with two coordinators responsible for recruiting, inducting, and training, while operational teams took on day to day management depending on role type.

Employment policy

St Margaret's is committed to providing equal opportunities in employment and to avoiding unlawful discrimination in employment or to patients, visitors, contractors, trustees, volunteers, and staff from other organisations working with the hospice, as well as patients seeking to use the facilities or services provided by the hospice. Our Equal Opportunities policy states:

- The charity recognises that every person is an individual with different needs, preferences, and abilities. We aim to reflect this diversity in all our activities.
- We believe that there are benefits to having a diverse workforce and aim to ensure that everyone can enjoy equal opportunities in an environment which is free from discrimination, harassment, bullying and victimisation.
- We oppose all forms of unlawful or unfair discrimination on the grounds of colour, race, nationality, ethnic origin, sex, marital status, disability, part-time or fixed term status, parental responsibilities, age, religion/belief or sexual orientation.
- All employees are to be made aware of the requirements of this policy, which applies to employment, career development, training, and promotion. Employees will be obliged to co-operate to ensure that the policy is carried out effectively.

Organisational management

A Staff Council meets quarterly and is made up of representatives of all departments to strengthen opportunities for constructive dialogue between staff and the Senior Leadership Team. Representatives bring the views of staff to the attention of directors and pass on key messages to their teams. Following Staff Council meetings, minutes are made available on the intranet and key messages are communicated via appropriate communication channels such as a Staff and Volunteer Newsletter. St Margaret's Hospice is committed to working to the highest standards of integrity and honesty. All staff, both paid and unpaid, are expected to maintain the same standards. Staff are encouraged to report any risk, wrongdoing or danger that falls short of St Margaret's principles, in line with our whistleblowing policy.

Reference and administrative details

Charity Details

Charity	St Margaret's Somerset Hospice Ltd
Charity registration number	279473
Company registration number	01471345
Address	Heron Drive, Bishops Hull, Taunton, Somerset TA1 5HA

Key People & Advisors

The Senior Leadership Team who has served during the period of this report are:

Chief Executive	Mrs A Lee
Finance Director and Company Secretary	Mrs S Goodman
Clinical Director	Mrs J Milliken
Retail Director	Mr J Aizlewood
Director of People & Organisational Development	Mrs L Price
Governance Director	Mrs H McKegney
Director of Fundraising	Mrs J Hall
Information Technology Director	Mr N Middleton
Consultant in Palliative Medicine	Dr K Shorthose

External Organisations

Principal Bankers:	Barclays Bank plc 46 North Street, Taunton Somerset, TA11LZ
Principal Solicitors:	Clarke Willmott Solicitors Blackbrook Gate Blackbrook Park Avenue Taunton, Somerset, TA1 2PG
Auditor:	AC Mole, Chartered Accountants Stafford House Blackbrook Park Avenue Taunton, Somerset, TA1 2PX
Investment Fund Managers:	Rathbones Investment Management Ltd 8 Finsbury Circus London, EC2M 7AZ

Trustees

The Trustees who served the Charity during the period were as follows:

Mr J Langdon (Chair)	Nominations Committee (Chair from 4 November 2020), Finance Committee (Chair to 31 December 2020), Income Generation & Marketing Committee
Mrs G Atherton	Audit Committee, Human Resources & Remuneration Committee (Chair)
Dr P Cavanagh	Clinical Quality & Education Committee [resigned 31 December 2020], Nominations Committee (Chair to 3 November 2020) [resigned 31 December 2020]
Mr P Colton	Income Generation & Marketing Committee (Chair), Nominations Committee, Transformation Committee
Dr A Grove	Clinical Quality & Education Committee (Chair), Nominations Committee (from 4 November 2020)
Mr K Jones	Human Resources & Remuneration Committee
Ms N McClean	Finance Committee (Chair from 1 January 2021)
Mr T Samuel	Audit Committee, Transformation Committee (Chair)
Mr P Tucker	Audit Committee (Chair), Clinical Quality & Education Committee

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Mr R Cridge	Income Generation & Marketing Committee [appointed 30 September 2020]
Mrs E Moss	Income Generation & Marketing Committee, Finance Committee [resigned 31 December 2020]
Mr T Treanor	Human Resources & Remuneration Committee [appointed 10 March 2021]

Statement of Trustees' responsibilities

The Trustees, who are also Directors of St Margaret's Somerset Hospice for the purposes of company law, are responsible for preparing the Trustees' Report (incorporating the Strategic Report) and the financial statements in accordance with both applicable law and prevailing 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).

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

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

The Trustees are responsible for keeping proper accounting records that 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. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Authorisation of Financial Statements, Trustees' Report and Strategic Report

The financial statements, which incorporate the Trustees' Report, the Trustees' Responsibilities, and the Strategic Report, were approved by the Board of Trustees on Monday 22nd November 2021 and signed on their behalf by:

Signed 

Date 22nd November 2021

Name JONATHAN LANGDON

Audit Report

Independent Auditor's Report to the Members of St Margaret's Somerset Hospice

We have audited the financial statements of St Margaret's Somerset Hospice (the "parent charitable company") and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated Statement of Financial Activities, the consolidated and parent company Statements of Financial Position, Consolidated Statement of Cash Flows, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2021 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

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

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

rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Trustees' report (incorporating the strategic report and the 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 the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report (incorporating 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 requires us to report to you if, in our opinion:

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

Responsibilities of the Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 group's and the 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.

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

Identifying and assessing potential risks of material misstatement due to irregularities

We considered the following when identifying and assessing risks of material misstatement due to irregularities, including fraud and non-compliance with laws and regulations:

- the legal and regulatory framework in which the group operates
- the nature of the sector in which the group operates
- the control environment and controls established to mitigate such risks
- the results of our enquiries of management about their identification and assessment of risks of irregularities
- discussions with the audit engagement team about where fraud might occur
- the incentives for fraud.

Laws and regulations which are considered to be significant to the group include those relating to the requirements of financial reporting framework FRS102, the Charities Act 2011, the Companies Act 2006, UK tax legislation, employment law and health and safety. In addition, we consider other laws and regulation which may not directly impact the financial statements but may impact on the operation of the group.

As a result of these procedures we concluded, in accordance with International Auditing Standards, that a risk in relation to the potential for management override of controls existed.

Audit responses to risks identified

We undertook audit procedures to respond to the risks identified, and designed our audit testing to respond to these risks. The additional procedures we undertook included the following:

- gaining an understanding of the group's procedures for ensuring compliance with laws and regulations
- testing the appropriateness of journal entries and other adjustments
- considering whether accounting estimates were indicative of potential bias
- considering whether any transactions arose outside the normal course of business
- making enquiries of management
- corroborating our enquiries through review of Board Minutes and correspondence.

We also communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity'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 charity'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 charity and the charity's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Alexandra Shore FCA DChA Senior Statutory Auditor

For and on behalf of A C Mole and Sons Chartered Accountants and Statutory Auditor

Stafford House

Blackbrook Park Avenue Taunton

Somerset TA1 2PX

Alexandra Shore

Date: 22nd November 2021

Financial Statements

Consolidated Statement of Financial Activities for the Year ended 31 March 2021

(Incorporating a consolidated income and expenditure account)


	Note	Unrestricted £	Restricted £	Total Funds 2021 £	Total Funds 2020 £
Income from:					
Donations and Legacies	1	2,815,337	1,538,533	4,353,870	4,288,566
Other Trading Activities	2	2,515,678	-	2,515,678	5,778,477
Investments	3	183,428	-	183,428	177,814
Charitable Activities	4	28,065	4,866,726	4,894,791	2,627,490
Other Income	5	1,148,442	-	1,148,442	570,694
		6,690,950	6,405,259	13,096,209	13,443,041
Expenditure on:					
Raising Funds	6	(4,361,455)	-	(4,361,455)	(5,953,122)
Charitable activities	7	(368,511)	(6,528,207)	(6,896,718)	(7,848,110)
		(4,729,966)	(6,528,207)	(11,258,173)	(13,801,232)
Net gains/(losses) on investments	9	1,093,240	-	1,093,240	(366,053)
Net income/(deficit) and movement in funds	10	3,054,224	(122,948)	2,931,276	(724,244)
Corporation Tax Charge		-	-	-	-
Transfer between funds		-	-	-	-
Net movement in funds		3,054,224	(122,948)	2,931,276	(724,244)
Reconciliation of Funds:					
Total Funds brought forward		15,232,160	2,751,624	17,983,784	18,708,028
Total Funds carried forward		18,286,384	2,628,676	20,915,060	17,983,784

Consolidated Statement of Financial Position as of 31 March 2021

Company registration number: 01471345

	Note	Total Funds 2021 £	Total Funds 2020 £
Fixed Assets			
Intangible Assets	12	325,250	260,742
Tangible assets	13	7,590,506	7,939,995
Investments	9	7,654,648	6,466,762
		15,570,404	14,667,499
Current Assets			
Stocks	14	192,834	213,378
Debtors	16	3,137,920	3,390,785
Cash at bank and in hand		4,747,069	666,509
		8,077,823	4,270,672
Liabilities			
Creditors: Amounts falling due within one year	17	(2,733,167)	(954,387)
Net current assets		5,344,656	3,316,285
Total assets less current liabilities		20,915,060	17,983,784
Total net assets		20,915,060	17,983,784
The Funds of the Group:			
Restricted Income Funds	21	2,628,676	2,751,624
Unrestricted Income Funds	22	18,286,384	15,232,160
Total Consolidated Funds		20,915,060	17,983,784

The Financial Statements on pages 31 to 63 were approved by the Board and authorised for issue on 22nd November 2021 and are signed on its behalf by

Signed 

Date 22nd November 2021

Name JONATHAN LANGDON

Charity Statement of Financial Position as of 31 March 2021

Company registration number: 01471345

	Note	Total Funds 2021 £	Total Funds 2020 £
Fixed Assets			
Intangible Assets	12	325,250	260,742
Tangible assets	13	7,480,589	7,862,094
Investments	9	7,655,148	6,467,262
		15,460,987	14,590,098
Non-Current Assets			
Debtors due after more than one year	15	320,590	774,775
Current Assets			
Debtors	16	3,128,761	3,383,547
Cash at bank and in hand		4,695,150	616,103
		8,144,501	4,774,425
Liabilities			
Creditors: Amounts falling due within one year	17	(2,716,270)	(943,773)
Net current assets		5,428,231	3,830,652
Total assets less current liabilities		20,889,218	18,420,750
Total net assets		20,889,218	18,420,750
The Funds of the Charity:			
Restricted Income Funds	21	2,628,676	2,751,624
Unrestricted Income Funds	22	18,260,542	15,669,126
Total Charity Funds		20,889,218	18,420,750

The Financial Statements on pages 31 to 63 were approved by the Board and authorised for issue on 22nd November 2021 and are signed on its behalf by

Signed
Date 22nd November 2021
Name JONATHAN LANGDON

Consolidated Statement of Cashflows for the year ended 31 March 2021

		2021 £	2020 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	26	2,235,923	(240,390)
Net cash provided by/(used in) operating activities		2,235,923	(240,390)
Cash flows from Investing Activities			
Dividends, interest and rent from investments		183,028	174,526
Proceeds from the sale of property, plant, and equipment		400	599,885
Purchase of property, plant and equipment		(159,761)	(372,776)
Purchase of intangible assets		(84,384)	(145,293)
Purchase of investments		(1,360,232)	(1,077,031)
Disposal of investments		1,112,630	888,201
Movement in cash held for investment		152,956	90,874
Net cash (used in)/provided by investing activities		(155,363)	158,386
Cash flows from financing activities			
New bank loan		2,000,000	-
Net cash provided by financing activities		2,000,000	-
Change in cash and cash equivalents in the reporting period		4,080,560	(82,004)
Cash and cash equivalents at the beginning of the reporting period		666,509	748,513
Cash and cash equivalents at the end of the reporting period		4,747,069	666,509

Accounting policies

Company Information

St Margaret's Somerset Hospice is a company limited by guarantee, incorporated with Companies House (England and Wales). The registered office is Heron Drive, Bishops Hull, Taunton, Somerset TA1 5HA. St. Margaret's Somerset Hospice constitutes a public benefit company as defined by FRS102. The company is a registered charity with the charitable purpose of: *Promoting the relief of sickness by such charitable means as the Association shall from time to time think fit.*

Basis of Accounting

These financial statements have been prepared under the historical cost convention (except for some investments which are included at market value) and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Critical Accounting Estimates and Judgements

The preparation of the financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Trustees consider that the following critical accounting estimates and judgements have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recoverability of inter-group balances (charity accounts)

Determining whether balances due from subsidiaries are recoverable requires an estimation of the value in use of the cash generating units from which the balances are due. The value in use calculation requires the group to estimate future cash flows expected to arise from the cash-generating unit. Key assumptions within these estimates include the future performance of the subsidiary businesses, the long-term growth rate and a suitable discount rate in order to calculate present value. Performance of the funerals business has been seriously hampered by Covid and the restrictions placed on funerals in the year to 31/03/2021 and there is uncertainty regarding the future performance of this new business as we emerge from the pandemic. The Trustees have therefore recognised a £508k impairment provision in the accounts to provide for the balance owed by St Margaret's Funerals and Hospice Funerals LLP to reflect this uncertainty.

In the consolidated accounts all inter-group balances eliminate on consolidation. As set out in note 15 to the charity accounts the total amounts due from subsidiary undertakings (after provision) totalled £321k (2020; £775k).

Legacy income

Under the FRS102 SORP the group and charity are required to recognise legacy income when it is probable that it will be received. This may include making an estimate of the fair value of the amount receivable. It is possible that the actual amount received differs from these estimates, particularly in the case where the charity is the beneficiary of a residual legacy.

Legacy income recognised within the financial statements totalled £2,716,365 (2020: £2,424,760).

Going Concern

The financial statements have been prepared on a going concern basis. The Trustees consider the Group to have adequate resources to manage the risks the Group faces successfully, despite the current economic uncertainties.

Although the impacts of the COVID-19 pandemic have had a significant financial impact upon the charity, the mitigating actions have minimised the impact and the Trustees continue to regularly review both short, medium and long term plans as the economic outlook changes. The charity benefits from the security of the investment portfolio which is valued at £7.5m (31st March 2021). The funds are invested for the long term and although it is anticipated that there may be market turbulence during the next few months, it is not anticipated that significant amounts of cash will be withdrawn for over a year. A £2m loan obtained under the Government CBILS scheme in May 2020 was repaid on schedule in June 2021.

Consolidation

The group Financial Statements consolidate the results of the Parent Company and its wholly owned subsidiary undertakings for the period ended 31 March 2021 using the acquisition method of accounting. Intra-group transactions and profits are eliminated fully on consolidation.

A separate statement of financial activities, dealing with the results of the Charitable Company, has not been presented as permitted by section 408 of the Companies Act 2006. The surplus for the charity (restricted and unrestricted) for the year was £2,468,468 (2020: £496,676 net loss).

Fixed Asset Investments

In accordance with the Charities SORP FRS 102 investments, other than those held for sale, are stated at market value, and treated as fixed assets. Any gains or losses on valuation are recognised in the Statement of Financial Activity.

Investment in Subsidiary Undertakings

Investments in subsidiary undertakings are initially recognised at cost and subsequently at cost less accumulated impairment in the charity's balance sheet.

Designated reserves

The Trustees may, from time to time, designate reserves to cover specific projects and other potential commitments.

Fund Accounting

Funds held by the Charity are either:

- Unrestricted funds which comprise those funds which the Trustees are free to use in accordance with the charitable objects.
- Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the Charity.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Expenditure

Expenditure is recognised when a liability is incurred and includes any irrecoverable VAT. Contractual arrangements are recognised as goods or services are supplied.

Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities include expenditure associated with the operation of the hospice and the achievement of its objects and include both the direct costs and support costs relating to these activities.

Fixed Assets

All fixed assets are initially recorded at cost and subsequently at cost less depreciation and any impairment. The group and company have applied the transitional arrangements of Section 35 of FRS102 and used a previous valuation as deemed cost at 1 April 2015.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

- Freehold property buildings - 2% on a straight-line basis
- Fixtures, fittings, and equipment – On a straight-line basis over 3 – 4 years
- Motor vehicles – On a straight-line basis over 4 years
- Leasehold property improvements – On a straight-line basis over 4 years
- Assets under construction – No depreciation until the asset is available for use

Depreciation relating to St Margaret's Funerals Ltd is in line with the Franchise term and is as follows:

- Fixtures, fittings, and equipment - On a straight-line basis over 3 - 10 years
- Motor vehicles - On a straight-line basis over 4 years
- Leasehold property improvements - On a straight-line basis over 10 years

Intangible Assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are recognised at cost less any accumulated depreciation and any accumulated impairment losses. Intangible assets are being amortised over the estimated useful economic life of ten years. Goodwill represents the goodwill of the consideration over the fair value of the net identifiable assets acquired.

Intangible assets under construction are initially measured at cost. Amortisation is charged once the asset is in use and is amortised over its useful economic life.

Investment Properties

Investment properties are initially recognised at cost and subsequently measured at their open market value. Changes in their value are recognised in the Statement of Financial Activities for the year.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. The donated goods received for sale are recognised when sold and the Charity applies the FRS 102 exemption to the fair value being recognised on receipt. This is due to the impracticality and costs of recognition of value of goods on receipt.

Operating Lease Agreements

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

Income

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of a general nature are recognised where there is entitlement, when receipt is considered probable, and the amount can be measured with sufficient reliability.

Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the Charity has unconditional entitlement.

Income from commercial trading activities is recognised as earned as the related goods and services are provided.

Legacies are included when the Charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified. The accounting policy applied is that receipt of a legacy is recognised when:

- There has been grant of probate; and
- The executors have informed St. Margaret's that there are sufficient assets in the estate, after settling liabilities, to pay the legacy; and
- Any conditions attached to the legacy are either within the control of the charity or have been met.

This is in accordance with the Charities SORP (FRS102) Guidance and FRS 102.

Legacies which have been recognised but not yet received are included within debtors in legacy accrued income.

Investment income is recognised on a receivable basis.

Government grants are included within 'Other Income' and are recognised when there is entitlement, when receipt is considered probable, and the amount can be measured with sufficient reliability.

Included within note 5 is income from Hospice UK. The NHS England awarded funding to allow the hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose.

Gifts in Kind

Gifts in kind are included within voluntary income and are included at their market value at the date of the gift, with the exception of goods donated for sale in the Charity's shops which are accounted for when sold.

Pension Scheme Costs

The Charity operates a defined contribution pension scheme and participates in an NHS pension for those eligible. The pension charge represents the amounts payable by the Charity to the fund in respect of the year. The Charity previously had a liability for a multi-employer defined benefit scheme which has now ceased.

Financial Instruments

The charity only enters into basic financial instruments that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors together with loans to related parties. Debt instruments, such as trade debtors and creditors, are initially measured at transaction price and subsequently measured at amortised cost.

Financial assets are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

Volunteers and Donated Services and Facilities

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the Trustees' Annual Report.

Impairment of Non-Financial Assets

Goodwill - Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is an indication that goodwill is impaired.

Intangible and Tangible Fixed Assets and Investments in Subsidiaries – These assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For impairment testing, the recoverable amount (being the higher of the fair value less cost to sell and value in use) is determined on an individual asset basis unless the asset does not generate independent cash flows in which case the recoverable amount is determined for the cash generating unit to which the asset belongs.

Any difference between the carrying value and the recoverable value is recognised as an impairment expense in the statement of financial activities.

Prior Period Adjustments

Where adjustments are required to prior periods, these are recognised within comparative figures which are restated where required.

Notes to the financial statements

1. Donations and Legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Private donations and 'in memory'	1,283,845	-	1,283,845	1,430,655	-	1,430,655
Legacies	1,360,932	1,355,433	2,716,365	2,133,626	291,134	2,424,760
Revenue Grants	170,560	183,100	353,660	68,262	364,889	433,151
	2,815,337	1,538,533	4,353,870	3,632,543	656,023	4,288,566

Included in the above legacies is £2,076,005 (2020: £2,189,282) which has been recognised in line with accounting policy, which had not been received by the Charity at the year end.

2. Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Charity Shop income	1,468,454	-	1,468,454	4,736,326	-	4,736,326
Lottery income	768,719	-	768,719	818,651	-	818,651
Funeral Home income	215,521	-	215,521	174,939	-	174,939
Ancillary Trading	62,984	-	62,984	48,561	-	48,561
	2,515,678	-	2,515,678	5,778,477	-	5,778,477

3. Income from Investments

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Dividend income	136,828	-	136,828	139,532	-	139,532
Bank Interest Receivable	2,486	-	2,486	7,277	-	7,277
Rents received	43,568	-	43,568	26,664	-	26,664
Birds Farm & Investment property	146	-	146	1,053	-	1,053
Gain on disposal of a fixed asset held for the use of the Charity	400	-	400	3,288	-	3,288
	183,428	-	183,428	177,814	-	177,814

4. Income from Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
NHS Primary Care Trust	-	2,340,668	2,340,668	-	2,587,596	2,587,596
Hospice UK – Covid Funding	-	2,384,287	2,384,287	-	-	-
Other Charitable Income	28,065	141,771	169,836	39,894	-	39,894
	28,065	4,866,726	4,894,791	39,894	2,587,596	2,627,490

5. Other Income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Government Grant - Retail, Hospitality and Leisure Grant Fund	400,703	-	400,703	545,000	-	545,000
Government Grant - Coronavirus Job Retention Scheme	716,875	-	716,875	21,991	-	21,991
Other income	30,864	-	30,864	3,703	-	3,703
	1,148,442	-	1,148,442	570,694	-	570,694

6. Expenditure on Raising Funds

	Unrestricted Funds	Restricted Funds	Total Funds 2021	Unrestricted Funds	Restricted Funds	Total Funds 2020
	£	£	£	£	£	£
Costs of generating voluntary income	647,219	-	647,219	825,907	-	825,907
Shop costs	3,173,156	-	3,173,156	4,265,713	-	4,265,713
Lottery costs	221,029	-	221,029	321,615	-	321,615
Funeral Home costs	276,839	-	276,839	497,318	-	497,318
Investment						
Management Fees	43,212	-	43,212	42,569	-	42,569
	4,361,455	-	4,361,455	5,953,122	-	5,953,122

Allocation of Support Costs

	Direct Costs	Support Costs	Total Costs 2021	Direct Costs	Support Costs	Total Costs 2020
	£	£	£	£	£	£
Voluntary Income						
Generation costs	516,717	130,502	647,219	704,033	121,874	825,907
Shop costs	2,848,393	324,763	3,173,156	3,809,564	456,149	4,265,713
Lottery costs	200,845	20,184	221,029	311,011	10,604	321,615
Funeral Home costs	250,023	26,816	276,839	479,671	17,647	497,318
Investment						
Management Fee	43,212	-	43,212	42,569	-	42,569
	3,859,190	502,265	4,361,455	5,346,848	606,274	5,953,122

7. Costs of Charitable Activities by Fund Type

	Unrestricted Funds	Restricted Funds	Total Funds 2021	Unrestricted Funds	Restricted Funds	Total Funds 2020
	£	£	£	£	£	£
In-patient units	65,166	3,617,816	3,682,982	3,446,983	1,647,827	5,094,810
Community Care	47,033	2,910,391	2,957,424	912,967	1,588,060	2,501,027
Education	256,312	-	256,312	252,273	-	252,273
	368,511	6,528,207	6,896,718	4,612,223	3,235,887	7,848,110

	Direct Costs	Support Costs	Total Costs 2021	Direct Costs	Support Costs	Total Costs 2020
	£	£	£	£	£	£
In-patient units	2,968,027	714,955	3,682,982	4,356,323	738,487	5,094,810
Community Care	2,258,769	698,655	2,957,424	2,026,413	474,614	2,501,027
Education	195,773	60,539	256,312	206,408	45,865	252,273
	5,422,569	1,474,149	6,896,718	6,589,144	1,258,966	7,848,110

8. Allocation of support costs

	Retail Trading	Lottery	Funerals	Costs of Generating Voluntary Income	In-patient Units	Comm-unity Care	Education	Total 2021	Total 2020
	£	£	£	£	£	£	£	£	£
Staff costs/salaries	220,558	13,708	18,213	88,629	485,551	474,481	41,113	1,342,253	1,298,822
General Office	40,100	2,492	3,311	16,114	88,279	86,266	7,475	244,037	252,092
Finance Office	3,965	246	327	1,593	8,729	8,530	739	24,129	42,836
IT*	46,749	2,906	3,860	18,785	102,916	100,570	8,714	284,500	232,392
Legal/professional	8,204	510	677	3,297	18,061	17,649	1,530	49,928	20,577
Audit	5,187	322	428	2,084	11,419	11,159	968	31,567	18,521
	324,763	20,184	26,816	130,502	714,955	698,655	60,539	1,976,414	1,865,240

Support costs are calculated according to the level of payroll costs per activity area.

*Information technology

9. Fixed Asset Investments Group**Net gains/(losses) on investments
Group & Charity**

	2021	2020
	£	£
Net unrealised investment gains/(losses) on disposals of investments	10,064	(336,563)
Net realised gains/(losses) on investments	<u>1,083,176</u>	<u>(29,490)</u>
Net gains/(losses) on investments	<u>1,093,240</u>	<u>(366,053)</u>

**Listed Investments
Group & Charity**

Movement in market value:	2021	2020
	£	£
Market Value at 1 April	6,326,762	6,594,860
Acquisitions at cost	1,360,232	1,077,031
Disposals	(1,112,630)	(888,201)
Net investments gains/(losses)	1,093,240	(366,054)
Movement in cash held for investment	<u>(152,956)</u>	<u>(90,874)</u>
Market Value at 31 March	<u>7,514,648</u>	<u>6,326,762</u>
Historical Cost	5,709,730	5,285,664

Investment Properties**Group & Charity**

Market Value at 31 March	<u>140,000</u>	<u>140,000</u>
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The fair value of investment properties is based upon the market value.

Properties are periodically valued by an external professional valuer and this value is not exceeded.

**Investments in subsidiaries
Charity**

	2021	2020
	£	£
At 1 April	500	500
Acquisitions at cost	-	-
At 31 March	<u>500</u>	<u>500</u>

9. Continued**Analysis of investments at 31 March 2021 between funds**

Group	Unrestricted Funds £	Total Funds 2021 £	Total Funds 2020 £
Listed Investments			
UK quoted fixed interest securities	1,029,577	1,029,577	964,949
Overseas fixed interest securities	598,830	598,830	535,580
UK quoted shares	<u>1,618,989</u>	<u>1,618,989</u>	<u>1,268,059</u>
	3,247,396	3,247,396	2,768,588
Other Investments			
UK Investment property	140,000	140,000	140,000
Overseas investments	2,555,071	2,555,071	2,024,248
Other UK investments	1,545,585	1,545,585	1,214,374
UK cash	<u>166,596</u>	<u>166,596</u>	<u>319,552</u>
TOTAL	<u>7,654,648</u>	<u>7,654,648</u>	<u>6,466,762</u>

Analysis of investments at 31 March 2021 between funds

Charity	Unrestricted Funds £	Total Funds 2021 £	Total Funds 2020 £
Listed Investments			
UK quoted fixed interest securities	1,029,577	1,029,577	964,949
Overseas fixed interest securities	598,830	598,830	535,580
UK quoted shares	<u>1,618,989</u>	<u>1,618,989</u>	<u>1,268,059</u>
	3,247,396	3,247,396	2,768,588
Other Investments			
UK Investment property	140,000	140,000	140,000
UK Group undertakings	500	500	500
Overseas investments	2,555,071	2,555,071	2,024,248
Other UK investments	1,545,585	1,545,585	1,214,374
UK cash	<u>166,596</u>	<u>166,596</u>	<u>319,552</u>
TOTAL	<u>7,655,148</u>	<u>7,655,148</u>	<u>6,467,262</u>

10. Net Income/(Expenditure)

This is stated after charging:

	2021	2020
	£	£
Staff pension contributions	714,106	656,094
Depreciation	509,250	528,805
Amortisation	19,876	23,585
Impairment	-	200,422
Operating lease costs	554,754	613,298
Redundancy costs	36,998	275,029
Audit Fees payable to the Company's auditor:		
- Audit of group and parent consolidated accounts	15,662	12,121
- Audit of the Company's subsidiaries	5,650	3,100
- Taxation services	3,640	1,650
- Other services	6,615	1,650
Total amount payable to the Company's auditor	31,567	18,521

During the year to March 2021 a provision was recognised in the Charity only for Amounts due from subsidiary undertakings totalling £508,348.

11. Staff Costs and Emoluments

Total staff costs were as follows:

	2021	2020
	£	£
Wages & Salaries	6,366,232	7,593,598
Social Security	524,170	608,942
Other pension costs	714,106	656,094
	<u>7,604,508</u>	<u>8,858,634</u>

During the year Trustees were reimbursed expenses of £189 (2020: £129). No trustees received any remuneration in either year. The average number of employees (headcount) during the year was 329 (2020: 410).

The full-time equivalent staff numbers were as follows:

	2021	2020
Clinical	108	93
Clinical support staff	0	30
Education staff	3	4
Fundraising, charity shops and lottery staff	56	89
Administration staff	36	42
	<u>203</u>	<u>258</u>

The number of employees whose emoluments (excluding employer national insurance) exceeded £60,000 for the year and fell within the following bands, were as follows:

£60,000 - £69,999	4	4
£70,000 - £79,999	3	3
£80,000 - £89,999	-	1
£90,000 - £99,999	1	-
	<u>8</u>	<u>8</u>

Salaries and benefits paid to key management personnel during the year, excluding Trustees, amounted to £727,250 (2020: £652,496). There is no accrual for holiday pay as the organisation's holiday year ends on 31st March and is enforced. Exceptional circumstances are considered by the CEO on a case-by-case basis.

12. Intangible Fixed Assets Group

	Goodwill £	Software £	Total £
Cost			
As at 1 April 2020	222,691	262,058	484,749
Additions	-	84,384	84,384
Disposals	-	-	-
As at 31 March 2021	222,691	346,442	569,133
Amortisation			
As at 1 April 2020	222,691	1,316	224,007
Charge for the year	-	19,876	19,876
Impairment	-	-	-
Disposals	-	-	-
As at 31 March 2021	222,691	21,192	243,883
Net Book Value			
As at 31 March 2021	-	325,250	325,250
As at 31st March 2020	-	260,742	260,742

Charity

	Goodwill £	Software £	Total £
Cost			
As at 1 April 2020	-	262,058	262,058
Additions	-	84,384	84,384
Disposals	-	-	-
As at 31 March 2021	-	346,442	346,442
Amortisation			
As at 1 April 2020	-	1,316	1,316
Charge for the year	-	19,876	19,876
Impairment	-	-	-
Disposals	-	-	-
As at 31 March 2021	-	21,192	21,192
Net Book Value			
As at 31 March 2021	-	325,250	325,250
As at 31st March 2020	-	260,742	260,742

13. Tangible Fixed Assets Group

	Freehold Property & Assets under Construction £	Fixtures, Fittings & equipment £	Motor Vehicles £	Leasehold Property Improvements £	Total £
Cost					
As at 1 April 2020	10,343,159	4,219,994	84,598	1,074,833	15,722,584
Additions	-	109,835	-	49,926	159,761
Disposals	-	-	-	-	-
As at 31 March 2021	10,343,159	4,329,829	84,598	1,124,759	15,882,345
Depreciation					
As at 1 April 2020	3,046,208	3,756,016	72,665	907,700	7,782,589
Charge for the year	200,065	222,622	3,605	82,958	509,250
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
As at 31 March 2021	3,246,273	3,978,638	76,270	990,658	8,291,839
Net Book Value					
As at 31 March 2021	7,096,886	351,191	8,328	134,101	7,590,506
As at 31st March 2020	7,296,951	463,978	11,933	167,133	7,939,995

Charity

	Freehold Property & Assets under Construction £	Fixtures, Fittings & equipment £	Motor Vehicles £	Leasehold Property Improvements £	Total £
Cost					
As at 1 April 2020	10,343,159	4,166,412	81,088	1,026,713	15,617,372
Additions	-	62,663	-	49,926	112,589
Disposals	-	-	-	-	-
As at 31 March 2021	10,343,159	4,229,075	81,088	1,076,639	15,729,961
Depreciation					
As at 1 April 2020	3,046,208	3,742,216	70,690	896,164	7,755,278
Charge for the year	200,065	213,629	2,655	77,745	494,094
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
As at 31 March 2021	3,246,273	3,955,845	73,345	973,909	8,249,372
Net Book Value					
As at 31 March 2021	7,096,886	273,230	7,743	102,730	7,480,589
As at 31st March 2020	7,296,951	424,196	10,398	130,549	7,862,094

14. Stocks

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
New goods purchased for resale	192,834	213,378	-	-
	<u>192,834</u>	<u>213,378</u>	<u>-</u>	<u>-</u>

15. Debtors due after more than one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Amounts due from subsidiary undertakings	-	-	320,590	774,775
	<u>-</u>	<u>-</u>	<u>320,590</u>	<u>774,775</u>

Determining whether balances due from subsidiaries are recoverable requires an estimation of the value in use of the cash generating units from which the balances are due. The value in use calculation requires the group to estimate future cash flows expected to arise from the cash-generating unit. Key assumptions within these estimates include the future performance of the business, the long-term growth rate and a suitable discount rate in order to calculate present value. Performance of the funerals business has been seriously hampered by Covid in the year to 31 March 2021 and there is uncertainty regarding the future performance of this new business as we emerge from the pandemic. The Trustees have therefore recognised a £508,348 impairment provision in the accounts to provide for the balance owed by St Margaret's Funerals and Hospice Funerals LLP to reflect this uncertainty.

16. Debtors

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade Debtors	107,711	112,948	105,257	110,458
Other Debtors	214,480	78,924	212,419	78,924
Legacy accrued income	2,076,005	2,189,282	2,076,005	2,189,282
Prepayments and accrued income	739,724	1,009,631	735,080	1,004,883
	<u>3,137,920</u>	<u>3,390,785</u>	<u>3,128,761</u>	<u>3,383,547</u>

17. Creditors: Amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Bank Loan	2,000,000	-	2,000,000	-
Trade Creditors	153,262	413,447	147,473	409,998
Prepaid Lottery subscriptions	88,067	97,902	88,067	97,902
Accruals	279,556	177,175	277,322	176,146
Amounts due to subsidiary undertakings	-	-	200	200
Taxation and Social Security	130,169	128,019	130,169	128,019
Other Creditors	82,113	137,844	73,039	131,508
	<u>2,733,167</u>	<u>954,387</u>	<u>2,716,270</u>	<u>943,773</u>

18. Loans

An analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year or on demand:		
Bank loan	2,000,000	-

Included within bank loans is a CBILS loan taken out due to the Covid-19 pandemic. This loan carries interest at a rate of 2.75% and is repayable by a single payment 12 months after the date of drawing the loan

The loan was fully repaid on 10 June 2021.

19. Secured debts

The bank loan was secured by way of a first fixed charge over all land, property and assets present and future including all securities, goodwill, uncalled capital, buildings, intellectual property rights, trade secrets, and all other debts, right, title benefit and interest in fixed charge and deposit accounts, including the benefit of all instruments, guarantees, charges, pledges and other rights available as security in respect of any asset itself subject to a fixed charge in favour of the bank. A first floating charge was also in place over the present and future undertaking and assets of whatever type and wherever located.

This charge was satisfied on 16 June 2021.

20. Commitments under Operating Leases

	Property 2021 £	Equipment 2021 £	Property 2020 £	Equipment 2020 £
Not later than one year	385,769	19,040	441,079	19,040
Later than one year, not later than five years	544,354	20,011	824,692	39,051
Later than five years	50,416	-	80,916	-
	<u>980,539</u>	<u>39,051</u>	<u>1,346,687</u>	<u>58,091</u>

Figures detail the total minimum lease payments due over the lease term, based upon when payments are due.

21. Restricted Income Funds

Charity/Group	Balance at 1 April 2020	Income	Expenditure	Transfer from Unrestricted	Balance at 31 March 2021
	£	£	£	£	£
NHS Grant Provision	-	2,340,668	(2,340,668)	-	-
Yeovil Appeal	1,459,798	-	(40,520)	-	1,419,278
Taunton Appeal	1,020,202	-	(26,847)	-	993,355
Trusts, DOH, CCG	60,175	-	(1,280)	-	58,895
Health Education England	-	141,771	(141,771)	-	-
Legacies for use at Yeovil Hospice	-	1,355,433	(1,355,433)	-	-
CCG Capital Grant	113,987	-	(30,522)	-	83,465
Hospice UK – Covid Funding	-	2,384,287	(2,384,287)	-	-
Donations from Charitable Trusts	97,462	183,100	(206,879)	-	73,683
	2,751,624	6,405,259	(6,528,207)	-	2,628,676

NHS Grant Provision was monies received towards the treatment of patients for clinical services.

The Yeovil appeal was set up to construct and equip a hospice in Yeovil and to contribute towards its running costs during the early years of its use. The Trustees consider that treating that part of the freehold property funded by the appeal as a restricted fund more properly represents the intentions of the original donors to this appeal and therefore the net book value of this asset has been transferred from unrestricted funds.

The Taunton appeal was set up to construct and equip a hospice in Taunton and to contribute towards its running costs during the early years of its use. The Trustees consider that treating that part of the freehold property funded by the appeal as a restricted fund more properly represents the intentions of the original donors to this appeal and therefore the net book value of this asset has been transferred from unrestricted funds.

Grants received and expended during the year have been received from Macmillan Cancer Care for provision of services for carers and Health Education England for training of clinical staff.

Legacies were received towards the running costs of the Yeovil Hospice site.

CCG Capital Grant – The CCG awarded funding for capital projects being undertaken by the Hospice including Lymphoedema equipment, hardware for project Echo, and other IT development and hardware.

Hospice UK – Covid funding. NHS England awarded funding to allow the hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose.

A number of other donations from Trusts and other sources were received but are not material and as such the detail has not been disclosed.

22. Unrestricted Funds**Group**

	Balance at 1 April 2020 £	Income £	Expenditure £	Gains & Losses £	Balance at 31 March 2021 £
General funds	15,184,829	6,690,950	(4,729,966)	1,093,240	18,239,053
Designated funds:					
Funds to be spent in accordance with donor's request	47,331	-	-	-	47,331
	15,232,160	6,690,950	(4,729,966)	1,093,240	18,286,384

Charity

	Balance at 1 April 2020 £	Income £	Expenditure £	Gains & Losses £	Balance at 31 March 2021 £
General funds	15,621,795	6,057,737	(4,559,561)	1,093,240	18,213,211
Designated funds:					
Funds to be spent in accordance with donor's request	47,331	-	-	-	47,331
	15,669,126	6,057,737	(4,559,561)	1,093,240	18,260,542

23. Analysis of Net Assets Between Funds**Group**

	Tangible Fixed Assets £	Intangible Fixed Assets £	Investments £	Net Current assets/ (liabilities) & provisions £	TOTAL £
Restricted Income Funds					
Yeovil Appeal	1,419,278	-	-	-	1,419,278
Taunton New Build Appeal	993,355	-	-	-	993,355
CCG Capital Grant	65,551	-	-	17,914	83,465
Other restricted funds	124,579	-	-	7,999	132,578
	2,602,763	-	-	25,913	2,628,676
Unrestricted Income Funds	4,987,743	325,250	7,654,648	5,318,743	18,286,384
Total Funds	7,590,506	325,250	7,654,648	5,344,656	20,915,060

Charity

	Tangible Fixed Assets £	Intangible Fixed Assets £	Investments £	Net current assets/ (liabilities) & provisions £	TOTAL £
Restricted Income Funds					
Yeovil Appeal	1,419,278	-	-	-	1,419,278
Taunton New Build Appeal	993,355	-	-	-	993,355
CCG Capital Grant	65,551	-	-	17,914	83,465
Other restricted funds	124,579	-	-	7,999	132,578
	2,602,763	-	-	25,913	2,628,676
Unrestricted Income Funds	4,877,826	325,250	7,655,148	5,402,318	18,260,542
Total Funds	7,480,589	325,250	7,655,148	5,428,231	20,889,218

24. Related Party Transactions

St Margaret's Somerset Hospice is the parent Charity and sole shareholder of St Margaret's Somerset Hospice Retail Ltd, St Margaret's Fundraising Ltd, Somerset Rocks Ltd, St Margaret's Funerals Ltd, St Margaret's Technical Services Ltd, Hospice Funerals Trading Ltd, and Hospice Funerals LLP.

In accordance with FRS102 section 33.1A, the company has taken advantage of an exemption from disclosing transactions with its subsidiaries on the grounds that they are wholly owned.

Transactions with Clarke Willmott amounted to £2,700 (2020: £12,530). Kevin Jones is a trustee of St Margaret's Somerset Hospice and was a Partner of Clarke Willmott during the financial year. The account balance was £nil (2020: £nil) at the year end.

Clarke Willmott services supplied:

	2021	2020
	£	£
HR and employment advice	750	-
Property related advice	-	10,430
Business legal advice	1,950	2,100
	<u>2,700</u>	<u>12,530</u>

Transactions with Lewis-Manning Hospice Care amounted to £34,181 (2020: £nil). Ann Lee is Chief Executive of St Margaret's Somerset Hospice and was a Trustee of Lewis-Manning Hospice Care during the financial year. The account balance owed to St Margaret's Somerset Hospice was £1,026 (2020: £nil) at the year end.

Services provided to Lewi-Manning Hospice Care:

	2021	2020
	£	£
IT Professional Services	34,181	-
	<u>34,181</u>	<u>-</u>

25. Company Limited by Guarantee

The Charity is controlled by its Trustees acting in concert. The company is limited by guarantee, having no share capital. In the event of the Charity being wound up the liability of each member is limited to £1.

26. Reconciliation of net incoming resources to net cash inflow/(outflow) from operating Activities**Group**

	2021 £	2020 £
Net income/(deficit)	2,931,276	(724,244)
Income from investments	(180,542)	(167,249)
Interest receivable	(2,486)	(7,277)
(Gain)/loss on investments	(1,093,240)	366,053
Profit on disposal of fixed assets	(400)	(3,288)
Depreciation	509,250	528,805
Amortisation	19,876	23,585
Impairment of fixed assets	-	200,422
Decrease in stocks	20,544	34,840
Decrease/(increase) in debtors	252,865	(419,552)
Increase/(decrease) in creditors	(221,220)	(72,485)
Net cash inflow/(outflow) from operating activities	2,235,923	(240,390)

27. Financial Instruments

The Group has the following financial instruments:

	Note	2021 £	2020 £
Financial assets at fair value through profit and loss	9	7,654,648	6,466,762
Financial assets that are debt instruments measured at amortised cost			
Trade Debtors	16	107,711	112,948
Other Debtors	16	214,480	78,924
		322,191	191,872
Financial liabilities measured at amortised cost			
Trade Creditors	17	153,262	413,447
Prepaid lottery subscriptions	17	88,067	97,902
Other creditors	17	82,113	137,844
		323,442	649,193

27. Continued

The Charity has the following financial instruments:

		2021	2020
		£	£
Financial assets at fair value through profit and loss	9	7,655,148	6,467,262
Financial assets that are debt instruments measured at amortised cost			
Trade Debtors	16	105,257	110,458
Amounts owed by group	15	320,590	774,775
Other Debtors	16	212,419	78,924
		<u>638,266</u>	<u>964,157</u>
Financial liabilities measured at amortised cost			
Trade Creditors	17	147,473	409,998
Prepaid lottery subscriptions	17	88,067	97,902
Other creditors	17	73,039	131,508
		<u>308,579</u>	<u>639,408</u>

28. St Margaret's Somerset Hospice Retail Ltd

St Margaret's Somerset Hospice's wholly owned trading subsidiary, St Margaret's Somerset Hospice Retail Ltd, Company No 07204857, was incorporated on 26 March 2010. The principal activity of the company is to retail new goods to maximise gift aid from donors on behalf of St Margaret's Somerset Hospice. The company's registered office is St Margaret's Hospice, Heron Drive, Taunton, TA1 5HA.

Any profits chargeable to corporation tax are gift aided to St Margaret's Somerset Hospice. A summary of the trading results of the subsidiary is shown below. Audited financial statements will be filed with the Registrar of Companies.

	2021	2020
	£	£
Turnover	353,987	788,598
Cost of Sales	(186,992)	(445,325)
Gross Profit	166,995	343,273
Other operating income	10,518	11,564
Administrative expenses	(171,593)	(330,273)
Profit	5,920	24,564
Paid under gift aid to charity	(5,920)	(14,002)
Profit for the year	<u>0</u>	<u>10,562</u>
Analysis of net assets/(liabilities) of subsidiary		
Stock	187,029	212,517
Cash at bank	24,351	20,182
Amounts owed to parent	(211,280)	(232,599)
	<u>100</u>	<u>100</u>
Retained earnings	-	-
Called up share capital	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

29. St Margaret's Fundraising Ltd

St Margaret's Somerset Hospice's wholly owned trading subsidiary, St Margaret's Fundraising Ltd, Company No 8242255, was incorporated on 5 October 2012. The principal activity of the company is to organise major fundraising events on behalf of St Margaret's Somerset Hospice. The company's registered office is St Margaret's Hospice, Heron Drive, Taunton, TA1 5HA.

Any profits chargeable to corporation tax are gift aided to St Margaret's Somerset Hospice. A summary of the trading results of the subsidiary is shown below. Audited financial statements will be filed with the Registrar of Companies.

	2021	2020
	£	£
Turnover	-	7,809
Cost of Sales	-	(5,071)
Operating Profit	-	2,738
Interest payable and similar expenses	(1,636)	(1,935)
(Loss)/Profit for the year	(1,636)	803
Analysis of net liabilities/assets of subsidiary		
Amounts owed to parent	(54,361)	(52,725)
Total Assets less Liabilities	(54,361)	(52,725)
Retained earnings	(54,461)	(52,825)
Called up share capital	100	100
	(54,361)	(52,725)

30. St Margaret's Funerals Ltd

St Margaret's Somerset Hospice's wholly owned trading subsidiary, St Margaret's Funerals Ltd, Company No 10985626, was incorporated on 28 September 2017. The principal activity of the company is to provide funeral services. The company's registered office is St Margaret's Hospice, Heron Drive, Taunton, TA1 5HA.

Any profits chargeable to corporation tax are gift aided to St Margaret's Somerset Hospice.

	2021	2020
	£	£
Turnover	190,521	174,940
Cost of Sales	<u>(86,633)</u>	<u>(98,754)</u>
Gross Profit	103,888	76,186
Administrative Expenses	(172,792)	(327,104)
Other Income	<u>25,000</u>	<u>7,234</u>
(Loss) for the year	<u><u>(43,904)</u></u>	<u><u>(243,684)</u></u>
Analysis of net assets/(liabilities) of subsidiary		
Fixed Assets	109,917	77,901
Investments	-	-
Stock	5,805	861
Debtors	7,098	7,238
Bank and cash in hand	23,864	23,871
Creditors	(10,649)	(6,545)
Creditors falling due after more than one year - amounts owed to subsidiary	(62,004)	(62,164)
Creditors falling due after more than one year - amounts owed to parent	<u>(501,977)</u>	<u>(425,203)</u>
	<u>(427,946)</u>	<u>(384,041)</u>
Retained earnings	(428,046)	(384,141)
Called up share capital	<u>100</u>	<u>100</u>
	<u>(427,946)</u>	<u>(384,041)</u>

31. Hospice Funerals LLP

The LLP was incorporated on 24th October 2017, company number OC419616. The LLP's registered office is St Margaret's Hospice, Heron Drive, Taunton, TA1 5HA. The LLP is controlled by St Margaret's Funerals Ltd. Any profits chargeable to corporation tax are gift aided to St Margaret's Somerset Hospice.

As reported in the 2019/20 Financial Statements, the Trustees of St Margaret's Hospice took the decision to temporarily mothball the LLP due to the coronavirus pandemic, and the business has been dormant for the year as shown by the results in the table below.

	2021	2020
	£	£
Turnover	-	8,604
Cost of Sales	-	(2,460)
Gross Profit/(Loss)	-	6,144
Administrative Expenses	-	(25,690)
Other Operating Income	-	260,636
Interest payable and similar expenses	-	(17,273)
	-	223,817
Analysis of net assets/(liabilities) of subsidiary		
Bank and cash in hand	3,704	6,353
Creditors	(4,547)	(4,269)
Amount owed to group	(150,831)	(153,758)
	(151,674)	(151,674)

32. St Margaret's Technical Services Ltd

The charity also has a wholly owned subsidiary, St Margaret's Technical Services Ltd, set up in December 2018, with a share capital of £100. The company was dormant during the financial year.

33. Somerset Rocks Ltd

The charity also has a wholly owned subsidiary, Somerset Rocks Ltd, set up in October 2016, with a share capital of £100. The company was dormant during the financial year.

34. Hospice Funerals Trading Ltd

The charity also has a wholly owned subsidiary, Hospice Funerals Trading Ltd, which became part of the group on 27 March 2019, with a share capital of £1. The company was dormant during the year.

35. Capital Commitments

	2021	2020
	£	£
Contracted but not provided for in the financial statements	14,174	35,809

36. 2019/20 Statement of Financial Activity

	Unrestricted	Restricted	Total Funds
	£	£	2020
	£	£	£
Income from:			
Donations and Legacies	3,632,543	656,023	4,288,566
Other Trading Activities	5,778,477	-	5,778,477
Investments	177,814	-	177,814
Charitable Activities	39,894	2,587,596	2,627,490
Other Income	570,694	-	570,694
	10,199,422	3,243,619	13,443,041
Expenditure on:			
Raising Funds	(5,953,122)	-	(5,953,122)
Charitable activities	(4,612,223)	(3,235,887)	(7,848,110)
	(10,565,345)	(3,235,887)	(13,801,232)
Net (losses) on investments	(366,053)	-	(366,053)
Net income and movement in funds	(731,976)	7,732	(724,244)
Corporation Tax Charge	-	-	-
Transfer between funds	-	-	-
Net movement in funds	(731,976)	7,732	(724,244)
Reconciliation of Funds:			
Total Funds brought forward	15,964,136	2,743,892	18,708,028
Total Funds carried forward	15,232,160	2,751,624	17,983,784

37. 2019/20 Restricted Funds

Charity/Group	Balance 1 April 2019 £	Income £	Expenditure £	Transfer from Unrestricted £	Balance at 31 March 2020 £
NHS Grant Provision	-	2,587,596	(2,587,596)	-	-
Yeovil Appeal	1,500,318	-	(40,520)	-	1,459,798
Taunton Appeal	1,047,049	-	(26,847)	-	1,020,202
Trusts, DOH, CCG	61,455	-	(1,280)	-	60,175
McMillan Funding for Carers Services	-	9,191	(9,191)	-	-
Health Education England	-	119,512	(119,512)	-	-
Legacies for use at Yeovil Hospice	-	291,134	(291,134)	-	-
CCG Capital Grant	135,070	-	(21,083)	-	113,987
Donations from Charitable Trusts	-	236,186	(138,724)	-	97,462
	2,743,892	3,243,619	(3,235,887)	-	2,751,624

38. 2019/20 Unrestricted Funds**Group**

	Balance at 1 April 2019 £	Income £	Expenditure £	Gains & Losses £	Balance at 31 March 2020 £
General funds	15,913,161	10,143,219	(10,505,498)	(366,053)	15,184,829
Designated funds:					
Funds to be spent in accordance with donor's request	50,975	56,203	(59,847)	-	47,331
	15,964,136	10,199,422	(10,565,345)	(366,053)	15,232,160

Charity

	Balance at 1 April 2019 £	Income £	Expenditure £	Gains & Losses £	Balance at 31 March 2020 £
General funds	16,122,559	9,164,384	(9,299,095)	(366,053)	15,621,795
Designated funds:					
Funds to be spent in accordance with donor's request	50,975	56,203	(59,847)	-	47,331
	16,173,534	9,220,587	(9,358,942)	(366,053)	15,669,126

39. 2019/20 Analysis of Net Assets between Funds**Group**

	Tangible Fixed Assets £	Intangible Fixed Assets £	Investments £	Net current assets/ (liabilities) & provisions £	TOTAL £
Restricted Income Funds					
Yeovil Appeal	1,459,798	-	-	-	1,459,798
Taunton New Build Appeal	1,020,202	-	-	-	1,020,202
CCG Capital Grant	96,073	-	-	17,914	113,987
Other restricted funds	157,637	-	-	-	157,637
	2,733,710	-	-	17,914	2,751,624
Unrestricted Income Funds	5,206,285	260,742	6,466,762	3,298,371	15,232,160
Total Funds	7,939,995	260,742	6,466,762	3,316,285	17,983,784

Charity

	Tangible Fixed Assets £	Intangible Fixed Assets £	Investments £	Net current assets/ (liabilities) & provisions £	TOTAL £
Restricted Income Funds					
Yeovil Appeal	1,459,798	-	-	-	1,459,798
Taunton New Build Appeal	1,020,202	-	-	-	1,020,202
CCG Capital Grant	96,073	-	-	17,914	113,987
Other restricted funds	157,637	-	-	-	157,637
	2,733,710	-	-	17,914	2,751,624
Unrestricted Income Funds	5,128,384	260,742	6,467,262	3,812,738	15,669,126
Total Funds	7,862,094	260,742	6,467,262	3,830,652	18,420,750