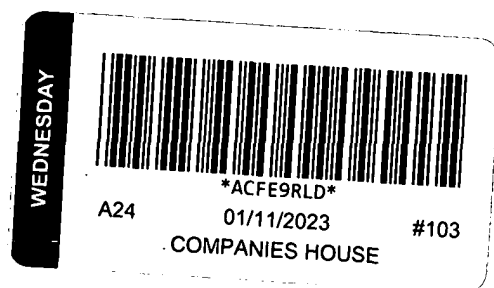


ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Company registration number: 02141770
Charity registration number: 298555



ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

REFERENCE AND ADMINISTRATIVE INFORMATION

Registered Charity Number	298555
Registered Company Number	02141770
Registered Office	Kenton Grange, Kenton Road, Harrow, Middlesex HA3 0YG
Trustees	<p>Margaret Lustman (Chair) – appointed 9.3.23</p> <p>Dr Gillian Schiller (Chair up to 31.12.22) – resigned 31.3.23</p> <p>Dr Carole Amobi</p> <p>Christine Glenn</p> <p>Paul Hill – (Interim Chair – 20.2.23 to 9.3.23)</p> <p>Sarah Livingston</p> <p>Claire Melia-Tompkins</p> <p>Neel Radia</p> <p>Raj Thakrar</p> <p>Snehal Shah – resigned 9.8.22</p> <p>Geralyn Wynne – resigned 12.8.22</p> <p>Lindsey Bennister – resigned 13.9.22</p> <p>Carolyn Bennett – resigned 1.3.23</p> <p>Norma Brier – (Vice Chair) - resigned 1.3.23</p> <p>Dr Reena Majus – resigned 1.3.23</p>
Chief Executive Officer	<p>Alpana Malde – resigned 30.4.22</p> <p>Annie Webber – appointed interim 28.2.22 resigned 14.10.22</p> <p>Lindsey Bennister – appointed 3.10.22</p>
Executive Team	
Medical Director	Dr Charles Daniels
Director of Patient Services	<p>Ursula Reeve – resigned 30.9.22</p> <p>Lorraine Gilbert – appointed 3.10.22</p>
Director of Quality	Fran Deane – appointed 1.8.23
Director of Finance & Facilities	<p>Prabhakar Sundaesan – resigned 7.6.22</p> <p>Sue Wilson – appointed 1.8.22</p>
Director of HR	Lorna Campbell – appointed 2.5.23
Director of Fundraising	<p>Hannah Richardson – resigned 28.2.22</p> <p>Joanna Pearce – appointed 1.2.22</p>
Principal Bankers	Barclays Bank plc, Leicester LE87 2BB
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Investment Managers	<p>Rathbone Investment Management</p> <p>8 Finsbury Circus, London EC2M 7AZ</p>
Solicitors (Commercial)	<p>Curry Popeck</p> <p>Devonshire House, 582, Honeypt Lane, Stanmore, Middx HA7 1JS</p>
Solicitors (Governance)	<p>VWV LLP</p> <p>2nd Floor 3, Brindley Place, Birmingham B1 2JB</p>

Committee Membership

Clinical Governance
 Finance & Performance
 Finance & Performance
 Clinical Governance
 Finance & Performance
 Finance & Performance
 Clinical Governance
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 Clinical Governance
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 Clinical Governance

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

INTRODUCTION FROM THE CHAIR OF TRUSTEES – Meg Lustman

I was delighted to be appointed a Trustee in March 2023 and to take up the role of Chair at St Luke's Hospice. Dr Gillian Schiller's term of office ended earlier in 2023. On behalf of all at St Luke's, our great appreciation is expressed to Dr Schiller for serving 12 years as a trustee and 6 years as Chairman, and also to Norma Brier and Paul Hill for acting as vice and interim chairs until my appointment.

2022 was a year of substantial change for St Luke's as the teams took the requisite actions to regain a Good rating from the CQC. Changes to leadership, strategy and operations were initiated, culminating with the appointment of a permanent CEO in October who is now building a strong leadership structure with a strategic focus on improved quality and delivery. The Board of Trustees also initiated comprehensive governance and health and safety reviews.

St Luke's is now in a good place, revitalised by new leadership and focus. Post Covid, I am confident that our services are more needed than ever. The current Trustee Board is focused on embedding

- o integrated leadership and good governance across executive and board decision-making
- o improved quality and a new model of care including re-establishing services post-Covid
- o improved, sustainable funding and income generation
- o improvements to the infrastructure of the organisation including our physical environment

I am grateful for the ongoing dedication and passion demonstrated by all our teams, both staff and volunteers and, on behalf of the Board, offer them our deepest thanks. I am also grateful to all Trustees who served during 2022 to support St Luke's in a challenging time. As well as Dr Gillian Schiller, we acknowledge the hard work of Norma Brier, Geralyn Wynne, Dr Reena Majus, Carolyn Bennett and Snehal Shah as they stepped down as Trustees after many years of dedicated service to the Board

Looking forward, I am determined that the Trustee Board be focused on

- o Understanding the needs of and building relevant relationships with key stakeholders to ensure that St Luke's is a valued partner in our communities including ICB, other Hospices and care services within our service area
- o Building a strong and interactive Board of Trustees
- o Ensuring that our funding is diverse, sustainable and fit for our future needs
- o Assisting the Executive Team in order for the Hospice to be assessed as Outstanding in the future

During 2023 we will be appointing several new Trustees to the Board to support the delivery of a quality Hospice. Working together as teams with joint purpose and the appropriate resources, I am confident that St Luke's will be well placed to continue to provide our community with outstanding palliative and end-of-life care.

TRUSTEES' ANNUAL REPORT YEAR ENDED 31 DECEMBER 2022

The Trustees of St. Luke's Hospice (Harrow & Brent) Ltd. (St Luke's Hospice) present their Annual Report for the year ended 31 December 2022 in accordance with the provisions of the Companies Act 2006 and the Charities Act 2011. The audited accounts for that year are also presented and comply with the Companies Act 2006, the Hospice's governing document and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

St. Luke's Hospice Harrow & Brent) Ltd. is a company limited by guarantee (registered company number 02141770) and a registered charity in England and Wales (charity number 298555). The Hospice was incorporated as St Luke's Hospice (Harrow & Wembley) Limited under the Memorandum & Articles of Association dated 22 June 1987. In 1993, following local government reform, the Hospice changed its registered name to St. Luke's Hospice (Harrow & Brent) Ltd. to reflect the change of name of part of its catchment area from the London Borough of Wembley to the London Borough of Brent.

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

St. Luke's Hospice (Harrow & Brent) Ltd. has a wholly owned trading subsidiary, St. Luke's Hospice (Harrow & Brent) Charity Shops Ltd (company number 02454552) through which it operates a network of charity shops and a lottery. The trading subsidiary exists to maximise income for the Hospice and all profits are donated to St Luke's Hospice using Gift Aid regulations.

Objects, Objectives and Principal Activities

The relief of sickness and the preservation of health of those suffering from any life limiting illness, primarily but not exclusively, within the areas of the London Boroughs of Harrow and Brent by:

1. maintaining a Hospice providing palliative and end of life care for them in a range of settings;
2. promoting and providing services, support and care for them, their families, friends, and carers to help relieve physical, emotional, mental, or spiritual distress;
3. promoting and providing education about all aspects of palliative and end of life care;
4. carrying out research into the development and improvement of care services, in particular all aspects of palliative and end of life care; and
5. promoting and providing other services and support in such ways as the Trustees shall from time to time think fit through the provision of health and social care services of all types.

Structure, Governance and Management

St. Luke's Hospice is governed by a Board of Trustees which meets quarterly. The Board is responsible for setting the long-term strategy and approving annual plans and the budget. The Hospice delegates specific responsibilities to two subcommittees that also meet quarterly and report to the Board. The Board delegates day-to-day management of the charity to the Chief Executive Officer and the Executive Team.

Trustees

During the year of this report, and in the subsequent period, three Trustees resigned from the Board and the term of office of three other trustees came to an end.

In January 2023 the Board appointed a specialist recruitment agency (Daniel Wise) to help support the recruitment of the Chair of Trustees, guided by a Nominations Committee comprising four trustees including the then Vice-Chair and the Chair of the Finance & Performance Committee. The same agency was appointed by the Board to support the recruitment of new Trustees in June 2023.

The search for a new Chair of Trustees resulted in the appointment of Meg Lustman as a Trustee and Chair on 9th March 2023. The recruitment for additional new trustees resulted in the appointment of 5 new Trustees in August 2023.

Trustees, including the Chair of Trustees, are appointed by the Board following an open recruitment process including advertising, application and interview. The Board reviews the skills it needs in deciding selection criteria to maintain breadth of expertise. Once appointed a Trustee will serve for an initial term of 3 years. St Luke's Hospice operates a thorough induction programme for all new Trustees, including engagement with our services, and meetings with the Chief Executive Officer and members of the Executive Team. Trustees are provided with a comprehensive pack of information for reference including the Charity Governance Code. All Trustees are required to complete e-learning modules via the Hospice's online training portal and are also offered relevant training courses. Annual appraisal of all Trustees is conducted by the Chair and Vice-Chair.

No Trustees are remunerated for their services.

Governance

During 2022, the Board of Trustees undertook a review of the Memorandum and Articles of Association, and instructed solicitors, VWV LLP, to produce new Articles. These were adopted in June 2023 following Charity Commission consent.

Towards the end of 2022, the Board of Trustees commissioned an independent Governance Review to consider our governance structure and to benchmark our governance against the Hospice and wider charity sector. The findings of this review will be implemented during 2023, including a new committee structure.

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

The full Board meets quarterly, including an annual strategy day. The Board delegates consideration of key areas of its work to two subcommittees: Finance & Performance and Clinical Governance. Each committee meets quarterly in advance of the Board meetings. In 2022, two new oversight groups – Health & Safety Oversight Group and the Care Quality Commission Oversight Group – met with membership drawn from both trustees and staff.

St. Luke's Hospice (Harrow & Brent) Charity Shops Ltd held four meetings of their board of directors, whose membership includes the Hospice's Chair of Trustees and Chief Executive Officer.

Conflicts of interest are disclosed at the start of each Board and committee meeting, and the Board operates under the principles set out in the Charity Governance Code, including the public benefit of our activities, plans and strategies.

Public Benefit

The charity exists to provide a palliative care end of life service for the residents of Harrow and Brent. All our charitable activities focus on that care and further our charitable purposes for the public benefit. The Trustees take into account Charity Commission guidance in this regard.

The Charity's main activities and focus to provide this service, via an inpatient unit, day care services and community services delivered in patients' homes across both areas, are detailed within this report.

BOARD COMMITTEES

Finance & Performance

The aim of the committee is to ensure that St Luke's is financially sustainable, has well maintained facilities and a fit for purpose workforce able to deliver its business strategies and plans. It is also responsible for ensuring effective systems are in place for the management, monitoring and mitigation of organisational and operational risk together with strategic oversight of communications. This committee also ensures that the Hospice is able to diversify and increase charitable income to ensure long term sustainability.

Clinical Governance

This committee ensures that St Luke's provides the highest quality of care and increases our focus on safety, effective outcomes and experience of our patients in line with the Care Quality Commission 5 Key lines of enquiry (Caring, Effective, Responsive, Safe and Well Led). It ensures the implementation of a quality improvement and assurance framework, ensuring that quality governance processes and structures are in place.

EXECUTIVE TEAM

During 2022 the Executive Team consisted of the Chief Executive, Medical Director, Director of Patient Services, Director of Finance & Facilities, and the Director of Fundraising. The team was strengthened during 2023 with the addition of a Director of People & Organisational Development, and Director of Quality & Governance. All these Directors make up the Key management personnel within the definition of FRS102. The Chief Executive is accountable to the Trustees for the implementation of the strategic plan, and for the day to day management of the Charitable Group.

In March 2022, an interim Chief Executive was appointed, following the resignation of the previous Chief Executive. The Interim was in post for 8 months, during which time the CQC 'Good' grading was regained. A permanent CEO was appointed in October 2022, (ratified by the Charity Commission in 2023). There were other changes to the Executive team in 2022 in order to strengthen the leadership of the Charity.

In 2022 there were, on average 4.6 members of the Executive Team

Details of Key Management Personnel Remuneration is disclosed in Note 8 of the Financial Statements on page 30. Salaries are set by the Trustees taking into account the need to remunerate senior staff appropriately in order to recruit a high calibre Executive Team ensuring that the leadership of the charity has the skills and expertise required to run the Hospice. Pay is set annually, taking into account external market rates.

In 2022 the Charity was supported by 474 unpaid volunteers during the year (2021: 484) in roles in our network of charity shops, Hospice reception, in-patient unit, patient and family support services, fundraising, Hospice gardens, and administration.

RISK MANAGEMENT**Principal Risks**

The table below sets out the principal risks and uncertainties facing St Luke's Hospice during the period of this report, and the controls in place for managing these risks.

Risk	Management of risk
Governance & compliance Poor governance and compliance which results in legal or regulatory challenges	<ul style="list-style-type: none"> • Annual review of internal governance policies and procedures. • Monitor new legal and regulatory guidance. • Trustee and staff training. • Effective governance structure for oversight and assurance • Internal controls in place. • Compliance with policies and procedures monitored and reported to Executive Team. • Training in place for all staff and volunteers. • Communications protocols in place to mitigate reputational risk.
Workforce Recruitment and retention of staff and volunteers	<ul style="list-style-type: none"> • Benchmarking of staff salaries and benefits. • Access to Employee Assistance Programme and Occupational Health. • Establishing new ways to recruit reward and retain staff, including flexible working programmes, where appropriate. • Establishment Genie framework in place for safe nursing staffing levels for each service. • Temporary movement of clinical staff between services to meet safe levels. • Volunteer recruitment and training in place.
Income Reduction in fundraising and statutory income	<ul style="list-style-type: none"> • Framework in place to evidence impact and outcomes. • Detailed budgeting and forecasting to identify early trends. • Financial monitoring controls in place. • Constant dialogue with commissioning bodies. • Robust reserves policy.
Estates including technology	<ul style="list-style-type: none"> • Business Continuity plan in place and communicated to stakeholders. • Specialist IT service contractor in place.
Major infection outbreak	<ul style="list-style-type: none"> • Outbreak protocols as per national guidance and our Infection Prevention and Control Policy. • Expert advisors in place. • Mandatory training for all staff. • Access to PPE and monitoring of stocks held.

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

PENSION LIABILITY RISK

Up until 1st May 2015 the Hospice offered a multi-employer pension scheme providing a defined benefit (career average) pension for members. This scheme was closed to further accrual in July 2016. The scheme is run by TPT and is in deficit. The scheme is a 'last man standing' arrangement which means that the Charity could be potentially liable for other participating employers' obligations if those employers are unable to meet their share of the overall scheme deficit following withdrawal from the scheme.

A valuation in September 2019 resulted in the Charity agreeing to pay approx. £68k per annum in deficit contributions. That contribution increases by 3% per annum and in 2022 the Charity contributed £67k (2021 - £68k) to fund the deficit. This contribution will continue until 2027. The Scheme actuaries estimated in September 2019 that the deficit recovery payments from all employers would be sufficient to return the Scheme to a fully funded position by 30th September, 2027.

A further actuarial valuation was carried out at 30th September 2022 which disclosed that due to the contributions made by contributing employers following the 2019 review, and current higher Gilt yields used as the benchmarking tool, that the estimated scheme deficit is now reduced to £7.5m. The Pension Trustee is proposing that the same deficit funding rationale, as disclosed above, continues. Annual deficit contributions by participating employers now total £1.67m pa due to the annual 3% increases, and the likelihood is that the deficit will now be cleared 6 months earlier than originally anticipated. Now expected to be 31st March 2027.

The Trustees are cognisant of the ongoing risks and review the option available to further manage that risk by a potential buyout. At 30th September, 2022 the buyout valuation was estimated at £1,019,676.

A designated Reserve of £300k has been created towards the potential future buyout. *See below.*

RESERVES POLICY

The Charity's Income arises from:

	2022	2021
Harrow & Brent Clinical Commissioning Groups and others	30%	26%
Fundraising	39%	39%
Shops Company	29%	34%
Other Income	2%	1%
	<hr/> 100%	<hr/> 100%

In November 2021 the Board reviewed its Reserves Policy and aims to maintain six months of total expenditure as Reserves. That amounts to £4,512k, as total expenditure for 2022 was £9,023k (2021 - £4,015k/£8,029k). The Finance & Performance Committee reviews this policy in line with future anticipated financial demands of the Charity and considers this policy adequate. The free reserves held at 31.12.22, as per the table below, amounted to £7,285k, a surplus of £2,773k. The Trustees are of the opinion that this surplus will reduce during 2023 and 2024 for the following reasons.

The Trustees are conscious of the fact that due to delays caused by the pandemic that numerous projects were put on hold. A comprehensive Health and Safety Review was undertaken in 2022, and remedial works have been carried out across the Estate, including shop premises in 2022 and 2023. In addition, the Hospice building is in need of refurbishment, and in addition a new IT infrastructure needs to be put in place urgently. These latter projects will commence in 2023 completing in 2024. For 2023, in line with many other Hospices in the sector, the Trustees have therefore set a deficit budget in order that the aforementioned projects may be accommodated. Consequently, the Trustees confirm they are of the opinion that although Reserves as at 31.12.22 were in excess of the policy, that they will be used in 2023 to finance these projects.

The Hospice needs to ensure that it has a sufficient reserve of liquid funds available to meet unexpected shortfalls in its funding streams, timing differences in receipt of those funds, or sudden increases in costs.

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

As at 31st December 2022 the Charitable Group held the following General and Designated Reserves:

Fund	£000's		Timeline for Use
	2022	2021	
Designated Fixed Asset Fund - Hospice	5,065	5,071	The designated fixed asset funds represent the net book value of the fixed assets. These funds are identified separately as they are illiquid funds and not available for use.
Designated Fixed Asset Fund - Shops	41	105	
TOTAL Designated Fixed Asset Funds	5,106	5,176	
General Unrestricted Fund	5,516	5,086	Available for general purposes and core costs
Risk Management Reserve	1,498	1,641	General Purposes – against perceived potential risks to income – see below
Pension Deficit Reserve	300	300	Held towards a potential future buy-out of the Defined Benefits Pension Scheme – see Note 20 of the Financial Statements
TOTAL FREE RESERVES	7,314	7,027	
TOTAL UNRESTRICTED FUNDS	12,420	12,203	As per Balance Sheet

The Risk Management Reserve was set up to enable the Hospice to manage any unexpected shortfall in income. This is required to protect the needs of our patients and also to give a reassurance of security for the staff.

Comprehensive details about the Pension Deficit Reserve can be found in Note 20 to the accounts, on pages 38 and 39.

INVESTMENT POLICY

Messrs Rathbones plc were appointed as Investment Managers to the Charity in 2016 to manage the Charity's investment portfolio. Rathbones were initially allocated approximately £1,600k to manage on behalf of the charity. An additional investment of £2.5m was made in December 2021. Before placing investments on behalf of the Charity the Trustees have asked the fund managers to screen for tobacco and health care companies. The fund managers report to the Charity on a quarterly basis.

As at 31st December 2022 the investments were valued at £3,861k (2021 - £4,206K).

Details of changes in the investments held are detailed in Note 11 of the Financial Statements on page 31.

STRATEGIC REVIEW

Our Vision

A world where people experience the best possible last phase of their life.

Overview

The Hospice Group recorded a surplus of £188k (2021 - £1,999k)

Of which the Shops Company contributed a surplus of £713,960 (2021 - £1,119k)

Before the input from the shops company the Hospice made a loss of £528,697 (2021 – Profit £880k)

During the year the charity received the following grants and contributions directly related to alleviating the exceptional demands of the Covid pandemic

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
Covid Support from Hospice UK	£473k	£619k
Government CJRS (Furlough) Grants	-	£535k

2022 was a pivotal year for St Luke's, starting the process of rebuilding in the aftermath of the pandemic and our CQC inspection in 2021. In April 2022, under the leadership of an interim CEO, with experience of CQC compliance, the Hospice regained its 'Good' grading by CQC following urgent action taken by The Trustees and the St Luke's team. The CQC's Head of Hospital Inspection stated;

"I was pleased to see the levels of improvement at St Luke's Hospice, which is good news for everyone being cared for there. The service listened to CQC's concerns and has worked hard to rectify the issues raised. I congratulate staff and managers at the Hospice for all their hard work to deliver safer care for people."

A permanent CEO was recruited in October 2022 who has established a new strategic focus for the Hospice, supported by a new Executive Team, strengthening the leadership of the Hospice.

During the last quarter of 2022, work commenced on a new two-year Strategic Plan which was adopted in early 2023. The Strategic Plan is based around three key Ambitions:

1. Build Strong Foundations for the Future
2. Embed Quality
3. Value and Develop our People

ACHIEVEMENTS AND PERFORMANCE

Our achievements and performance for 2022 are set out against the three Ambitions contained in our new Strategic Plan.

Ambition 1 - Build Strong Foundations for the Future

What we did:

- We regained the CQC 'Good' Rating
- We carried out a comprehensive Governance Review, the results of which informs a new governance structure introduced in Spring 2023.
- We worked with the North West London Integrated Care Board to shape a new Model of Care for specialist palliative care provision across the eight boroughs in North West London to be delivered in 2023/24.
- We established a Health & Safety Oversight Group to oversee a programme of essential investment in health and safety.
- We established a new Risk Register for the Hospice with more work continuing into 2023 on a new Risk Management Framework. This work commenced a pathway to achieving full health & safety compliance across our estates and retail network by mid-2023.
- Our fundraising income (including legacies) totalled £3.02m including a successful Spring appeal for new syringe drivers, and Winter appeal for new mattresses for our In-patient unit.
- In November 2022 we hosted an engagement event at the House of Lords for 160 key stakeholders and supporters to celebrate our 35th Hospice anniversary.
- Our retail network of 18 shops raised £713,960 in net contribution for the Hospice.
- We commenced a review of our Lottery with recommendations to be implemented in 2023.
- We started a review of our IT systems, to inform an IT infrastructure investment programme in 2023/24 to modernise our systems, and expand our use of digital technologies.

Ambition 2 – Embed Quality

What we did:

- We saw a 5% increase in the number of patients supported by St Luke's to 2089 (from 1996 in 2021).
- We saw a 4% increase in the number of patients supported by our community specialist palliative care team to 592 (from 567 in 2021).
- We saw a 55% increase in visits by our community specialist palliative care team to 1676 (from 1080 in 2021).
- We successfully piloted, and adopted, a 7 day a week service for admissions to our In-patient Unit and restructured our medical team to provide support and medical care across our community services.
- We introduced innovative cross-team working, utilising existing staff skills to address the challenges in recruitment of qualified and experienced staff across the Hospice sector.
- We expanded our 24 hour palliative care helpline – PALL24 –to include patients and their families in Brent as well as Harrow.
- We developed our clinical education programme by initiating a community of practice and building links with higher education providers.
- We delivered a training programme to over 80 care home and primary care staff in Brent and Harrow.
- We provided palliative care taster days for local paramedics and other healthcare professionals.
- We planned the relaunch of our wellbeing services including our bereavement support service. We appointed a new Head of Patient and Family Support and Therapies and a Bereavement Co-ordinator in January 2023 to lead this work.
- We launched our partnership with Compassion in Dying, providing a personalised care planning service for Harrow and Brent communities.
- We fostered collaborative working with our external stakeholders and need-to-reach groups including presenting at:
 - Brent Last Phase of Life stakeholders meeting
 - Marie Curie '20 for All'
 - Brent Mental Health and Wellbeing Executive Meeting
 - Association of Palliative Medicine Conference

Ambition 3 – Value and Develop our People

What we did:

- We carried out an HR Audit that identified areas of priority in our ambition to value and develop our people.
- We developed a new People Plan, as part of our Strategic Plan, to build on the findings of our HR Audit and shape our HR and Organisational Development activities into the future.
- We recruited a permanent Chief Executive.
- We recruited a new Executive Team, improving leadership across the Hospice.
- We established our first Nurse Associate post in our In-Patient Unit.
- We put in place a new volunteer training matrix to provide tailored support to our volunteers.
- We worked with 474 volunteers providing essential help in our shops, gardens, In-Patient Unit, Wellbeing Services including bereavement support, reception and administration in our teams. Our network of shops was supported by 390 volunteers.
- We met the standard for an Investors in People Silver Award, covering the period March 2022 to March 2024.
- We carried out a review of our recruitment processes and implemented new systems to increase the diversity of our staff.
- We developed a clinical competency framework for our Brent Specialist Community Palliative Care Team that supported the professional development of our nursing staff.
- Members of our staff were recognised nationally for their work:
 - Julie Dobbin, Education & Professional Development Manager, received an award in the Infection Prevention of the Year 2022 category at the British Journal of Nursing Awards.

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

- Komal Patel (Home Care Manager) received a Queen's Nurse Outstanding Service award.

INCOME

STATUTORY – NHS COMMISSIONING

St Luke's works in close collaboration with the NHS Trust and Commissioning bodies responsible for palliative care within Harrow and Brent.

Within that role St Luke's has been working with the new Integrated Care Board for North West London and commissioners to shape a new model of care for specialist palliative care services. Our staff have provided expertise and input to the Model of Care working group, steering group and a Hospice CEO's group. North West London ICB continues to commission palliative care services from St Luke's Hospice, with 40% of our total care costs funded by the NHS.

FUNDRAISING DONATIONS

2022 was a challenging year for fundraising. The effects of the pandemic still being felt across the charity sector, the war in Ukraine, increases in interest rates driving an increase in the cost of living, and national recruitment challenges all impacted our overall donations.

During 2022 we received donations totalling £1,976k (2021 - £1,749k) – full details of which can be found in Note 2 of the Financial Statements on page 25

Legacies remain our single largest source of fundraised income, and in 2022, a total of 40 people left a legacy gift in their Will to the Hospice which amounted to £1,058k (2021 - £1,197). The charity sector benefitted from a catch up process at the Probate Office, caused by the pandemic. We also saw an increase in the number of 'Much Loved' tribute pages established during 2022.

The support from over 30 charitable trusts and foundations throughout 2022 has been vital to the work we do. We received £338,215 during the year from our valued partners (2021 - £447k).

2022 was a successful year working with corporate partners with £197k (2021 - £75K) donated from 150 local businesses, including a corporate golf day that raised over £75,000.

The strained economic situation translated through to individual giving, and this income stream was affected by a number of cancelled direct debits from regular givers. But, we were pleased to run two successful appeals for new pieces of equipment. Our events calendar was reinstated in full during 2022, with the Family Colour Run in April 2022, an Annual Walk in Northumberland in May 2022, which raised over £80k, and our Midnight Walk in June 2022 which attracted over 700 participants. In addition the Firewalk and Santa Dash proved ever popular. Despite the London Marathon being moved to October in 2022 instead of the normal date of April, our marathon runners exceeded their targets and collectively raised over £16,000.

SHOPS

In 2022, St. Luke's Hospice Charity Shops successfully re-established themselves post pandemic. The year's performance through the 18 shops yielded a gross revenue of £2.9 million. This included sales amounting to £514k, sold as Agent for donors who chose to donate their funds directly to the Hospice. Those sales are reported in the Hospice accounts and not the Shops accounts. In addition, those donations attracted additional Gift Aid payments from HMRC for the Charity of £128k.

Shops sales, excluding donations, and including lottery, created a net contribution of £713k to support the Hospice's vital services. These results signify the dedication of our team, the generosity of our supporters, and the resilience of our community even in challenging times.

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Hospice approved significant and essential investments in health and safety enhancements for the shops network throughout 2022. These improvements, implemented across all our shops, led to the attainment of full compliance with safety regulations by early 2023.

By reselling donated items and therefore repurposing them, the Hospice not only generates funds for its vital services but also contributes significantly to reducing waste and preventing items from ending up in landfills. In 2023 the shops company continued its pathway to net carbon zero with the introduction of electric vehicles.

In August 2023 a new donation centre, complete with a Superstore, was opened in Harrow. The shops company will continue to identify other new retail opportunities across the boroughs of Harrow and Brent.

COMPLAINTS

St Luke's Hospice receives, monitors and investigates complaints across all its services and activities (clinical and non-clinical) including our network of charity shops and our fundraising activities. In 2022, we improved our processes for recording complaints, including a new Complaints Policy.

2022	Total	Clinical	Retail	Fundraising	Facilities
Number of complaints	40	18	11	10	1

Of the 40 complaints, 27 were fully or partially upheld.

PLANS FOR THE FUTURE

In addition to the usual operational activities of the Hospice, our plans for 2023 include a focus on embedding improvements in key areas of St Luke's work including:

- Continuous improvement in Quality systems.
- Strengthening Governance structures including Trustees and Executive Team.
- Improving Infrastructure including IT and our estate.
- Funding and improved, sustainable income generation.

The cost of living crisis remains a challenge and we anticipate that our fundraising expectations will continue to be impacted in 2023. A significant contribution to our annual income comes from our network of 18 charity shops. In 2023, we will expand our retail network including a new warehouse donations centre incorporating a superstore.

Our plan for 2023 and into 2024 sets out key activities under our strategic ambitions:

Ambition 1 – Build Strong Foundations for the Future

We will:

- ensure compliance with good practice and regulation across all our governance and operations.
- build and strengthen the Hospice's infrastructure including our IT systems, operations, buildings, and our network of shops.
- develop and implement strategies to secure funding and support sustainable income generation.
- modernise our people procedures and policies so that they add value to our Services.
- engage with our communities, strengthen partnerships and reach new stakeholders.

Ambition 2 – Embed Quality

We will:

- put patients and families at the heart of our care services, and support easier and equitable access to end of life care services through the redesign of our community services.

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

- develop patient and family support services that are responsive to need and delivered in a welcoming and comfortable environment.
- ensure compliance and excellence in all our work through the introduction of a quality framework and new governance processes.

Ambition 3 – Value and Develop our People

We will:

- ensure that we attract and retain a diverse range of people to St Luke's.
- create an inclusive environment and engage positively with all our people.
- develop our people, equipping them with the skills and knowledge to perform at the best of their capabilities.
- ensure we recognise and reward our staff in accordance with our Values.
- ensure we have the right organisational structures to deliver our services.

During 2023, we have already appointed to two key leadership roles – Director of People & Organisational Development, and Director of Quality & Governance. Both roles will contribute significantly to the delivery of the strategic plan.

TANGIBLE FIXED ASSETS

Movements in Tangible Fixed Assets are shown in Note 10 to the financial statements.

GOING CONCERN

The Trustees have prepared the Financial Statements on a going concern basis and consider that no disclosures relating to the Charity's ability to continue as a going concern need to be made in the financial statements.

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Charity Law in England and Wales 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 charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the charity and the 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 charity will continue in business

The Trustees are responsible for keeping proper 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. So far as each of the Trustees is aware at the time the report is approved:

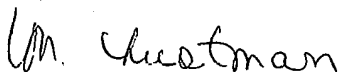
- there is no relevant audit information of which the charity and group's auditors are unaware
- the Trustees have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The Trustees are responsible for maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may vary from legislations in their jurisdictions

Auditor

Haysmacintyre LLP has indicated its willingness to be reappointed as statutory auditor for the next financial year

Approved by the Trustees and signed on their behalf by



Margaret Lustman

Date 14th September 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.**

Opinion

We have audited the financial statements of St Luke's Hospice (Harrow & Brent) Limited for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Charity and Group Balance Sheets, the Statement of Consolidated 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 of the parent charitable company's affairs as at 31 December 2022 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and the Message from the Chair of Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ST. LUKE'S HOSPICE (HARROW & BRENT) LTD. (continued)

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 its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates 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 require 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 trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with regulatory requirements of the Care Quality Commission, Charity Commission, employment law and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, payroll taxes and VAT.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to recognition of income and management bias in certain accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting trustees' meeting minutes
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ST. LUKE'S HOSPICE (HARROW & BRENT) LTD. (continued)

- Identifying and testing journals, in particular journal entries posted at the year-end or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of

instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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



Lee Stokes (Senior statutory auditor)
for and on behalf of Haysmacintyre LLP, Statutory Auditor
10 Queen Street Place,
London,
EC4R 1AG.

30th October 2023

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Including an Income and Expenditure Account)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Income from:						
<i>Donations and legacies</i>						
. Donations	2	1,721	255	-	1,976	1,762
- Covid grants	2	473	-	-	473	655
. Legacies	3	1,058	-	-	1,058	1,197
		<u>3,252</u>	<u>255</u>	<u>-</u>	<u>3,507</u>	<u>3,614</u>
<i>Charitable Activities</i>						
. NHS commissioning		2,504	-	-	2,504	2,485
. Other income		437	-	-	437	192
	5	<u>2,941</u>	<u>-</u>	<u>-</u>	<u>2,941</u>	<u>2,678</u>
<i>Other trading activities</i>						
. Fundraising events	2	224	-	-	224	228
. Gross income from shops and lottery	4	2,754	-	-	2,754	3,321
		<u>2,978</u>	<u>-</u>	<u>-</u>	<u>2,978</u>	<u>3,549</u>
<i>Income from Investments</i>						
		105	-	-	105	30
Total income		<u>9,276</u>	<u>255</u>	<u>-</u>	<u>9,531</u>	<u>9,871</u>
Expenditure on:						
<i>Raising funds</i>						
- Fundraising costs		605	20	-	625	552
. Fundraising events costs		245	-	-	245	239
. Shops and lottery expenditure		2,726	-	-	2,726	2,493
. Investment management costs		21	-	2	23	12
		<u>3,597</u>	<u>20</u>	<u>2</u>	<u>3,619</u>	<u>3,296</u>
<i>Charitable activities</i>						
. In patient services		1,941	-	-	1,941	1,579
. Outpatient services		545	-	-	545	457
. Community services		1,782	-	-	1,782	1,529
. General clinical support		901	235	-	1,136	1,168
		<u>5,169</u>	<u>235</u>	<u>-</u>	<u>5,404</u>	<u>4,733</u>
Total expenditure	7	<u>8,766</u>	<u>255</u>	<u>2</u>	<u>9,023</u>	<u>8,029</u>
Net income before gains on investments						
		510	-	(2)	508	1,842
Net gains/(losses) on investments	11	(318)	-	(29)	(347)	147
Pension revaluation gain		25	-	-	25	10
Net income	6	<u>217</u>	<u>-</u>	<u>(31)</u>	<u>186</u>	<u>1,999</u>

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (continued)
(Including an Income and Expenditure Account)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Net income	6	217	-	(31)	186	1,999
Transfer between funds		-	-	-	-	-
Net movement in funds		<u>217</u>	<u>-</u>	<u>(31)</u>	<u>186</u>	<u>1,999</u>
Reconciliation of funds						
Total funds brought forward		<u>12,203</u>	<u>76</u>	<u>245</u>	<u>12,524</u>	<u>10,525</u>
Total funds carried forward		<u><u>12,420</u></u>	<u><u>76</u></u>	<u><u>214</u></u>	<u><u>12,710</u></u>	<u><u>12,524</u></u>

All amounts relate to continuing activities. There are no recognised gains or losses for the current or preceding financial year other than as shown above, therefore no Statement of Total Recognised Gains & Losses has been presented. Income and expenditure by fund for the year ended 31 December 2021 is given in note 19 to the accounts.

The net result of the charity's own activities for 2022 was a loss of £528,697 (2021: surplus £879,137).

The notes on pages 22 to 39 form part of these accounts.

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

CHARITY AND GROUP BALANCE SHEETS

AT 31 DECEMBER 2022

		Group		Charity	
	Notes	2022 £'000	2021 £'000	2022 £'000	2021 £'000
FIXED ASSETS					
Tangible assets	10	5,106	5,176	5,065	5,081
Investments	11	3,861	4,206	3,861	4,206
		<u>8,967</u>	<u>9,382</u>	<u>8,926</u>	<u>9,287</u>
CURRENT ASSETS					
Debtors	12	1,375	1,737	2,316	1,261
Cash at bank and in hand		3,293	2,274	2,262	1,599
		<u>4,668</u>	<u>4,011</u>	<u>4,578</u>	<u>2,860</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	13	(686)	(537)	(556)	(410)
NET CURRENT ASSETS		<u>3,982</u>	<u>3,474</u>	<u>4,022</u>	<u>2,450</u>
Long term liabilities (Pension deficit)	20	(239)	(332)	(239)	(332)
NET ASSETS	14	<u>12,710</u>	<u>12,524</u>	<u>12,709</u>	<u>11,405</u>
Represented by					
Unrestricted funds					
Designated funds		6,904	7,117	6,863	7,117
General fund		5,516	5,086	5,556	3,967
		<u>12,420</u>	<u>12,203</u>	<u>12,419</u>	<u>11,084</u>
Endowment funds		214	245	214	245
Restricted funds		76	76	76	76
	15	<u>12,710</u>	<u>12,524</u>	<u>12,709</u>	<u>11,405</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 14th September 2023 and signed on their behalf by:

M. Lustman

M Lustman
Chair of Trustees

The notes on pages 22 to 39 form part of these accounts

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

STATEMENT OF CONSOLIDATED CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Cash flows from operating activities:				
Net cash flow provided by/(used in) operating activities (note A)		1,012		1,912
Cash flows from investing activities:				
Dividends, interest and rents from investments	105		30	
Purchase of property, plant and equipment	(28)		(134)	
Disposal of investments	827		119	
Acquisition of investments	(3,208)		(140)	
Change in investment cash	2,379		(2,467)	
Pension creditor revaluation	(68)		(69)	
Net cash used in investing activities		7		(2,661)
Change in cash and cash equivalents in the reporting period		1,019		(749)
Cash and cash equivalents at the beginning of the reporting period		2,274		3,023
Cash and cash equivalents at the end of the reporting period		3,293		2,274
A) Reconciliation of net (expenditure)/income to net cash flow from operating activities		2022		2021
		£'000		£'000
Net income for the reporting period (as per the statement of financial activities)		186		1,999
Adjustments for:				
Depreciation charges		98		113
Losses/(gains) on investments		347		(147)
Gain on pension revaluation		(25)		(10)
Dividends, interest and rents from investments		(105)		(30)
Decrease/(increase) in debtors		362		184
Increase/(decrease) in creditors		149		(197)
Net cash flow provided in/(used in) operating activities		1,012		1,912
Analysis of cash and cash equivalents				
Cash at bank and in hand		3,293		2,274
Total cash and cash equivalents		3,293		2,274
ANALYSIS OF NET DEBT				
	Balance at 1.1.22	Cash flows	Other non-cash changes	Balance at 31.12.22
	£'000	£'000	£'000	£'000
Cash and bank	2,274	1,019	-	3,293

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(i) Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

(ii) Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and accruing for legacies which have not yet been received.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

(iii) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

(iv) Preparation of accounts on a going concern basis

The trustees consider there are no material uncertainties about the charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives trustees confidence the charity remains a going concern for the foreseeable future.

(v) Consolidation

These accounts consolidate the results of the charity and its wholly owned subsidiary, St Luke's Hospice (Harrow & Brent) Charity Shops Limited, on a line-by-line basis. A separate Income and Expenditure Account and Statement of Financial Activities is not presented for the charity alone as permitted by the Companies Act 2006 and Charities SORP.

(vi) Income

Income from donations, legacies and grants are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Donations include related gift aid income.

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Shops company acts as agent to sell items donated with a gift aid declaration and to pass the resulting cash donations to the Hospice rather than record them as turnover within the Shops Company. The Hospice also receives the gift aid claimed on these donations.

Legacies are included when the Hospice becomes entitled to the funds and the sum receivable can be reliably quantified. Where they rely on the sale of property or investments, and thus do not have a certain valuation, an estimate of their value is disclosed in the notes to the financial statements.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income from NHS contracts from the Harrow & Brent Clinical Commissioning Groups. They have been dealt with on a receivable basis as a contribution to running costs.

There have been no significant gifts in kind or donated goods and services during the year.

The value of services provided by volunteers is not incorporated in these financial statements. Further detail of the substantial contribution by volunteers can be found in the Report of the Trustees.

(vii) Expenditure

Expenditure is recognised when a liability is incurred. It includes VAT where this is not recoverable.

Expenditure on raising funds is the costs incurred in attracting donation income, organising and managing fundraising events, and the costs incurred in trading activities which raise funds.

Charitable activities include the Hospice care services offered to inpatients, day care patients, those receiving Hospice services in their own homes, and their carers and families. There are also a range of clinical and other services which apply to all these forms of Hospice care. These costs include both the direct costs and support costs relating to these activities.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g., property costs by floor areas and other costs on the bases shown in Note 7.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with compliance with constitutional and statutory requirements. These have been allocated to activity costs on the same basis as support costs.

(viii) Tangible fixed assets

All assets acquired costing more than £2,500 are capitalised.

Leasehold properties	assets acquired prior to 2016 - over the term of the lease
	assets acquired after 2016 – shorter of 5 years or the remaining term of the lease
Fixtures and equipment	20%
Motor vehicles	20%
IT equipment and systems	20%

The freehold property is not depreciated as the amount of depreciation is considered to be immaterial.

Tangible fixed assets are held at cost and (except for the freehold property) depreciated on a straight line basis over their estimated useful lives as follows.

(ix) Investments

Investments are initially recognised at their transaction cost and subsequently valued at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains/(losses) on investments' in the Statement of Financial Activities.

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(x) Funds

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the charity for specific purposes.

Endowment funds are restricted funds which are to be retained for the benefit of the charity as a capital fund.

The Hospice has a number of restricted income and capital funds. Details of the funds are given in the notes to the financial statements.

(xi) Pensions

The Group currently offers a qualifying defined contribution pension scheme to all staff. In addition the Group is a Direction Employer under the NHS Scheme.

National Health Service Superannuation scheme

This is a statutory superannuation scheme as defined in Section 6.12 (1) Income and Corporation taxes Act 1988, which has no invested funds. Contribution by employers (currently 14.3%) and members are accounted for to the Treasury and benefits are paid from the consolidated fund. This scheme is only open to staff who have been members of the NHS scheme in previous employment under the dispensation rules. The accounting charge represents the employer's contributions for the period.

Defined Contribution Scheme (Pensions Trust)

With effect from 1 May 2015 the group also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the group. There is no liability under the scheme other than the payment of those contributions.

(xii) Taxation

No tax is payable due to the charitable status of the parent company. Taxable profits generated by the trading subsidiary are transferred to the parent company under gift aid.

(xiii) Leases

Operating lease rentals are charged to the Statement of Financial Activities over the period of the lease.

(xiv) Legal status

The charitable company is limited by Guarantee and does not have any share capital.

(xv) Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received. Termination benefits are accounted for on an accrual basis and in line with FRS 102.

(xvi) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Prepayments are valued at the amount prepaid net of any trade discounts due.

(xvii) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

(xiii) Creditors and provisions

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

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

2. DONATIONS – 2022	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Total 2021 £'000
Individual donations	279	39	318	267
In memoriam donations	177	-	177	241
Community groups	136	-	136	118
Trust fund donations	152	211	363	470
Corporate donations	187	5	192	75
Major Donors	46	-	46	116
Gift aid	60	-	60	86
Donations & gift aid from sale of goods in our shops	684	-	684	375
	<u>1,721</u>	<u>255</u>	<u>1,976</u>	<u>1,749</u>

Fundraising events in 2022 were still impacted by Covid-19 but despite that, raised £223,762 (2021: £228,448).

DONATIONS - 2021	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Individual donations	267	-	267
In memoriam donations	242	-	242
Community groups	118	-	118
Trust fund donations	85	385	470
Corporate donations	75	-	75
Major Donors	116	-	116
Gift aid	86	-	86
Donations & gift aid from sale of goods in our shops	375	-	375
	<u>1,364</u>	<u>385</u>	<u>1,749</u>

COVID GRANTS	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Total 2021 £'000
Hospice UK grants	473	-	473	619
Other Grants	45	-	45	36
	<u>518</u>	<u>-</u>	<u>518</u>	<u>655</u>

3. LEGACIES

In addition to the sum of £1,058,256 from legacies within income (2021: £1,197,000), the Hospice has also received notifications for legacies where the value is currently uncertain until property or equity sales are completed, or probate granted; due to the difficulty with the valuation in light of the uncertainties no estimation has been made for these legacies. In accordance with the Hospice's accounting policy for legacies, these are not included in these accounts on the grounds of uncertainty of measurement.

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

4. INCOME AND EXPENDITURE FROM SHOPS AND LOTTERY

The Charity owns the entire share capital of St Luke's Hospice (Harrow & Brent) Charity Shops Limited, a company registered in England and Wales, which operates charity shops in support of the Hospice funding. The subsidiary transfers to the Hospice under gift aid an amount not less than its taxable profits.

A summary of the trading results of the subsidiary is shown below. Audited accounts have been prepared in respect of the trading period for the year ended 31 December 2022.

	Total 2022 £'000	Total 2021 £'000
Turnover	2,436	2,498
Income from lottery	273	288
Government grants	45	535
	<u>2,754</u>	<u>3,321</u>
Cost of sale of purchased goods	5	3
Administration expenses	1,942	2,095
Lottery expenditure and prizes	93	104
	<u>2,040</u>	<u>2,202</u>
Net direct income from shops and lottery	714	1,119
Lease costs relating to shops owned by Charity	(70)	(69)
Donations of goods under gift aid	514	375
Lottery Prizes donated by Players	8	18
	<u>1,166</u>	<u>1,443</u>
Contribution generated by Charity Shops Ltd	<u>1,166</u>	<u>1,443</u>

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

5. CHARITABLE ACTIVITIES -2022	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Total 2021 £'000
NHS commissioning income				
Service level agreement	2,504	-	2,504	2,485
	<u>2,504</u>	<u>-</u>	<u>2,504</u>	<u>2,485</u>
Other funding	437	-	437	192
	<u>2,941</u>	<u>-</u>	<u>2,941</u>	<u>2,678</u>

NHS commissioning income in 2022 includes funding for the Fast Track Brokerage project. The project has been extended until March 2024.

Services were also expanded to provide specialist palliative care services at weekends in the Brent area – part of the Ageing Well Project.

CHARITABLE ACTIVITIES -2021	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
NHS commissioning income			
Service level agreement	2,485	-	2,485
Other funding	192	-	192
	<u>2,678</u>	<u>-</u>	<u>2,678</u>

6. NET INCOME/(EXPENDITURE)	Total 2022 £'000	Total 2021 £'000
Net income is stated after charging:		
Depreciation	98	112
Auditor's remuneration	18	13
Other fees payable to auditors	3	3
Operating lease rental	513	517
	<u>632</u>	<u>645</u>

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

7. EXPENDITURE – 2022

	Basis of Allocation	Fundraising costs £'000	Fundraising event costs £'000	Shops & Lottery expenses £'000	Investment Management costs £'000	Inpatient services £'000	Out Patient services £'000	Community services £'000	General clinical support £'000	2022 Total £'000
Staff costs	Direct	360	78	1,324	-	1,241	299	1,586	291	5,179
Drugs and medical	Direct	-	-	-	-	66	-	-	-	66
Catering and housekeeping	Direct	-	-	-	-	-	-	-	170	170
Fundraising and community	Direct	121	60	-	-	-	-	-	-	181
Other direct costs	Direct	-	-	716	23	223	88	40	381	1,471
		<u>481</u>	<u>138</u>	<u>2,040</u>	<u>23</u>	<u>1,530</u>	<u>387</u>	<u>1,626</u>	<u>842</u>	<u>7,067</u>
Support costs										
Management	Staff time	45	45	100	-	38	37	38	38	341
Finance	Staff time	27	26	79	-	32	17	26	57	264
HR	Headcount	13	7	80	-	56	8	19	40	223
Premises	Floor area	18	9	-	-	112	70	17	42	268
Gen overheads	Headcount	41	20	420	-	173	26	56	117	853
Shops Lease A	Amortisation	-	-	7	-	-	-	-	-	7
		<u>144</u>	<u>107</u>	<u>686</u>	<u>-</u>	<u>411</u>	<u>158</u>	<u>156</u>	<u>294</u>	<u>1,956</u>
Total expenditure	2022	<u>625</u>	<u>245</u>	<u>2,726</u>	<u>23</u>	<u>1,941</u>	<u>545</u>	<u>1,782</u>	<u>1,136</u>	<u>9,023</u>
Total expenditure	2021	<u>552</u>	<u>239</u>	<u>2,493</u>	<u>12</u>	<u>1,579</u>	<u>457</u>	<u>1,529</u>	<u>1,168</u>	<u>8,029</u>

- The lease rentals relating to two shops owned by Hospice are allocated wholly to Shops and Lottery Expenses.

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

7. EXPENDITURE – 2021

	Basis of Allocation	Fundraising costs £'000	Fundraising event costs £'000	Shops & Lottery expenses £'000	Investment Management costs £'000	Inpatient services £'000	Outpatient services £'000	Community services £'000	General clinical support £'000	2021 Total £'000
Staff costs	Direct	334	97	1,248	-	1,046	303	945	384	4,357
Drugs and medical	Direct	-	-	-	-	48	-	-	-	48
Catering and housekeeping	Direct	-	-	-	-	-	-	-	97	97
Fundraising and community	Direct	106	63	-	-	-	-	-	-	169
Other direct costs	Direct	-	-	954	12	150	49	463	453	2,081
		<u>440</u>	<u>160</u>	<u>2,202</u>	<u>12</u>	<u>1,244</u>	<u>352</u>	<u>1,408</u>	<u>934</u>	<u>6,752</u>
Support costs										
Management	Staff time	23	23	61	-	11	11	11	11	151
Finance	Staff time	24	24	80	-	30	16	26	43	243
HR	Headcount	14	7	81	-	56	8	19	39	224
Premises	Floor area	12	6	-	-	74	46	11	28	177
Gen overheads	Headcount	39	19	-	-	164	24	54	113	413
Shops Lease Rentals*				69						69
		<u>105</u>	<u>73</u>	<u>285</u>	<u>-</u>	<u>306</u>	<u>96</u>	<u>111</u>	<u>213</u>	<u>1,189</u>
Total expenditure 2021		<u>552</u>	<u>239</u>	<u>2,493</u>	<u>12</u>	<u>1,579</u>	<u>457</u>	<u>1,529</u>	<u>1,168</u>	<u>8,029</u>
Total expenditure 2020		<u>529</u>	<u>214</u>	<u>2,363</u>	<u>13</u>	<u>1,707</u>	<u>493</u>	<u>824</u>	<u>1,538</u>	<u>7,681</u>

- The lease rentals relating to two shops owned by Hospice are allocated wholly to Shops and Lottery Expenses.

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

8. STAFF COSTS AND NUMBERS	Total 2022 £'000	Total 2021 £'000
Salaries and wages	4,813	4,481
Social security costs	470	389
Pension costs	498	351
Total	5,781	5,221
Average number of employees (full time equivalents)		
Hospice	83	84
Shops	50	47
	133	131

There were on average 156 people employed (2021 – 153) full and part time. The employees were supported by 474 unpaid volunteers during the year (2021: 484).

Pension costs include an amount of £28,325 (2021 – £19,700) paid in respect of death in service cover for employees of the company.

Ex Gratia payments of £30,000 were made during the year (2021 – nil)

The total remuneration for Key Management Personnel included in staff costs above is £481,464 (2021: £325,360). The number of staff with remuneration in excess of £60,000 were as follows:

£	2022	2021
£60,000 - £70,000	1	1
£70,000 - £80,000	1	1
£80,000 - £90,000	-	1
£90,000 - £100,000	-	-
£100,000 - £110,000	1	-

9. TRUSTEES

None of the trustees received any remuneration or benefits in kind from the charitable company (2021: Nil).

Expenses on behalf of one of the trustees or reimbursed during the year amounted to £ 734 (2021: £1,468).

10. TANGIBLE FIXED ASSETS	Freehold properties £'000	Leasehold properties £'000	Fixtures & equipment £'000	Motor vehicles £'000	Total £'000
Group Cost					
Opening balance	4,932	599	257	11	5,799
Additions	-	-	28	-	28
Disposals	-	-	-	-	-
Closing balance	4,932	599	285	11	5,827
Depreciation					
Opening balance	-	499	118	6	623
Charge for the year	-	58	37	3	98
Disposals	-	-	-	-	-
Closing balance	-	557	155	9	721
Net Book Value					
At 31 December 2022	4,932	42	129	2	5,106
At 31 December 2021	4,932	100	139	5	5,176

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

Charity	Freehold properties £'000	Leasehold properties £'000	Fixtures & equipment £'000	Motor vehicles £'000	Total £'000
Cost					
Opening balance	4,932	33	246	-	5,211
Additions	-	-	27	-	27
Disposals	-	-	-	-	-
Closing balance	4,932	33	273	-	5,238
Depreciation					
Opening balance	-	22	107	-	129
Charge for the year	-	7	37	-	44
Disposals	-	-	-	-	-
Closing balance	-	29	144	-	173
Net Book Value					
At 31 December 2022	4,932	4	129	-	5,065
At 31 December 2021	4,932	11	139	-	5,082

Freehold properties otherwise represents the acquisition and conversion costs of Kenton Grange between 1992 and 2002 shown at historic cost and the costs of building the Woodgrange Centre completed in 2015.

11. INVESTMENTS

	2022 £'000	2021 £'000
Market value at 1 January 2022	4,206	1,571
Additions	3,208	140
Disposals	(827)	(119)
Realised and unrealised gains/ (losses)	(347)	147
Movement in investment cash	(2,379)	2,467
Market value at 31 December 2022	3,861	4,206

The underlying investments of the portfolio are fixed income £806k (2021 - £524k), equities £2,271k (2021 - £863k), property £49k - (2021 - £65k), cash £209k (2021 - £2,527k), and others £525k (2021 - £227k).

12. DEBTORS: amounts falling due with one year

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	97	253	97	241
Other debtors	66	724	33	123
Prepayments and accrued income	1,212	760	1,031	539
Amounts owed by subsidiary undertaking	-	-	1,155	358
	1,375	1,737	2,316	1,261

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 CREDITORS: amounts falling due within one year	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	289	144	265	112
Other creditors	-	84	-	84
Taxation and social security	203	153	174	133
Accruals and deferred income	194	156	117	81
	<u>686</u>	<u>537</u>	<u>556</u>	<u>410</u>

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

- GROUP – 2022

	Unrestricted funds		Endowment	Restricted	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	5,106	-	-	5,106
Investments	1,849	1,798	214	-	3,861
Net current assets	3,906	-	-	76	3,982
Long term liabilities	(239)	-	-	-	(239)
Net assets	<u>5,516</u>	<u>6,904</u>	<u>214</u>	<u>76</u>	<u>12,710</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS

- GROUP – 2021

	Unrestricted funds		Endowment	Restricted	Total
	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	5,176	-	-	5,176
Investments	2,650	1,311	245	-	4,206
Net current assets	2,768	630	-	76	3,474
Long term liabilities	(332)	-	-	-	(332)
Net assets	<u>5,086</u>	<u>7,117</u>	<u>245</u>	<u>76</u>	<u>12,524</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS

- CHARITY – 2022

	Unrestricted funds		Endowment	Restricted	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	5,065	-	-	5,065
Investments	2,473	1,174	214	-	3,861
Net current assets/(liabilities)	3,322	624	-	76	4,022
Long term liabilities	(239)	-	-	-	(239)
Net assets	<u>5,556</u>	<u>6,863</u>	<u>214</u>	<u>76</u>	<u>12,709</u>

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS (Continued)
- CHARITY – 2021

	Unrestricted funds	Endowment	Restricted	Total
	General	Designated	Funds	2021
	£'000	£'000	£'000	£'000
Tangible fixed assets	-	5,081	-	5,081
Investments	2,650	1,311	245	4,206
Net current assets/(liabilities)	1,649	725	-	2,450
Long term liabilities	(332)	-	-	(332)
Net assets	3,967	7,117	245	11,405

15. FUNDS – 2022

	Opening Balance £'000	Income £'000	Expenditure £'000	Investment Gains/Losses £'000	Transfer/ Pension Surplus £'000	Closing Balance £'000
Restricted funds						
Inpatient care funds	-	64	(64)	-	-	-
Outpatient care funds	-	76	(76)	-	-	-
Community care funds	-	20	(20)	-	-	-
General Clinical funds	-	50	(50)	-	-	-
Capital funds	76	25	25	-	-	76
Fundraising Programme	-	20	20	-	-	-
Total restricted funds	76	255	(255)	-	-	76
Endowment funds						
Alice Wisbey Capital Fund	27	-	-	(3)	-	24
D D McPhail	218	-	(2)	(26)	-	190
Total endowment funds	245	-	(2)	(29)	-	214
Unrestricted funds						
Designated fixed asset fund	5,071	-	-	-	(6)	5,065
Designated shops assets fund	105	-	(64)	-	-	41
Designated risk management fund	1,641	-	(7)	(136)	-	1,498
Pension liability reserve	300	-	-	-	-	300
Total designated funds	7,117	-	(71)	(136)	(6)	6,904
Unrestricted funds						
General charitable funds	5,086	6,522	(5,969)	(180)	59	5,517
General non-charitable trading funds	-	2,754	(2,726)	-	(28)	-
Total general funds	5,086	9,276	(8,695)	(180)	31	5,516
Total unrestricted funds	12,203	9,276	(8,766)	(318)	25	12,420
Total funds	12,524	9,531	(9,023)	(345)	25	12,710

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

15. FUNDS (continued) - 2021

	Opening balance £'000	Income £'000	Expenditure £'000	Investment Gains £'000	Transfers £'000	Closing Balance £'000
Restricted funds						
Inpatient care funds	-	664	(664)	-	-	-
Outpatient care funds	-	139	(139)	-	-	-
Community care funds	-	70	(70)	-	-	-
General Clinical funds	5	50	(55)	-	-	-
Capital funds	-	81	(5)	-	-	76
Total restricted funds	5	1,004	(933)	-	-	76
Endowment funds						
Alice Wisbey Capital Fund	24	-	-	3	-	27
D D McPhail	195	-	-	23	-	218
Total endowment funds	219	-	-	26	-	245
Unrestricted funds						
Designated fixed asset fund	4,983	-	-	-	88	5,071
Designated shops assets fund	171	-	(66)	-	-	105
Designated risk management fund	1,542	-	(9)	108	-	1,641
Pension liability reserve	300	-	-	-	-	300
Total designated funds	6,996	-	(75)	108	88	7,117
Unrestricted funds						
General charitable funds	3,305	5,546	(4,820)	13	1,042	5,086
General non-charitable trading funds	-	3,321	(2,201)	-	(1,120)	-
Total general funds	3,305	8,867	(7,021)	13	(78)	5,086
Total unrestricted funds	10,301	8,867	(7,096)	147	10	12,203
Total funds	10,525	9,871	(8,029)	147	10	12,524

15. FUNDS (continued)

A Pension Liability Reserve was set up in 2016 to reflect potential increases in the pension liability. When it was provided in full in 2017, the reserve was reduced. The balance in this fund will be used towards the cost of any future buy-out of the liability.

The late Mrs Alice Wisbey made a bequest to the Hospice with the instruction that the income therefrom should be applied for the comfort of the nursing staff. This is split between Income and Capital funds.

The restricted funds represent grants and donations received, from Trusts and individuals, where the use of the funds was restricted to a specific purpose by the donor. These funds have included contributions towards the cost of our In-patient unit, Day care services, Community and Homecare services, to the provision of complementary therapies and a number of other items.

The D D McPhail Charitable Settlement originally gave £150,000 as an endowment fund. No instructions were given about income so this is applied for the general purposes of the charity. The difference between the original fund value and the current fund value arises through revaluation of the underlying investment.

The designated fixed asset fund represents the net book value of the Hospice's fixed assets. It has been set up to assist in identifying funds which are not free funds. Similarly, the designated shops asset fund has been set up to identify fixed assets of the shops company not covered by their working capital.

The designated risk management fund represents funds to provide a cushion against unexpected costs or shortfalls in income and thus to support the long-term future of the Hospice. The balance in this fund as at 31 December 2022 was £1,485k (2021 - £1,641k) most of which is managed by Rathbones, our investment manager.

The surplus arising out of the activities during the year resulted in the increase in unrestricted general charitable funds of £442k (2021 - £1,781k). The surplus for the year was created by additional COVID support from NHS England, distributed by Hospice UK. Without that support the Charity would have made a loss.

The general funds represent the unrestricted funds of the group and are therefore "free reserves".

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

16. OPERATING LEASE COMMITMENTS

The group has the following total commitments under non-cancellable operating leases:

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts due:				
Within 1 year	476	482	66	63
Within two to five years	1,126	1,164	264	251
After five years	331	304	104	102
	<u>1,933</u>	<u>1,950</u>	<u>434</u>	<u>416</u>

17. CAPITAL COMMITMENTS

The group has no capital commitments at the year-end (2021: none).

18. RELATED PARTY TRANSACTIONS

During the year, Trustees, Senior Executive Team members and their close family members donated £2,428 to the Hospice (2021: £2,680). There were no other transactions with related parties during the year (2021: none).

19. STATEMENT OF FINANCIAL ACTIVITIES IN THE PREVIOUS YEAR (2021)

	Unrestricted funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000
Income from:				
<i>Donations and legacies</i>				
Donations	1,377	3854	-	1,762
Covid grants	36	619	-	655
Legacies	1,197	-	-	1,197
	<u>2,610</u>	<u>1,004</u>	<u>-</u>	<u>3,614</u>
<i>Charitable Activities</i>				
NHS commissioning	2,485	-	-	2,485
Other income	193	-	-	193
	<u>2,678</u>	<u>-</u>	<u>-</u>	<u>2,678</u>
<i>Other trading activities</i>				
Fundraising events	228	-	-	228
Gross income from shops and lottery	3,321	-	-	3,321
	<u>3,549</u>	<u>-</u>	<u>-</u>	<u>3,549</u>
<i>Investments</i>	30	-	-	30
Total income	<u>8,867</u>	<u>1,004</u>	<u>-</u>	<u>9,871</u>

ST. LUKE'S HOSPICE (HARROW & BRENT) LTD.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

19. STATEMENT OF FINANCIAL ACTIVITIES IN THE PREVIOUS YEAR (continued)

	Unrestricted funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000
Expenditure on:				
<i>Raising funds</i>				
- Fundraising costs	552	-	-	552
- Fundraising events costs	239	-	-	239
- Shops and lottery expenditure	2,493	-	-	2,493
- Investment management costs	12	-	-	12
	<u>3,296</u>	<u>-</u>	<u>-</u>	<u>3,296</u>
<i>Charitable activities</i>				
- In patient services	915	664	-	1,579
- Day care services	318	139	-	457
- Homecare services	1,495	70	-	1,529
- Overall clinical support	1,108	60	-	1,168
	<u>3,800</u>	<u>933</u>	<u>-</u>	<u>4,733</u>
Total expenditure	<u>7,096</u>	<u>933</u>	<u>-</u>	<u>8,029</u>
Net expenditure before gains on investments	1,771	71	-	1,842
Net (losses)/gains on investments	121	-	26	147
Pension revaluation gain	10	-	-	10
	<u>1,902</u>	<u>71</u>	<u>26</u>	<u>1,999</u>
Reconciliation of funds				
Total funds brought forward	10,301	5	219	10,525
	<u>12,203</u>	<u>76</u>	<u>245</u>	<u>12,254</u>
Total funds carried forward	<u>12,203</u>	<u>76</u>	<u>245</u>	<u>12,254</u>

20. THE CAREER AVERAGE REVALUED EARNING SCHEME (THE PENSIONS TRUST)

Up until 1st May 2015, the group offered a multi-employer pension scheme providing a defined benefit (career average) pension for members.

The company participated in the scheme, a multi-employer scheme which provides benefits to some 36 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2019. This valuation showed assets of £79m, liabilities of £93.9m and a deficit of £14.8m. At that time, to eliminate this funding shortfall, the Pension Trustee asked the participating employers to pay additional contributions to fund the scheme deficit. The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities, and increase by 3% per annum on 1st April each year. It was anticipated that the deficit would be cleared by 30th September 2027.

During 2022 St Luke's contributed £67,254 towards the deficit (2021 - £68,052)

A further actuarial valuation was carried out at 30th September 2022 which disclosed that due to the contributions made by contributing employers following the 2019 review, and current higher Gilt yields used as the benchmarking tool, that the deficit is now reduced to £7.5m. The Pension Trustee is proposing that the same deficit funding rationale, as disclosed above, continues. Annual deficit contributions by participating employers now total £1.67m pa due to the annual 3% increases, and the likelihood is that the deficit will now be cleared 6 months earlier than originally anticipated. Now expected to be 31st March 2027.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION	31 December 2022 (£000s)	31 December 2021 (£000s)
Present value of provision	308	399

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

20. THE CAREER AVERAGE REVALUED EARNING SCHEME (PENSIONS TRUST) (continued)

RECONCILIATION OF OPENING AND CLOSING PROVISIONS	2022 £000s	2021 £000s
Provision at start of period	399	477
Unwinding of the discount factor (interest expense)	5	2
Deficit contribution paid	(67)	(68)
Remeasurements - impact of any change in assumptions	(29)	(12)
Provision at end of period	<u>308</u>	<u>399</u>
	2022 £'000	2021 £'000
Amounts due within one year	69	67
Amounts due after one year	239	332
	<u>308</u>	<u>399</u>

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

ASSUMPTIONS	31 December 2022 % per annum	31 December 2021 % per annum
Rate of discount	<u>5.10</u>	<u>1.42</u>

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.