
ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

ARTHUR RANK HOSPICE CHARITY
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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The trustees are pleased to present their annual trustees' report together with the consolidated financial statements of the charity and its subsidiaries for the year ended 31 March 2017, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

Trustees' report

The board of trustees of Arthur Rank Hospice Charity is delighted that we are now fully operational at our newly built Hospice at Shelford Bottom. Last year's Annual Accounts were the charity's first as an independent hospice, and highlighted all the work by the team to accomplish a smooth transition of the services and over 100 NHS staff to the charity. The most significant activity over this financial period has been the opening of the charity's £12 million new hospice which was completed on-time, on-budget and to a high quality standard. The first patients arrived in November 2016, after a carefully planned transition programme.

In terms of in-patient facilities, the charity's current contract with our local Clinical Commissioning Group covers the funding of 12 beds at Shelford Bottom - the same as in the old hospice in Mill Road. But the demographic and other trends are very clear: additional beds will be required sooner rather than later. The charity has therefore built the new hospice with 23 beds to meet the future needs of our local community. One of our challenges over the coming months will be to secure funding from the hard-pressed local health and social care eco-system to open these extra beds as soon as possible.

The trustees were also very pleased by the recognition the team and the charity has received for their success and dedication to meeting the needs of patients and their families over this period. In March 2017, the charity won the Allia Award for Social Entrepreneurship, and our CEO Dr Lynn Morgan won the equally significant award as Business Leader of the Year at the Cambridge News Business Excellence Awards held in King's College. In May 2017, the new Hospice was recognised as the East of England's Project of the Year by the Royal Institution of Chartered Surveyors (RICS). In announcing the award, the RICS press release said that "Arthur Rank Hospice is a credit to the charity, the design team and Cambridge's community. In particular, the judges remarked on the building being designed for the patient, not the patients needing to work around the building. Flexible in design, approach and need, the Hospice provides areas for families to chat and share stories or simply be quiet and reflect, but without being an obviously clinical environment. The building is a success, not only for its achievements in fundraising and delivery, but most importantly from a patient, staff and visitor perspective too."

This year also marks the retirement of several long serving trustees, who have been actively involved in the transition to an independent hospice and the construction of our wonderful new facility. The current trustees would like to thank Stuart Evans, Andy Swarbrick, Ed Coe and Stephen Potter for their time and dedication to the charity during such a transformational time. The charity also welcomes a new chair, Isabel Napper and new trustees Lee Maughan, Liz Winter and Dr Arnold Fertig to take forward the charity as we settle into the new hospice and develop and implement our strategy for the coming years.

The charity's performance against all its key objectives for 2016/17, including that of completing and moving into the new hospice, has been very positive as noted below.

Purpose

The purpose of the charity is to relieve sickness and suffering of people in Cambridgeshire and the surrounding areas with life-limiting conditions and to assist their families or carers. These people, their families and carers are the beneficiaries of the charity. The charity supports them by providing:

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- End of life care at Arthur Rank House and elsewhere;
- Services, facilities, equipment or grants for beneficiaries; and
- Any other benefit which relieves the sickness or suffering of beneficiaries

Care and services are provided free of charge to patients. The charity helps them and their loved ones to improve their quality of life and fulfil their choices at the end of their lives – making every moment count.

The vision that shapes the charity's annual activities and strategic aims is to provide patients and their families with the highest quality end of life care. The team strives to achieve this through the delivery of innovative and compassionate specialist palliative care at the hospice, the Alan Hudson Day Care Centre in Wisbech and in the community.

In setting objectives for the year and planning the charity's activities, the trustees give due consideration to guidance from the Charity Commission relating to public benefit.

GROUP STRATEGIC REPORT

KEY ANNUAL OBJECTIVES AND PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2017

The key objectives of the charity are set out below, together with a statement on performance:

Objective 1: Strive for continuous improvement in the care we provide by adapting our provision of care according to changing national guidance, evidence and patient feedback

What we wanted to achieve

As a provider of quality palliative and end of life care this priority is always on our work plan however these two elements had particular focus for us in the last year.

- Updating of our personalised care plan for the last days of life. A document developed after the Neuberger Review will be revised in line with the NICE guidance (2015) recently published.
- Continue to implement the Outcome Assessment and Complexity Collaboration (OACC) suite of tools to support measurement of patient's care outcomes.

What we have achieved

We revised our care plan for patients in the last days of life, and reviewed our education programme delivered to both our staff and our community nursing colleagues to reflect the priorities for care in the last days of life.

There is a detailed project taking place to implement the OACC suite of measures in all our clinical services. More importantly the tools are being integrated into our day to day clinical triage of new patients and care plans.

Plan for the future

We will be implementing the new Recommended Summary Plan for Emergency Care and Trust (ReSPECT) documentation that has been published nationally. Developed by our local acute trust this deals with documenting discussions with patients about ceilings of care and resuscitation status.

OACC is integral to the palliative care funding tariff which has recently been published. We will continue to introduce these tools for patient care and review their efficacy as applicable to each case.

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Objective 2: Review our patient profile and ensure we reach our diverse populations

What we wanted to achieve

- Review the religious and ethnic diversity of our population and further develop a strategy to widen access to all our services for both the community and within the hospice.
- Grow our partnership with our local children's hospice to improve young people's transition to adult hospice care; exploring how the new building can enhance this.
- Provide the acute trusts neurology department MND (Motor Neurone Disease) clinics within the new hospice building, building on the work already done to support the complex care needs of the patients and families.

What we have achieved

We have written a strategy for 'Community Engagement,' which acknowledges that we are here for the whole community but that some groups require differing approaches to information giving and accessing our care. A working group is in place with additional membership from the community. Some of the clinical team have given talks to diverse groups such as a Chinese delegation and a 'Dignity in Dying' group.

Our relationship with our local children's hospice and paediatric palliative care has always been good but in the last 12 months we have actively sought to set up a Cambridgeshire action group for transition to consider how we work together to support transitioning young adults. One of the pieces of work underway as a result is a grant application to 'Together for Short Lives', with a view to funding a Keyworker/Navigator role.

The acute hospital MND clinic started delivering clinics at the new hospice at the end of April 2017. This is a model we are also exploring for example with transitioning young adults and those with dementia.

Plan for the future

We will continue to pursue our goal of being truly inclusive of all members of the community we support, through the programmes described; open days and speaking at events in our communities.

Objective 3: Seek and hear our patients' voices

What we wanted to achieve

- Recognising that whilst we collect feedback from our patients/carers, this could be improved. The plan was to introduce a Patient Forum chaired by a volunteer.
- Introduce additional education and training about the care needs of patients with dementia as a mandatory training requirement for all clinical staff.

What we have achieved

The Hospice User Group, affectionately known as HUG has been set up, chaired by a volunteer and it is becoming integrated into the business of the hospice supporting and challenging us to ensure our services are truly patient focused. So far the group has supported us with the hospice move and has carried out PLACE inspections (Patient led assessment of clinical environment)

A Dementia Care working group has been established; this is working towards implementing 'Hospice Enabled Dementia Care'. In the last twelve months, we have had training from Alzheimer's UK- Dementia Friends and introduced a mandatory e-learning module about the care needs of those affected by Dementia and their carers. A workshop is planned soon to understand how our service can support the rest of the community.

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Plan for the future

It is our intention during the next year to continue to grow the HUG group and include our community services within it. Part of their work programme will be to work with us on reviewing all our patient literature.

As with all our work of inclusivity for everyone in our community needing our support we will continue to embed knowledge and understanding about the specific needs of patients' groups including those with dementia, young adults and those with complex, non-cancer life limiting illness. Our workforce development programme will commence later in the year to provide staff with education and training, to work in a person-centred way with all our patients.

Objective 4: Continue to refine our quality governance processes

What we wanted to achieve

Revise our incident reporting system so that we are self-sufficient in this area. As a previous NHS service the clinical team use an integrated system to record and learn from any incident that takes place.

Review our holistic care records to ensure that they continue to reflect best available evidence. This is part of a hospice wide implementation of System- One, which is used within Cambridgeshire by us and our community colleagues such as GPs and District Nurses. As part of being awarded money from the Nursing Technology Fund the service is also introducing remote working and paper light record keeping. Our ambition is in line with the NHS plan to be paperless by 2020. We recognise the real value to patients if their records are up to date in real time 24 hours a day 7 days a week. It also facilitates our clinicians to communicate effectively with our health partners.

We will also start a programme over the next 18 months to review all policies/guidance/SOPs to ensure that these are fit for the purpose of a smaller organisation; continue to meet national guidance and reflect care and compassion at the core of our services.

Revision of our emergency planning protocols.

What we have achieved

We have successfully changed from DATIX to Sentinel as our incident reporting and management system. This is a system designed for smaller organisations such as ours and includes modules for incident reporting; risk management and risk assessment; complaints management and logging of compliments. Staff have been trained and we have seen an improvement in reporting levels.

Our community teams now have the technology to work remotely and update clinical records when they are in patients' homes. Whilst there is still work to do to ensure we are maximising our use of this option, there is excellent progress so far.

All documents related to clinical care are monitored via our Care Board. Revisions according to changes required or review dates are taking place in a timely way. There is work ongoing to reduce the number and volume of these documents that need to reflect the size of our organisation.

Objective 5: Move safely, efficiently and effectively to our new hospice

What we wanted to achieve

In November 2016 we will be moved to a new purpose built 23 bedded hospice. The new hospice is a bespoke building which offers a mix of en-suite rooms for in-patients and 2 x 4 bedded wards to cater for individual preference.

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Our risk register identifies that the Hudson Centre at Wisbech has outgrown the building it is in, both in terms of space and capacity. Together with the local Clinical Commissioning Group (CCG) we are developing a project to improve the space (with an extension and refurbishment) and working with other partners locally to have an integrated hub of hospice care. This is in its early development stages.

What we have achieved

The move to the new hospice is complete. In terms of minimising the impact on our clinical care, this was a great success. The project plan went well, we opened a 24/7 community hub and six patients were moved by ambulance from the old site and were eating their lunch at the new site within an hour! We worked with the CCG and wider health service to ensure a smooth transition. The team are working well within the new environment and feedback from patients and families is positive.

Over the last year we have employed a project support officer to develop, with the Alan Hudson Centre Matron, the options for expanding the space and the usable space. On-going discussions are taking place with the landlord (Cambridgeshire Community Services). At the same time we are working with the CCG and Queen Elizabeth Hospital about the contracts for services provided on site.

Plan for the future

We will be exploring innovative ways to use our new space at the Shelford site e.g. maximising patient and carer access and funding opportunities via our Bistro and Education Centre; and we will continue to pursue this in addition to securing funding for opening the additional 11 beds. Improving the facilities at the North Cambs hospital site for the Alan Hudson Centre and the community it supports is also priority.

Objective 6: Work with our staff to achieve excellence through transformation

What we wanted to achieve

The senior leadership team had been very aware of the impact of the significant changes that were taking place for us all and were working with all levels of staff to achieve these changes in a positive way.

Support staff in the new building environment to ensure that our current good practice comes with us and ensure that we respond to the new environment fully, by exploring new opportunities to improve practice.

Seek to bring the good things from the current building so that the past reputation is maintained but that in doing so, we do not constrain innovative opportunity.

Recognise that a lot of people will be leaving difficult memories behind we will continue to support them with events such as a lantern walk to the new hospice, celebration and remembering events before we leave the old hospice and maintain continuity by events such as our annual light up a life service.

Continue with the development programme for the Board in the coming year in order to ensure that the Board is as effective as it can be.

To support our transition as a new team - with the NHS and charity together we commissioned 10 workshops from an independent facilitator to ask staff about the culture and transparency of the organisation. The feedback in the main was that the culture is open and transparent, but the management team are aware that we need to consolidate the new governance structures and meeting structures, with continuous improvement.

Significantly we will be working on 'closing the loop' with all staff and supporters on what action is taken with complaints, incidents, and general feedback.

A staff forum has been started to work on actions from workshops undertaken with all staff in the hospice services earlier this year.

- Communication of management and quality governance structures in language all staff can relate to.
- Back to the floor for non-clinical managers.

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- Clear transition plan for the move to the new building including revision of policies and guideline.
- Resilience Development Program Pilot, which will look at how the service supports and develops staff with positive leadership. Within our local networks, we will also be seeking access to leadership development for our middle managers; supporting them in their complex roles.

What we have achieved

The hospice moved and staff are settling into the new environment. Before and as we moved there were staff events; Lantern Walk (from old to new site), inductions, and a skip and bin day. To support this, we have refreshed our Care Board Terms of Reference and membership to reflect the whole organisation as one entity. The staff forum continues and is being revised to encourage anyone to participate. A regular staff bulletin is published and social events encouraged.

We were delighted to win the category of 'Large Business Award for Customer Focus' in the Best Employer Awards for the Eastern Region 2016.

Plan for the future

We have planned a series of staff workshops. 'So we've moved.....'. These will be about understanding how the staff feel now and working through the strategic vision for the hospice over the next five years.

Objective 7: Maintain and accelerate fundraising momentum to provide additional funds for patient care

What we wanted to achieve

We were very aware that the fundraising for the new hospice could impact negatively on our revenue income and that the increased size of the service and building would put further financial pressures on us in the future.

What we have achieved

During the financial year 16/17 nearly all revenue fundraising targets were met or exceeded – with the exception of legacies. We recognised that having become independent in the previous year we needed to invest in our fundraising team and start to grow the team to a resource size similar to that of other independent hospices. This has been very successful and we have an excellent and high performing fundraising team. In an attempt to diversify our income generation base we incorporated within the new hospice facilities which would primarily provide services to our patients and their families but would also add opportunities to our income.

The bistro

Providing nutritious, appetising and fresh food for our patients was one of the priority aspirations of the new house. Our old hospice only enabled us to provide 'cook/chill' food to our inpatients and very little opportunity to personalise our catering offer to the wishes of the patients. We also wanted to provide our staff and volunteers with the opportunity to purchase quality food on site. However part of the vision for the hospice would be that the bistro would welcome in the local community to eat in our bistro which would add an additional income stream but would also embed the hospice as an accepted, welcoming part of the community rather than – 'the place where people go to die'. The bistro has proved to be very successful and we have achieved our ambitions in this area.

The education suite

As a hospice, part of our raison d'être is to be an educator in the field of palliative and end of life care. A substantial part of this work is delivered either as part of our partner role in the wider educational economy in

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Cambridgeshire – so we provide education to GPs, doctors and nurses in the acute trusts, medical students, care homes etc. However we also deliver specialist education which is geared more towards the specific needs of different cohorts – for example we are the accredited centre for the Gold Standard Framework Programme for care and nursing homes in the East of England. Again in the development of the hospice planning we realised that modern conference facilities located so closely to the very large Park and Ride car park would have letting potential. This has proved to be the case and we are able to hire out our facilities, when not in use by us, to organisations in allied fields.

The hairdressing salon

We have always provided our patients with a hairdressing facility and therefore incorporated a small, professional, hairdressing salon into the new hospice design. Whilst it was not possible to get this up and running in 2016/2017 it did open in late spring. This too combines a free service to inpatients and a commercial service to staff, volunteers and visitors.

Objective 8: Ensure the charity retains its loyal supporters in the transition from the old hospice to the new hospice

What we wanted to achieve:

The Arthur Rank Hospice in Mill Road had many, many loyal supporters – many of whom had lost loved ones in the old hospice. We were very aware that they might perceive their support to be to the building rather than the service. Our supporters are key to our fundraising, volunteering service and act as advocates out in the community. We knew we could not afford to lose them.

What we have achieved

We believe we have retained the majority of our supporters and acquired new folk along the way. We kept our supporters up to date with every stage of our plans, we invited them into the hospice to input into the planning and design and we delivered talks out in the community including village halls and parish councils. We regularly spoke on the radio explaining the rationale for the new hospice and we invited our supporters to become founders of the hospice either as families, groups of friends or individuals by donating £100 – this was well supported.

We also ran many, many tours for the public and in just one two week period, before the patients moved in, we showed around 1,917 visitors.

Objective 9: The charity also maintains its commitment to the recruitment, training, deployment and continuing education of volunteers to support the palliative care service for patients.

What we wanted to achieve

Our volunteers add tremendous value to the services we provide and we could not do everything we do without their support. We were concerned that some volunteers would find the move to the new building difficult as it would mean a completely new way of working and in the early days it was difficult to know exactly how some volunteer roles would work.

What we have achieved

Some volunteers who had been with us many years and lived very locally to the hospice in Mill Road did choose to retire (and indeed some had stayed on to see us through to the move). When we moved to the new

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hospice a few volunteers did find the new roles and the more spread out nature of the building was not for them and decided to retire. However we were fortunate in that we have been able to attract many more volunteers, many of whom live in the surrounding villages and we have found the blend of 'old' and new volunteers works well. Our volunteer co-ordinator has gone to great lengths to support the volunteers both in the groups they work in and as one wider volunteer group. Many new roles have been created and we are very proud of our 'volunteer army'.

FINANCIAL REVIEW - YEAR ENDED 31 MARCH 2017

INCOME

The charity's total income was £7,638,699 (2016: £6,369,623).

Income received included:

- £3,641,478 (2016: £2,416,705)¹ from the Cambridgeshire and Peterborough Clinical Commissioning Group (CCG) to deliver the end-of life care contract .
- £2,844,988 from general fundraising activities (2016: £2,630,215), of which £1,519,820 (2016: £1,570,096) was for the new hospice.
- £406,480 from legacies and gifts in wills (2016: £605,575), of which £35,610 was specifically for the Alan Hudson Day Centre.
- £318,023 (2016: £239,349) from the charity's shops and other retail activities
- £203,792 (2016: £177,530) from <http://www.yourhospicelottery.org.uk/hospices/arthur-rank-hospice.aspx>
- £71,370 (2016: £41,707) from other NHS Trusts in respect of sessions the charity's consultants provide at other establishments.
- £7,325 (2016: £40,467) interest income. This is not as much as in prior periods, and includes no investment income as the charity has liquidated much of its reserves held in cash and investments in order to pay for the new hospice.
- £16,045 (2016: £22,516) from running training and education courses.
- £82,138 (2016: £14,144) from Health Education England towards the training of doctors that attend the hospice as part of their medical training.

Financing the new hospice

By 31 March 2017 cumulative donations for the new hospice totalled £3,751,330. Some further funds have been raised after the year end and the charity has either received or had pledged a further £121,753 taking our fundraised total to £3,873,803. This is in addition to the £4,725,000 designated previously by trustees for the new hospice. In addition, the charity drew down a £4,000,000 25-year secured loan from Cambridgeshire County Council in June 2016.

¹ All figures of income from the CCG for the prior year are for 8 months only as the charity began the contract in August 2015

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EXPENDITURE

Total expenditure was £6,251,852 (2016: £4,312,590). It should be noted that where we refer to 2016 figures these relate to an 8 month period for direct charitable care. The charity has been delivering end-of-life care services directly since 1 August 2015, this is therefore the first full financial year since the charity became an independent hospice; this and moving to the new hospice, accounts for the main increase in expenditure.

Expenditure on direct charitable care was £4,204,610 (2016: £3,054,893), as described more fully in Note 9.

£1,278,145 (2016: £685,432) was spent supporting direct delivery of charitable care. This included (but is not restricted to) medical, clinical administrative support, facilities and catering, the management team, communications, finance and IT. All of these teams have needed to grow as we have moved to the new hospice (indeed this is the first time the hospice has delivered in house catering to patients).

£499,643 was spent on fundraising activities (2016: £397,639). Of this £54,145 (2016: £60,034) was in respect of the capital appeal for the new hospice. This excludes the costs of retail activities, which are incurred in the charity's trading company per the section below.

By 31 March 2017 £11,299,859 has been capitalised in respect of the new hospice, including the costs of the build itself, a premium of £120,000 to acquire a 99-year lease on the site at a peppercorn rent and professional fees such as architect's, quantity surveyor and project management fees. £550,156 has also been spent on fixtures, fittings and equipment for the new build as we moved in and became operational. Note that this figure includes, beds, a spa bath, hoists, general furniture for all areas and office furniture.

OVERALL

The charity had a net surplus before transfers on unrestricted funds (ie unrestricted income less unrestricted expenditure) of £2,785. In respect of the monies given to us by the CCG to deliver end-of-life care for Cambridgeshire the charity incurred a loss of £8,063, which is represented by the transfer from unrestricted to restricted funds (see note 20).

The charity capitalised the majority of the building costs in line with its fixed asset policy. The capital appeal closed at the end of the financial year and the surplus on the restricted capital appeal was then moved to unrestricted funds and the value of the hospice is represented by the fixed asset amount of £11,179,858.

Trading Company – Arthur Rank Hospice Limited

The charity has a separate subsidiary trading company through which retail and lottery activities are managed. These consolidated accounts include income and expenditure generated by the trading company.

Gross income from retail activities was £318,014 (2016: £239,349). Lottery income was £203,792 (2016: £177,530). Expenditure amounted to £277,953 (2016: £180,626). The net amount covenanted to the charity was £237,253 (2016: £238,304).

In addition, the trading company received donations that were eligible for gift aid of £73,005 (2016; £37,887). These are accounted for in the charity, and attracted gift aid to the value of £18,251 (2016; £9,472). Thus the net profit that can be attributed to retail activities and the lottery is £328,509 (2016: £285,663).

ARHC Property Limited

The charity set up a further subsidiary company in July 2013 - ARHC Property Limited. Its principal activities are to provide design and build services to Arthur Rank Hospice Charity for the construction of the new

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hospice. During the period ended 31 March 2017 this company invoiced the charity £5,494,114 (2016; £6,001,062) in respect of such services, and made a profit of £277,423 (2016; £364,741). This profit was then covenanted to the charity.

Reserves policy and going concern

The charity has been through a significant and planned transformation in terms of headcount, income, expenditure, and balance sheet since 1 August 201 when the charity went independent; we have now also built and moved into a new hospice incurring significant expenditure.

In planning this transformation, the trustees gave careful consideration to what level of reserves the charity should aim to hold following this change.

The trustees are also mindful of the recently updated Charity Commission publications: Charity reserves – building resilience (CC19), and Managing a charity's finances: planning, managing difficulties and insolvency (CC12).

Using the definition of reserves proposed by the Charity Commission, the trustees believe the charity should target liquid free reserve levels of £2,000,000 for the next few years. This is equivalent to 4-5 months' cash running costs, based on our current estimates for 2017/18, the first normal year after completion of the new hospice.

Total free reserves at 31 March 2017 were £1,875,750 (31 March 2016 £1,732,695). Free reserves comprise those funds that are freely available to spend on any of the charity's purposes. This excludes restricted funds and tangible fixed assets held for the charity's use. It also excludes amounts designated for essential future spending. As such, reserves are currently below our target level. The trustees aim to rebuild reserves to the target level as soon as it is prudent, and in any event within 5 years.

The Charity Commission has also recently encouraged trustees to consider the possibility of an unplanned closure. With the TUPE in of over 100 NHS staff in 2016, the charity took on a potential redundancy liability in excess of £1,000,000. However, the trustees view the possibility of unplanned closure as very unlikely. There is always going to be significant demand for end of life care in Cambridgeshire. Even if the charity was no longer providing end of life care, it is very likely that the NHS staff who transferred in under TUPE in August 2015 would transfer out under TUPE to a new provider. And, in extremis, the charity's balance sheet (net of the secured loan to Cambridgeshire County Council) would provide additional resources beyond reserves to fund a solvent liquidation.

Management and trustees have prepared detailed month-by-month budgets for the year ending 31 March 2018, and less detailed projections for the following years. No material uncertainties related to events or conditions that may cast doubt about the ability of the charity to continue as a going concern over the next two years have been identified by the trustees. Accordingly, the trustees are of the view that the charity is a going concern.

Investment policy

In accordance with the charity's constitution, the trustees have the power to invest in such stocks, shares, investments and property as they see fit.

The trustees are mindful of the recommendation of the Charity Commission with regard to the management of investments and have set up a sub group of the Finance Committee to focus on investment. The charity has also developed a formal investment policy and strategy which has been approved by the trustees.

No investment is knowingly made directly in tobacco and related products or in any other products to correct the position and reported to the trustees.

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OBJECTIVES FOR THE NEXT 12 MONTHS

In setting objectives for the year ending 31 March 2017, trustees recognise the appropriateness of continuing with this year's objectives, and also the need to continually change, evolve and improve the charity's services. Accordingly, the charity's aims are to:

Objective 1: Patient Safety and refining quality governance processes.

Patient safety and experience

We will utilise the Sentinel incident reporting system to support our culture of learning and continuous improvement.

All modules will be used: risk register, risk assessment, complaints and concerns, incident reporting. These elements will continue to inform our quality governance processes.

All staff will receive training on how to use the SENTINEL system.

All staff will receive training on continuous improvement using learning from incidents and audit as applicable.

Monitoring and refining information flows throughout organisation and to the Board.

Ensuring that a process of 'Continuous improvement' is embedded in our services, we will work with staff to understand the value of continuous improvement and work with them on how to share information and 'close the loop'. Whilst we have made good progress, there is more we can do to improve.

Refreshing Terms of Reference of committees.

Our CEO, together with the new Chair, will start a programme of work to review the terms of reference and committee structure that reports to the trustee board. This will filter through our whole structure and meeting agendas will reflect this in light of our new organisation.

Objective 2: Working with our staff to achieve excellence through transformation.

So we've moved....cultural development. Following on from the workshops we completed with staff before we moved, further workshops are planned, called 'So we've moved....'. Part of these will be to review the building and maximising its potential but also taking time to hear staff stories about the move and how it has impacted on them, teams and working practices. This is seen as a way of 'closing the loop' on the move but also re-grouping and moving on with the new 5-year vision and strategy.

Workforce development

The human resources team with the senior leadership team will complete a workforce review and development plan. Being mindful of the recruitment challenges for our key staff, we are keen to be innovative and use opportunities such as apprenticeships to attract and train our workforce for the future. At the same time we will work with existing employees to ensure they are trained and remain with the charity for the long term.

Objective 3: Updating our provision of care according to changing guidance and available evidence.

Research development.

A key pillar of palliative and end of life care particularly the work of hospices is to improve the knowledge base through both education and research. In the last twelve months, we have had a research forum and stakeholder event and benchmarked ourselves against the Hospice UK Research framework. The research framework for hospices, outlined in the report by Sheila Payne's et al describes three levels of research-focused participation within hospice care settings:

ARTHUR RANK HOSPICE CHARITY

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

- Level one: Research awareness in all professional staff
- Level two: Engagement in research generated by others
- Level three: Engagement in research activities and leadership in developing and undertaking research

At present, we are at level two, actively involved in research generated by others. As we look forward, we will seek to continue this level of research and work with partners to achieve level three in time.

OACC (Outcome Assessment and Complexity Collaborative)

We will continue to introduce the OACC suite of tools over the coming year. Particular attention will be focused on training our staff on how to ensure that the tools enhance our person-centred care. We will also maximise the type of information we can gain from correctly setting up the data entry and templates within System One.

Recommended Summary Plan for Emergency care and treatment (ReSPECT)

Our Addenbrookes colleagues have been instrumental in the national development of the ReSPECT plan and we will work with them and other providers to introduce this plan where appropriate for our patients. An addition to 'do not attempt resuscitation' documents and 'advanced decision to refuse treatment' that we use regularly, ReSPECT enables plans for agreed levels of care up to and including resuscitation. This will facilitate vital communication and documentation to enhance quality of care, decisions and appropriate access to timely care.

Carers' support

In the next twelve months we will be working with our Hospice User Group (HUG) members and informal carers of those within our services to scope what can be provided within both the new Arthur Rank building and at the Alan Hudson centre to support informal carers. This will also look at the opportunities to support those who are bereaved. 'Arthurs Shed' in the grounds of the new hospice is a separate space which we are keen to develop to offer different groups and activities.

Objective 4: Reaching our diverse populations.

We will continue to work with the diverse communities of Cambridgeshire. There are a number of service developments that are underway to specifically deliver care to different members of the community. From working with the local children's hospice to improve the transition process from children's to adult services to building strong relationships with our different faith communities through our community engagement project. Identifying and working on new models of care for people in rural Cambridgeshire where a lack of services and the challenges of rurality impact on access to good end of life care.

Objective 5: Seeking and hearing our patients' voices

The Hospice User Group (HUG) is becoming established and over the next 12 months we are keen to enable the members (all patients and carers) to influence and act as a critical friend in our service developments and reviews.

Objective 6: Utilising our new building at Shelford Bottom.

After the move, our aim is to ensure that the fabulous new facility is used to its full potential. In the next year we will seek to:

ARTHUR RANK HOSPICE CHARITY

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

- Open additional 11 beds
- Develop the activity programme in 'Arthur's shed'
- Work with our volunteers to ensure we support them and use them effectively

Objective 7: Alan Hudson Centre Wisbech

Redevelopment of the Alan Hudson Centre in Wisbech is a long held ambition of ours and with the support of a project officer and the centre's Matron, the charity are keen to expand and redevelop the facility to provide more space and in time improve access to services.

Objective 8: Focussing on financial stability.

A key part of our five year strategy under development will be to ensure that we continue to have a sound financial and business basis for the work we do. This particularly includes seeking to establish a degree of financial stability, to enable us to develop our services in the way we need to. This will require ongoing financial prudence and creativity and in particular maintaining and developing income streams. Particular focus will be on developing fundraising capacity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The charity is a charitable company limited by guarantee. The company was incorporated under a Memorandum of Association on 25 November 2009 and is a registered charity, number 1133354. It received charitable status on 21 December 2009. The members of the company are the trustees named on page 1. In the event of the company being wound up, the liability of trustees and members in respect of the guarantee is limited to £10 each.

The charity previously operated as an unincorporated charity which was founded in 1981 and established by Trust Deed in 1982. With effect from 1 February 2010, the assets of the unincorporated charity, renamed Arthur Rank House Hospice Charity, registered charity number 1133354-1 (formerly number 283353), were transferred to the charitable company. Under a Uniting Order dated 29 April 2010, Arthur Rank House Hospice Charity is now treated as part of Arthur Rank Hospice Charity.

The trustees that served during the year were:

Isabel Napper, Chair of Trustees (appointed 1 May 2017)
Stuart Evans, Chair of Trustees (resigned 31 May 2017)
Chris Banks (retired 9 September 2016)
Jennifer Brook
Edward Coe (retired 1 April 2017)
Dr Arnold Fertig (appointed 8 March 2017)
Graeme Jones
Stephen Kay
Kate Kirk
Mark Lloyd
Dr Alex Manning
Lee Maughan (appointed 14 December 2016)
Stephen Potter (retired 30 April 2017)
Jennifer Raine
John Short
Rosy Stamp

ARTHUR RANK HOSPICE CHARITY

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

Andy Swarbrick (resigned 1 April 2017)
Dr Michael Williams (retired 30 May 2016)
Liz Winter (appointed 14 December 2016)

Biographical details of all trustees are included in the Annual Review and at www.arhc.org.uk

The charity is grateful to Stuart Evans, Andy Swarbrick, Ed Coe and Stephen Potter the trustees who have recently left the board, for their contribution to the transformation of the charity over recent years.

Appointment of trustees

The charity has appropriate policies and procedures in place for the recruitment, appointment and training of new trustees. In accordance with Charity Commission recommendations, the charity is aware of the importance of a diverse range of skills, background and experience among trustees to ensure good governance. The usual approach to recruitment is to advertise vacancies, but where specific skills or experience are required to strengthen the board's expertise, the charity will seek out people with those skills and ask them to apply. These candidates are then interviewed and considered in the normal way.

Trustees are usually appointed for an initial period of three years which may, subject to satisfactory performance, be renewed for up to two further terms of three years each. A trustee would not normally serve for more than nine years.

The induction and training of new trustees

New trustees are provided with an induction pack which includes the charity's constitution, accounts and annual reports together with Charity Commission publications relating to the role of a trustee and material from the Hospice UK induction pack. They are encouraged to attend the Palliative Care Overview course run at Arthur Rank House, which covers:

- the background and history of the hospice movement and palliative care;
- the working arrangements between the charity and the NHS;
- clinical aspects of the care at the hospice; and
- strategy, expenditure, income generation and other detailed information about the charity.

Trustees are also invited to observe service delivery where appropriate and feasible. This year, for example, trustees have attended day therapy sessions, and visited the Alan Hudson Centre at Wisbech.

Remuneration Policy

The key management personnel of the charity and the group comprise the trustees and the senior leadership team, being the CEO, the Deputy CEO/Director of Clinical Services, the Finance Director, the Medical Director and the Director of Fundraising and Communications, all of whom currently work full time for the charity.

The Deputy CEO/Director of Clinical Services and Medical Director transferred in from the NHS in August 2015, and continue to be paid in accordance with the NHS salary framework. Their roles are assigned to individual NHS Salary Bands (pay for which the NHS increases each year by about 1%). Subject to satisfactory performance, they also receive annual increments on the anniversary of their appointment until they reach the top of their Band. Salaries of other key management personnel are reviewed annually by trustees, taking into account salaries paid for comparable roles in similar organisations. There are third party salary surveys of remuneration in the hospice sector and charities more generally which provide helpful input to this process. Where senior employees take on significant new responsibilities during the year, salaries are adjusted accordingly.

Trustees serve pro bono and voluntarily.

ARTHUR RANK HOSPICE CHARITY

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

The trustees created a Remuneration and Selection Committee in June 2016 to provide greater focus, oversight and expertise on these matters, given the charity's increased workforce post-independence. This committee's main task during the year has been to appoint a new Chair.

Organisational structure and decision making

The trustees set the strategic agenda and general policy of the charity. The day to day affairs of the charity are managed by the CEO, who reports to the chair of trustees. The CEO presents comprehensive reports to the trustees at board meetings, which are held at least quarterly.

Within the organisation there are also a number of sub-committees, which are set-up to review each aspect of governance in more detail. Each sub-committee is made up of trustees and supported by senior staff. Each committee reports back to the board of trustees.

The structure and membership of these formal committees is detailed below:

Clinical Governance:

Dr Alex Manning (Chair)
Dr Arnold Fertig (Trustee)
Graeme Jones (Trustee)
Kate Kirk (Trustee)
Rosy Stamp (Trustee)
John Short (Trustee)
Lorraine Petersen (Medical Director)
Liz Webb (Deputy CEO & Director of Clinical Services)
Lynn Morgan (CEO)

Finance Committee:

Jenny Raine (Trustee)
Jennifer Brook (Trustee)
Lee Maughan (Trustee)
Lynn Morgan (CEO)
Karen Field (Director of Finance)

Remuneration and Selection Committee:

Jennifer Brook (Chair)
Rosy Stamp (Trustee)
John Short (Trustee)
Mark Lloyd (Trustee)

Trading Company Board:

Lynn Morgan (Chair)
Karen Field (Director of Finance)
Kate Sibley (Executive Assistant)
Kate Kirk (Trustee)
Lee Maughan (Trustee)

There is also a formal scheme of delegation in place which sets out roles, responsibilities and decision making thresholds, and this has been updated in light of the changes at the charity in the last 12 months.

ARTHUR RANK HOSPICE CHARITY

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

A comprehensive risk register is maintained by the senior leadership team and reviewed by the trustees at least twice a year, and more frequently if necessary.

For each specific risk, the register describes the risk and assesses the level of risk, the likelihood of it happening and the potential impact. The register also includes proposed mitigation for each risk.

Risks listed in the current register include: changes to the health economy which negatively impact on service delivery; possible drop in income from fundraising and other sources; moving to the new hospice; damaging assessments by the CQC or other regulatory bodies; reputational damage to the hospice; information/data security breaches and management of clinical risk.

Beyond the specific mitigation strategies for each risk, the trustees take the strategic view that the overarching risk mitigation strategy is to ensure that the charity is well led by its senior leadership team, supervised and supported by the board of trustees.

TRUSTEES' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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

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

ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2017

PROVISION OF INFORMATION TO AUDITORS

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 charitable company and the group's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report was approved by the trustees on 13.09.2017 and signed on their behalf by:

.....
I Napper - Chair of Trustees

ARTHUR RANK HOSPICE CHARITY

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2017**

Trustees

Jennifer Brook
Arnold Fertig
Graeme Jones
Stephen Kay
Kate Kirk
Mark Lloyd
Dr Alex Manning
Lee Maughan
Isabel Napper
Jennifer Raine
John Short
Rosy Stamp
Elizabeth Winter

Company registered number

07086155

Charity registered number

1133354

Registered office

Cherry Hinton Road
Shelford Bottom
Cambridge
CB22 3FB

Senior Management Team

Dr Lynn Morgan - Chief Executive Officer (CEO)
Liz Webb - Deputy CEO & Director of Clinical Services

Lorraine Peterson - Medical Director
Karen Field - Finance Director
Donna Talbot - Director of Fundraising & Communications

Biographical details of each member of the Senior Management Team are available at www.arhc.org.uk

Company Secretary

Lynne Hayes

Independent Auditors

Peters Elworthy & Moore
Chartered Accountants
Salisbury House
Station Road
Cambridge
CB1 2LA

ARTHUR RANK HOSPICE CHARITY

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

Bankers

Barclays Bank plc
Mortlock House
Vision Park
Histon
Cambridge
CB24 9DE

Website

www.arhc.org.uk

ARTHUR RANK HOSPICE CHARITY

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTHUR RANK HOSPICE CHARITY

We have audited the financial statements of Arthur Rank Hospice Charity for the year ended 31 March 2017 which comprise the group Statement of financial activities, the group and company Balance sheets, the group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard FRS102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS102')'.

This report is made solely to the charitable company's trustees, 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 trustees those matters we are required to state to them in an Auditors' 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 its trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the trustees' responsibilities statement, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report, incorporating the Group Strategic Report, for the

ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTHUR RANK HOSPICE CHARITY

financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In light of our knowledge and understanding of the charitable Company and its environment obtained in the course of the audit; we have not identified material misstatements in the Trustees' Report.

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

- the parent charitable company has not kept adequate accounting records, 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.

Paul Chapman (Senior statutory auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date: 22.09.2017

ARTHUR RANK HOSPICE CHARITY

(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating Income and Expenditure account)
FOR THE YEAR ENDED 31 MARCH 2017

	Note	Restricted funds 2017 £	Restricted Capital Appeal 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and legacies	2	136,551	1,105,061	1,212,715	2,454,327	2,903,267
Other trading activities	3	7,570	414,759	896,618	1,318,947	749,402
Charitable Activities	4	3,642,970	-	215,130	3,858,100	2,676,487
Investments	5	-	-	7,325	7,325	40,467
TOTAL INCOME		<u>3,787,091</u>	<u>1,519,820</u>	<u>2,331,788</u>	<u>7,638,699</u>	<u>6,369,623</u>
EXPENDITURE ON:						
Raising funds	8	-	54,145	714,952	769,097	572,265
Charitable activities	9	<u>3,835,397</u>	<u>33,307</u>	<u>1,614,051</u>	<u>5,482,755</u>	<u>3,740,325</u>
TOTAL EXPENDITURE	7	<u>3,835,397</u>	<u>87,452</u>	<u>2,329,003</u>	<u>6,251,852</u>	<u>4,312,590</u>
NET INCOME BEFORE INVESTMENT GAINS/(LOSSES)						
		(48,306)	1,432,368	2,785	1,386,847	2,057,033
Net (losses)/gains on investments		-	-	-	-	(6,512)
NET (EXPENDITURE) / INCOME		(48,306)	1,432,368	2,785	1,386,847	2,050,521
Transfers	20	<u>8,063</u>	<u>(3,614,005)</u>	<u>3,605,942</u>	-	-
NET MOVEMENT IN FUNDS		(40,243)	(2,181,637)	3,608,727	1,386,847	2,050,521
RECONCILIATION OF FUNDS:						
Total funds at 1 April 2016		<u>357,078</u>	<u>2,181,637</u>	<u>6,024,346</u>	<u>8,563,061</u>	<u>6,512,540</u>
TOTAL FUNDS AT 31 MARCH 2017		<u>316,835</u>	<u>-</u>	<u>9,633,073</u>	<u>9,949,908</u>	<u>8,563,061</u>

All activities relate to continuing operations.
The notes on pages 26 to 44 form part of these financial statements.

ARTHUR RANK HOSPICE CHARITY

(A company limited by guarantee)
REGISTERED NUMBER: 07086155

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		11,692,352		6,116,424
CURRENT ASSETS					
Stocks	16	6,015		15,815	
Debtors	17	811,835		887,280	
Cash at bank and in hand		<u>1,951,668</u>		<u>2,736,580</u>	
		2,769,518		3,639,675	
CREDITORS: amounts falling due within one year	18	<u>(840,792)</u>		<u>(1,193,038)</u>	
NET CURRENT ASSETS			<u>1,928,726</u>		<u>2,446,637</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,621,078</u>		<u>8,563,061</u>
CREDITORS: amounts falling due after one year	19		<u>(3,671,170)</u>		<u>-</u>
NET ASSETS			<u>9,949,908</u>		<u>8,563,061</u>
CHARITY FUNDS					
Restricted funds	20		316,835		2,538,715
Unrestricted funds	20		<u>9,633,073</u>		<u>6,024,346</u>
TOTAL FUNDS			<u>9,949,908</u>		<u>8,563,061</u>

The financial statements were approved by the trustees and authorised for issue on 13.09.2017 and signed on their behalf by:

.....
I Napper - Chair of Trustees

The notes on pages 26 to 44 form part of these financial statements.

ARTHUR RANK HOSPICE CHARITY

(A company limited by guarantee)
REGISTERED NUMBER: 07086155

COMPANY BALANCE SHEET
AS AT 31 MARCH 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		12,341,055		6,494,350
Investments	15		<u>10,001</u>		<u>10,001</u>
			12,351,056		6,504,351
CURRENT ASSETS					
Stocks	16	1,651		4,115	
Debtors	17	1,008,080		959,277	
Cash at bank and in hand		<u>1,635,100</u>		<u>2,180,448</u>	
		2,644,831		3,143,840	
CREDITORS: amounts falling due within one year	18	<u>(738,549)</u>		<u>(719,650)</u>	
NET CURRENT ASSETS			<u>1,906,282</u>		<u>2,424,190</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,257,338</u>		<u>8,928,541</u>
CREDITORS: amounts falling due after one year	19		<u>(3,671,170)</u>		<u>-</u>
NET ASSETS			<u>10,586,168</u>		<u>8,928,541</u>
CHARITY FUNDS					
Restricted funds	20		316,835		2,538,715
Unrestricted funds			<u>10,269,333</u>		<u>6,389,826</u>
TOTAL FUNDS			<u>10,586,168</u>		<u>8,928,541</u>

The financial statements were approved by the trustees and authorised for issue on 13.09.2017 and signed on their behalf by:

.....
I Napper - Chair of Trustees

The notes on pages 26 to 44 form part of these financial statements.

ARTHUR RANK HOSPICE CHARITY**(A company limited by guarantee)**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	22	<u>4,981,936</u>	<u>2,251,525</u>
Cash flows from investing activities:			
Dividends and interest from investments		-	40,467
Purchase of property, plant and equipment		<u>(5,766,848)</u>	<u>(5,773,376)</u>
Net cash (used in)/ investing activities		<u>(5,766,848)</u>	<u>(5,732,909)</u>
Change in cash and cash equivalents in the Year		(784,912)	(3,481,384)
Cash and cash equivalents brought forward		<u>2,736,580</u>	<u>6,217,964</u>
Cash and cash equivalents carried forward	23	<u>1,951,668</u>	<u>2,736,580</u>

The notes on pages 26 to 44 form part of these financial statements.

ARTHUR RANK HOSPICE CHARITY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Arthur Rank Hospice 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.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. There are no significant areas of adjustment and key assumptions that affect items in the accounts.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

The income and expenditure account for the year dealt with in the accounts of the charitable company was £1,657,627 (2016 - net income £2,050,521).

1.2 COMPANY STATUS

The charity is a company limited by guarantee. The members of the charity are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

1.3 FUND ACCOUNTING

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

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

ARTHUR RANK HOSPICE CHARITY

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1.4 INCOME

All income is recognised once the group has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised and readers should refer to the trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Donated goods for resale are recognised once sold.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the group; this is normally upon notification of the interest paid or payable by the Bank.

Grants in the form of donations are recognised when received or, before receipt if it becomes reasonable certain that the donation will be received and the value of the income can be reliably measured.

Lottery income is recognised in the period to which it relates and events income is recognised when the event has occurred.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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1.5 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Fundraising costs include the cost of running the shops. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include governance costs. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Support costs have been allocated between cost of raising funds and expenditure on charitable activities based on direct costs.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

1.6 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures, fittings, equipment & artwork	- 10-33% straight line
Hospice	- 1 – 43% straight line
Leasehold land	- 1% straight line

The range of depreciation rates of the hospice reflect the various components.

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1.8 STOCKS

Purchased stocks are valued at the lower of cost and net realisable value after making allowance for obsolete and slow moving stock.

1.9 DEBTORS

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

1.10 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 CREDITORS AND PROVISIONS

Creditors and provisions are recognised where the group 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.

1.12 FINANCIAL INSTRUMENTS

The group only has basic financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of loans which are subsequently measured at amortised cost using the effective interest method.

1.13 PENSIONS

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year. The charity also contributes to the NHS defined benefit scheme for members of staff who transfer to it with NHS pension scheme membership. It is not possible to identify the charity's share of assets and liabilities in this scheme and therefore contributions are accounted for as if they were made to a defined contribution scheme.

1.14 GOING CONCERN

The trustees have reviewed the financial position of the group and have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on the going concern basis.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. INCOME FROM DONATIONS AND LEGACIES

	Restricted funds 2017 £	Restricted Capital Appeal 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	95,941	726,560	791,667	1,614,168	1,451,592
Legacies	35,610	-	370,870	406,480	605,575
Grants	5,000	378,501	50,178	433,679	846,100
Total donations and legacies	<u>136,551</u>	<u>1,105,061</u>	<u>1,212,715</u>	<u>2,454,327</u>	<u>2,903,267</u>

In the year ended 31 March 2016 of the total income from donations and legacies £824,641 was attributable to unrestricted funds, £1,545,070 was attributable to the restricted capital appeal and £533,556 was attributable to other restricted funds.

3. INCOME FROM FUNDRAISING

	Restricted funds 2017 £	Restricted Capital Appeal 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Events and fundraising	7,427	199,019	319,465	525,911	302,580
Other	143	215,740	55,348	271,221	29,943
Shop income	-	-	318,023	318,023	239,349
Lottery income	-	-	203,792	203,792	177,530
	<u>7,570</u>	<u>414,759</u>	<u>896,618</u>	<u>1,318,947</u>	<u>749,402</u>

In the year ended 31 March 2016 of the total fundraising income £690,298 was attributable to unrestricted funds, £55,026 was attributable to the restricted capital appeal and £4,078 was attributable to other restricted funds.

Included in other (restricted and unrestricted) is £264,739 (2016: £9,536) of gifts in kind, including a sculpture (value £11,887) and artwork (values £161,000) for the new hospice.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

4. INCOME FROM CHARITABLE ACTIVITIES

	Restricted funds 2017 £	Restricted Capital Appeal 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Grant from CCG to deliver end of life care	3,641,478	-	-	3,641,478	2,416,705 ²
Other statutory income	585	-	195,755	196,340	236,751
Education	-	-	16,045	16,045	22,516
Other	907	-	3,330	4,237	515
	<u>3,642,970</u>	<u>-</u>	<u>215,130</u>	<u>3,858,100</u>	<u>2,676,487</u>

In the year ended 31 March 2016 of the total income from charitable activities, £98,120 was attributable to unrestricted funds and £2,578,367 was attributable to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	-	-	35,082
Interest	7,325	7,325	5,385
	<u>7,325</u>	<u>7,325</u>	<u>40,467</u>

In the year ended 31 March 2016 all of the total investment income was attributable to unrestricted funds.

6. NET INCOME FROM TRADING ACTIVITIES OF THE SUBSIDIARIES

The charity has two wholly owned subsidiaries which are incorporated in the UK. Arthur Rank Hospice Limited operates the fundraising trading arm of Arthur Rank Hospice Charity through the operation of charity shops and other trading activities. ARHC Property Limited has been established to provide design and build services to the charity. The companies covenant their taxable profits to Arthur Rank Hospice Charity. A summary of the companies' results is shown below. Their accounts will be filed with the Registrar of Companies.

² All figures of income from the CCG for the prior year are for 8 months only as the charity began the contract in August 2015

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NOTES TO THE FINANCIAL STATEMENTS
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6. NET INCOME FROM TRADING ACTIVITIES OF THE SUBSIDIARIES (continued)

ARTHUR RANK HOSPICE LIMITED

	2017	2016
	£	£
PROFIT AND LOSS ACCOUNT		
Turnover	521,806	416,879
Cost of sales	<u>(38,458)</u>	<u>(7,658)</u>
Gross profit	483,348	409,221
Administrative expenses	<u>(239,495)</u>	<u>(172,968)</u>
Profit before covenant	243,853	236,253
Amount covenanted to Arthur Rank Hospice Charity	<u>(237,253)</u>	<u>(238,304)</u>
(Loss)/ Profit on ordinary activities before interest	6,600	(2051)
Interest receivable and similar income	<u>46</u>	<u>128</u>
(Loss)/ Profit for the financial period	<u><u>6,646</u></u>	<u><u>(1,923)</u></u>

	2017	2016
	£	£
BALANCE SHEET		
Tangible fixed assets	8,603	1,956
Current assets	295,092	293,904
Current liabilities	<u>(272,645)</u>	<u>(271,457)</u>
Aggregate share capital and reserves	<u><u>31,050</u></u>	<u><u>24,403</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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6. NET INCOME FROM TRADING ACTIVITIES OF THE SUBSIDIARIES (continued)

ARHC PROPERTY LIMITED

	2017 £	2016 £
PROFIT AND LOSS ACCOUNT		
Turnover	5,494,114	6,001,062
Cost of sales	<u>(5,214,468)</u>	<u>(5,634,761)</u>
Gross profit	279,646	366,301
Administrative expenses	<u>(2,223)</u>	<u>(1,560)</u>
Profit before covenant	277,423	364,741
Amount covenanted to Arthur Rank Hospice Charity	<u>(277,423)</u>	<u>(364,741)</u>
Profit for the financial period	<u>-</u>	<u>-</u>

	2017 £	2016 £
BALANCE SHEET		
Current assets	161,220	823,045
Current liabilities	<u>(161,219)</u>	<u>(823,044)</u>
Aggregate Share Capital & Reserves	<u>1</u>	<u>1</u>

7. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Direct Costs 2017 £	Support Costs 2017 £	Total 2017 £	Total 2016 £
Fundraising (note 8)	693,107	75,990	769,097	572,265
Hospice services (note 9)	<u>4,204,610</u>	<u>1,278,145</u>	<u>5,482,775</u>	<u>3,740,325</u>
	<u><u>4,897,717</u></u>	<u><u>1,354,135</u></u>	<u><u>6,251,852</u></u>	<u><u>4,312,590</u></u>

ARTHUR RANK HOSPICE CHARITY

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**NOTES TO THE FINANCIAL STATEMENTS
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8. FUNDRAISING COSTS

	Direct Costs 2017 £	Support Costs 2017 £	Total 2017 £	Total 2016 £
Challenges	27,690	4,967	32,658	38,412
Collections	11,056	1,983	13,039	19,020
Community fundraising costs	75,045	13,461	88,506	68,010
Events	64,276	11,529	75,805	56,581
Other fundraising costs	221,277	39,690	260,967	215,006
Corporate	11,519	2,066	13,585	610
Legacies	9,290	1,666	10,956	-
Trusts	3,500	628	4,128	-
Shop costs	269,454	-	269,454	174,626
Total	<u>693,107</u>	<u>75,990</u>	<u>769,097</u>	<u>572,265</u>

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct Costs 2017 £	Support Costs 2017 £	Total 2017 £	Total 2016 £
Day Therapy	281,430	85,551	366,981	307,692
Education	123,597	37,572	161,169	103,601
Hospice at home	794,749	241,593	1,036,342	803,441
Alan Hudson centre	272,400	82,806	355,206	200,664
In-patient unit	1,795,299	545,747	2,341,046	1,437,527
Lymphoedema clinic	251,911	76,577	328,488	209,837
Patient and family support team	180,294	54,807	235,101	199,033
Specialist palliative care team	338,571	102,921	441,492	265,555
Nursing technology fund	49,915	15,174	65,089	98,034
Complementary therapy	25,294	7,689	32,983	8,163
Cancer nursing support	-	-	-	7,383
Equipment	4,896	1,488	6,384	8,559
Voluntary services	52,947	16,095	69,042	90,836
New Hospice Build	33,307	10,125	43,432	-
Total	<u>4,204,610</u>	<u>1,278,145</u>	<u>5,482,755</u>	<u>3,740,325</u>

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9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

Of the total expenditure incurred in the year ended 31 March 2016, £2,924,370 was attributable to restricted funds and the capital appeal and £1,388,220 was attributable to unrestricted funds.

10. SUPPORT AND GOVERNANCE COSTS

	Staff costs 2017 £	Rent 2017 £	Other 2017 £	Loan financing costs 2017 £	Total 2017 £	Total 2016 £
Facilities: Estates and catering	104,756	-	150,964	-	255,720	-
Central costs	341,598	156,171	(46,202)	102,879	554,446	342,008
Finance	144,788	-	17,190	-	161,978	139,361
Human resources	31,702	-	57,129	-	88,831	47,557
Independence	-	-	659	-	659	24,578
IT	50,342	-	116,964	-	167,306	54,440
Public relations	35,233	-	2,951	-	38,184	27,034
Sub-total	708,419	156,171	299,655	102,879	1,267,124	634,978
Governance	63,383	-	23,628	-	87,011	84,349
Total	<u>771,802</u>	<u>156,171</u>	<u>323,283</u>	<u>102,879</u>	<u>1,354,135</u>	<u>719,327</u>

Support and governance costs have been allocated to activities first in accordance with the sum that has been agreed as reclaimable under the grant agreement. The remaining cost has been allocated in proportion to the direct costs.

11. EXPENDITURE BY TYPE

	Charitable Direct Costs 2017 £	Fundraising Direct costs 2017 £	Support Costs 2017 £	Total 2017 £	Total 2016 £
Staff costs	3,269,381	370,953	771,801	4,412,135	3,147,956
Leases and rent	36,358	53,275	156,171	245,804	329,184
Depreciation	10,032	2,017	179,103	191,152	10,101
Loan financing costs	-	-	102,879	102,879	-
Other	888,839	266,862	144,181	1,299,882	825,349
Total	<u>4,204,610</u>	<u>693,107</u>	<u>1,354,135</u>	<u>6,251,852</u>	<u>4,312,590</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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12. STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,710,803	2,729,519
Social security costs	308,286	171,067
Other pension costs	393,046	247,370
	<u>4,412,135</u>	<u>3,147,956</u>

The average monthly number of employees was:

	No.	No.
Arthur Rank Hospice Charity		
Fundraising and communications	11	9
Clinical Services	112	79
Support and governance	20	8
Arthur Rank Hospice Limited	9	6
	<u>152</u>	<u>102</u>

The average full time equivalent number of employees was:

	No.	No.
Arthur Rank Hospice Charity		
Clinical services	84	60
Fundraising and communications	9	7
Support and governance	18	7
Arthur Rank Hospice Limited	6	4
	<u>117</u>	<u>78</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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12. STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL (Continued)

The number of higher paid employees who were paid above £60,000 was:

	2017	2016
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	2	1
In the band £80,001 - £90,000	1	-
	<u>5</u>	<u>2</u>

The key management personnel of the charity and the group comprise the trustees and the senior leadership team being the CEO, the Deputy CEO/Director of Clinical Services, the Finance Director, the Medical Director and the Director of Fundraising and Communications. The total employment costs including salaries, employer pension contributions and employers' national insurance of key management personnel were £427,319 (2016 - £352,101).

During the year no trustee (a) was paid or received any other benefits from employment; (b) was reimbursed expenses; or (c) received payment for professional or other services (2016 - £Nil).

13. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charitable group	190,919	10,101
Auditors' remuneration	13,050	11,479
Auditors' remuneration - accounts	7,650	3,200
Auditors' remuneration - tax	990	965
Auditors' remuneration - other services	<u>10,716</u>	<u>2,399</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

14. TANGIBLE FIXED ASSETS

GROUP	Hospice Building	Assets under construction	Leasehold Land	Fixtures, fittings & equipment	Total
	£	£	£	£	£
COST					
At 1 April 2016	-	5,963,167	120,000	64,546	6,147,713
Additions	-	5,216,691	-	550,156	5,766,847
Disposal	-	-	-	(874)	(874)
Transfers	<u>11,179,858</u>	<u>(11,179,858)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2017	<u>11,179,858</u>	<u>-</u>	<u>120,000</u>	<u>613,828</u>	<u>11,913,686</u>
DEPRECIATION					
At 1 April 2016	-	-	-	31,289	31,289
Charge for the Year	134,735	-	500	55,684	190,919
Depreciation on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(874)</u>	<u>(874)</u>
At 31 March 2017	<u>134,735</u>	<u>-</u>	<u>500</u>	<u>86,099</u>	<u>221,334</u>
NET BOOK VALUE					
At 31 March 2017	<u>11,045,123</u>	<u>-</u>	<u>119,500</u>	<u>527,729</u>	<u>11,692,352</u>
At 31 March 2016	<u>-</u>	<u>5,963,167</u>	<u>120,000</u>	<u>33,257</u>	<u>6,116,424</u>
COMPANY	Hospice Building	Assets under construction	Leasehold Land	Fixtures, fittings & equipment	Total
	£	£	£	£	£
COST					
At 1 April 2016	-	6,343,049	120,000	41,207	6,504,256
Additions	-	5,494,114	-	541,634	6,035,748
Transfer	<u>11,837,163</u>	<u>(11,837,163)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2017	<u>11,837,163</u>	<u>-</u>	<u>120,000</u>	<u>582,841</u>	<u>12,540,004</u>
DEPRECIATION					
At 1 April 2016	-	-	-	9,906	9,906
Charge for the Year	134,735	-	500	53,808	189,043
At 31 March 2017	<u>134,735</u>	<u>-</u>	<u>500</u>	<u>63,714</u>	<u>198,949</u>
NET BOOK VALUE					
At 31 March 2017	<u>11,702,428</u>	<u>-</u>	<u>119,500</u>	<u>519,127</u>	<u>12,341,055</u>
At 31 March 2016	<u>-</u>	<u>6,343,049</u>	<u>120,000</u>	<u>31,0301</u>	<u>6,494,350</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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15. FIXED ASSET INVESTMENTS

COMPANY	Shares in group undertakings £
AT COST	
At 1 April 2016 and 31 March 2017	<u><u>10,001</u></u>

16. STOCKS

	GROUP		COMPANY	
	2017 £	2016 £	2017 £	2016 £
Finished goods and goods for resale	<u>6,015</u>	<u>15,815</u>	<u>1,651</u>	<u>4,115</u>

17. DEBTORS

	GROUP		COMPANY	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	17,643	110,748	11,330	110,748
Amounts owed by group undertakings	-	-	262,862	265,836
VAT recoverable	136,264	215,687	136,254	74,711
Prepayments and accrued income	327,291	254,651	266,997	201,788
Tax recoverable	10,196	17,633	10,196	17,633
Legacies receivable	320,441	288,561	320,441	288,561
	<u>811,835</u>	<u>887,280</u>	<u>1,008,080</u>	<u>959,277</u>

**18. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP		COMPANY	
	2017 £	2016 £	2017 £	2016 £
Trade creditors	90,696	903,595	87,714	77,657
Amounts owed to group undertakings	-	-	68,749	355,278
Loan due within 1 year	284,909	-	284,909	-
Other taxation and social security	87,294	70,744	85,467	70,744
Other creditors and accruals	377,893	218,699	211,710	215,971
Total	<u>840,792</u>	<u>1,193,038</u>	<u>738,549</u>	<u>719,650</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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**19. CREDITORS:
AMOUNTS FALLING DUE AFTER ONE YEAR**

	GROUP		COMPANY	
	2017 £	2016 £	2017 £	2016 £
Loan due after 1 year	<u>3,671,170</u>	-	<u>3,671,170</u>	-
	<u><u>3,671,170</u></u>	<u><u>-</u></u>	<u><u>3,671,170</u></u>	<u><u>-</u></u>

The above loan is with Cambridgeshire County Council is secured on the leasehold property at Caius Farm, Babraham Road, Cambridge. The loan is repayable over 25 years with interest being charged at 3.34%.

Included within the above loan are amounts falling due as follows:

	GROUP		COMPANY	
	2017 £	2016 £	2017 £	2016 £
Between one and two years	284,909	-	284,909	-
Between two and five years	640,000	-	640,000	-
Over five years	3,031,170	-	3,031,170	-
	<u><u>3,956,079</u></u>	<u><u>-</u></u>	<u><u>3,956,079</u></u>	<u><u>-</u></u>

20. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers £	Gains/ (losses) £	Carried forward £
DESIGNATED FUNDS						
Hospice Fund for maintenance of the Hospice	<u>4,245,947</u>	-	-	<u>3,490,327</u>	-	<u>7,736,274</u>
GENERAL FUNDS						
General Funds	1,763,996	1,809,936	(1,813,797)	115,615	-	1,875,750
Subsidiary Undertakings	<u>14,403</u>	<u>521,852</u>	<u>(515,206)</u>	-	-	<u>21,049</u>
	<u><u>1,778,399</u></u>	<u><u>2,331,788</u></u>	<u><u>(2,329,003)</u></u>	<u><u>115,615</u></u>	<u><u>-</u></u>	<u><u>1,896,800</u></u>
Total Unrestricted funds	<u><u>6,024,346</u></u>	<u><u>2,331,788</u></u>	<u><u>(2,329,003)</u></u>	<u><u>3,605,942</u></u>	<u><u>-</u></u>	<u><u>9,633,073</u></u>

A designated Hospice Fund was originally established with the view of securing the long term provision of hospice services in the region. The trustees are delighted that this has now become a reality and that the funds designated here, built up over the course of many years, have now been utilised in bringing about the new hospice at Shelford Bottom, as referenced in the trustees' report. The closing balance represents the value of the hospice (less the loan taken out to complete the build

ARTHUR RANK HOSPICE CHARITY**(A company limited by guarantee)**

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FOR THE YEAR ENDED 31 MARCH 2017**

20. STATEMENT OF FUNDS (continued)**RESTRICTED FUNDS**

	Brought forward	Income	Expenditure	Transfers	Gains/ (losses)	Carried forward
	£	£	£	£	£	£
Grant to deliver end-of life care	-	3,641,478	(3,649,541)	8,063	-	-
New Hospice Build	2,181,637	1,519,820	(87,452)	(3,614,005)	-	-
Hospice at Home	217	63,480	(63,301)	-	-	396
Alan Hudson Centre	187,363	65,168	(35,567)	-	-	216,964
Nursing Technology Fund	80,055	-	(49,915)	-	-	30,140
Cancer nursing support	23,970	-	-	-	-	23,970
Complementary Therapy	62,152	-	(25,294)	-	-	36,585
Other	3,321	16,965	(11,779)	-	-	8,507
	<u>2,538,715</u>	<u>5,306,911</u>	<u>(3,922,849)</u>	<u>(3,605,942)</u>	<u>-</u>	<u>316,835</u>
Total funds	<u>8,563,061</u>	<u>7,638,699</u>	<u>(6,251,852)</u>	<u>-</u>	<u>-</u>	<u>9,949,908</u>

Purpose of funds**Grant to deliver end of life care**

These funds are those received from the NHS to deliver end of life care and fund the services as agreed in the grant agreement. In the prior year, income was £2,416,705 (as the contract began in August 2015 so was for 8 months of the financial year), expenditure was £2,439,513 (also for 8 months of the financial year) with a transfer of £22,808. The transfer represents expenditure in excess of the grant received borne from unrestricted funds.

New Hospice Build

The restricted income comprises of donations that have been donated specifically towards the building of the new hospice at Shelford Bottom, as detailed in the trustees' report. This fund, together with the balance of the designated fund, has been utilised in the build of the new hospice. The new hospice was completed in the year and the transfer of funds represents the build costs. In the prior year, income was £1,600,096 and expenditure was £60,034.

Hospice at Home

Donations continue to be received specifically for the Hospice at Home service. In the prior year, income was £279,879 and expenditure was £279,662.

Alan Hudson Centre

These funds comprise donations made since 1 August 2015 specifically for use at the Alan Hudson Centre in Wisbech which is now managed by the charity. Some funds (£154k) were also transferred to the charity on 1 August 2015. Expenditure made from this fund all relates to the delivery of care at the Alan Hudson Centre. In the prior year, income was £205,715 and expenditure was £18,352.

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Nursing Technology Fund

In December 2015 the charity was awarded £160,120 by the Nursing Technology Fund (under the Department of Health) to ensure that the charity's community staff are able to work away from the office and update patient records using mobile devices. Laptops and mobile phones have been deployed to all staff in the hospice at home and specialist palliative care teams and all staff have been trained in updating records off-site and have realised time savings from this new way of working. In the prior year, income was £160,120 and expenditure was £80,065. We continue to employ a staff member to look after and train staff (new and existing) in the software that enables mobile working across the organisation and the fund is being used this year to fund this staff member, and any further mobile devices.

Cancer nursing support

These funds were transferred to the charity from Cambridge Community Trust (CCS) on 1 August 2015. The funds related to a cancer pilot project that was undertaken by CCS and was continued for the initial year by the staff now employed by the charity. The project is currently on-hold in discussion with CCS regarding how best to utilise these funds. In the prior year, income was £30,000 and expenditure was £6,030.

Complementary Therapy

A donation was received for developing complementary therapy services at Arthur Rank House, including the establishment of a nutrition advice. Since we have moved to the new hospice, we have established our own catering team, whose primary function is to provide nutritional meals to patients at the hospice (those on the inpatient until and attending day therapy. Funds have therefore been used during this financial year to further good nutrition for the charity's beneficiaries.

Other

This represents various funds received for specific projects. In the prior year, income was £23,582 and expenditure was £34,047.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Tangible fixed assets	-	11,692,352	11,692,352	6,116,424
Current assets	316,835	2,452,683	2,769,518	3,639,675
Creditors due within one year	-	(840,792)	(840,792)	(1,193,038)
Creditors due after one year	-	(3,671,170)	(3,671,170)	-
	316,835	9,633,073	9,949,908	8,563,061

In 2016 there was £2,538,715 of restricted current assets.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income for the year (as per Statement of financial activities)	1,386,847	2,050,521
Adjustment for:		
Depreciation charges	190,919	10,101
Dividends, interest and rents from investments		(40,467)
(Increase)/decrease in stocks	9,800	(151)
(Increase)/decrease in debtors	75,445	(731,598)
Increase/(decrease) in creditors	<u>3,318,925</u>	<u>963,119</u>
Net cash provided by operating activities	<u><u>4,981,936</u></u>	<u><u>2,251,525</u></u>

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	<u>1,951,668</u>	<u>2,736,580</u>
Total	<u><u>1,951,668</u></u>	<u><u>2,736,580</u></u>

24. CAPITAL COMMITMENTS

At 31 March 2017 the group and company had capital commitments as follows:

	GROUP		COMPANY	
	2017 £	2016 £	2017 £	2016 £
Contracted for but not provided in these financial statements	<u><u>-</u></u>	<u><u>5,007,615</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

25. PENSION COMMITMENTS

The group has operated a Defined Contribution pension scheme for many years. At 31 March 2017 28 employees were members of this scheme, to which the charity contributed 5% of their salaries. The assets of the scheme are held separately from those of the group in an independently administered fund.

The charity also contributes to the NHS Defined Benefit pension scheme for those employees who are entitled to membership (ie those who were members within a year before joining the charity). At 31 March 2017, 94 employees were members of this scheme, to which the charity contributed 14.3% of their salaries. This scheme also provides death in service and other benefits.

The pension cost charge represents contributions payable by the group to these funds and amounted to £369,490 (2016: £247,262). An amount of £55,084 (2016: £49,368) was outstanding at the year end.

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FOR THE YEAR ENDED 31 MARCH 2017**

26. OPERATING LEASE COMMITMENTS

At 31 March 2017 the total of the group's and the charity's future minimum lease payments under non-cancellable operating leases was:

GROUP	Land and buildings		2017	Other
	2017	2016		
	£	£	£	£
Within one year	84,720	113,381	3,144	3,144
Between one and no later than five years	<u>125,602</u>	<u>103,542</u>	<u>524</u>	<u>3,668</u>
CHARITY			Land and buildings	2016
			2017	2016
			£	£
Within one year			34,631	95,631
Between one and five years			<u> </u>	<u> </u>

27. RELATED PARTY TRANSACTIONS

ARHC Property Limited, a wholly owned subsidiary of Arthur Rank Hospice Charity, provided design and build services totalling £5,494,114 (2016: £6,001,062) in the period and has made a gift aid payment of its taxable profits of £277,423 (2016: £364,741) to the charity. At 31 March 2017, the company was due £68,749 (2016: £355,278) from the charity.

Arthur Rank Hospice Limited is a wholly owned subsidiary of Arthur Rank Hospice Charity. During the period, the charity charged a management fee of £8,500 (2016: £6,000) to this company. The company has made a gift aid payment of its taxable profits of £237,253 (2016: £238,304) to the charity. The company also collects sums on behalf of the charity during the year. At 31 March 2017, the company owed £262,862 (2016: £265,836) to the charity.

During the year, the charity received unrestricted donations of £1,609 and capital appeal donations of £9,336 from individual trustees (2016: £1,771 and £7,300 respectively).

28. CONTROLLING PARTY

The charity is under the control of its trustees who are listed on page 18 of the financial statements.