

Registered number: 07086155
Charity number: 1133354

ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

ARTHUR RANK HOSPICE CHARITY
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The trustees present their annual report together with the audited financial statements of the group and the company for the 1 April 2017 to 31 March 2018. The trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

This has been the first whole year in our new hospice and we now feel very much at home here. We have had visits from many other hospices interested in learning from our building experience and some hospices wanting advice on transitioning from being an NHS hospice to an independent hospice. In January we were delighted to welcome the Earl of Wessex to formally open the hospice.

Whilst we are delighted with our new facilities, we are keen to keep evolving our services. Some examples of where we have been innovative this year are: new ways of managing our lymphoedema caseload including running volunteer-led support; restructuring day therapy services enabling us to provide services to more people; trialling some daytime Hospice at Home care in the Fenland area; and opening nine nurse-led beds (NLBs) on our in-patient unit.

The financial year 2017–2018 has been very successful in terms of growth of services, patient experience and our profile, but has proved very disappointing in terms of income. The area where we have suffered most is through a dearth of legacies. Most hospices are heavily reliant on legacies and this year our income from legacies has been significantly lower than in any year in the last 14 years. There does not appear to be any obvious reason for this and we hope that the coming year will be better. We have also seen the impact of the aftermath of a capital appeal. Whilst we were running the capital appeal, people holding annual events often chose to have them in aid of the new hospice but, once the hospice was built, there has perhaps been a feeling that they 'have done their bit for the hospice'. Our nice shiny building perhaps also belies the fact that we are very dependent on our fundraising, in-memory giving and legacies.

On a more positive note, in terms of expenditure, we are controlling costs well and meeting the budget. However, the reduction in budgeted income will significantly impact on the services we are able to run going forward, unless we are able to make up the shortfall. The feedback from patients and their families has continued to be very good.

In addition to the income we generate, we also have a contract with the NHS for some of our services. Amongst the services funded by the Clinical Commissioning Group (CCG) are the 12 specialist palliative care in-patient beds. We have 23 beds in total in the hospice and since December 2017 we have been running a pilot with Addenbrooke's Hospital based on the concept of nurse-led beds for nine of these. The beds commissioned by the CCG are for complex palliative and end-of-life patients. As the needs of these patients require specialist input, we employ our own consultants and a multi-disciplinary team who ensure that the patients receive the complex care they need. However, this makes the beds relatively expensive to commission and by no means do all end-of-life patients require this level of specialist involvement. Our NLB model is to provide care for patients who are end-of-life, but primarily need specialist nursing care rather than the full specialist multi-disciplinary team.

The patients being referred to the NLBs would no longer benefit from active treatment to try to prolong their lives, they are not suitable for discharge to home but remaining in a hospital bed for their final days or weeks is, on most occasions, not the best place for them. Since the first beds opened in December, we have increased the number of beds for these patients and now have nine fully operational NLBs. The patients and their families have found the transfer to the hospice very positive. We have worked closely with the Addenbrooke's palliative and discharge planning teams to develop the governance of this pilot which has also meant we have strengthened our relationship with the acute trust and seen an increase in referrals to other parts of our service from the Addenbrooke's team. We are very hopeful that the project will continue at the end of the current phase.

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The bistro is open to the public and has proved particularly popular at lunchtimes. Income which has been above budget this year achieved a profit of £36k and we believe there are ways we can increase this even further in the coming year. Our conference and education facility has also seen a healthy growth in business in the past twelve months and is also making a good profit (£43k). Both of these areas of the hospice not only provide an income from the hospice but also bring the public into the facility, which further raises awareness of the hospice and helps dispel the myth that hospices are all about death.

And finally it would be remiss not to mention the great contribution made to the hospice by our many volunteers. We now have over 500 supporting us in roles they carry out, ranging from gardening, hosting in day therapy, flower arranging, serving meals, counselling, supporting our charity shops, donating time to support our fundraising events as well as many more areas of activity.

Isabel Napper
Chair of Trustees

GROUP STRATEGIC REPORT

Our vision

Our vision is to provide patients and their families with the highest quality end-of-life care by achieving excellence in everything we do and making every moment count.

Our mission

We will achieve this through the delivery of excellent, innovative and compassionate specialist and community-based palliative care. We will support patients with a life-limiting diagnosis to improve their quality of life and fulfil their choices at the end of their lives.

Our values

- Flexible, individual and responsive specialist palliative care
- Integrity, compassion and professionalism
- Valuing and investing in our workforce
- Equality of service
- Prudence in the management of our resources

Purpose

The Arthur Rank Hospice Charity is a Company Limited by Guarantee and our governing document is a Memorandum and Articles of Association.

The purpose of the charity is to relieve sickness and suffering of people with life-limiting conditions in Cambridgeshire and the surrounding areas 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:

- End-of-life care at Arthur Rank Hospice 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 Treatment Centre in Wisbech and in the community.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

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.

Main activities

We provide a range of services for patients with life-limiting conditions, those at the end of their lives and the families of patients.

Arthur Rank Community Team (7-day service)

Our Community Team is quite a small team with a large caseload, providing specialist palliative nursing care in the community. This service is largely funded by the CCG for Cambridge City, East and West Cambridgeshire. Our nurses make home visits as well as providing valuable support and advice by telephone. Our Community Team work closely alongside our Hospice at Home service and a centralised triage service ensures that patients are transferred quickly and smoothly between our services.

24/7 telephone advice line

Healthcare professionals can call in to the hospice at any time of the day or night for advice from one of our specialist palliative care nurses or doctors. Families of patients will also use this service for advice and support.

Hospice at Home

Our Hospice at Home service cares for up to 50 patients a month typically in their last two weeks of life and covers the whole of Cambridgeshire. Just over 70% of the service is funded by the charity with the CCG paying the balance. Research shows that most people would prefer to die at home providing they feel safe and their symptoms are well managed. Hospice at Home is not a cheaper alternative to hospice in-patient care on a per night basis, but our experience is that sometimes, providing intermittent care is all that families need, particularly if they are able to access advice. Despite our best efforts, we are routinely unable to provide care for 30% of patients who would benefit from this service. Furthermore it is the largest single area of charitable expenditure and potentially it is the area we may have to cut if our income, particularly around legacies, fails to improve.

Chaplaincy and Family Support Team

We employ a Chaplain, which is a shared cost between the CCG and the charity. Both our Chaplain and we as an organisation promote spirituality as opposed to one particular religion. Our Chaplain therefore ministers to those of the Christian faith, those of no faith and will support anyone who chooses to receive his support. We are also in close contact with representatives of other faiths and will always arrange for them to come in if a patient requests it. The Chaplain leads the Family Support Team which comprises of a social worker, psychologists, counsellors, volunteer (qualified) counsellors and bereavement support volunteers. We provide pre and post-bereavement support and other psychological care tailored to the patient or family member's need.

Evelyn Day Therapy Centre- Arthur Rank Hospice

Day Therapy provides specialist advice and support (palliative care) for adults who have a life-limiting illness. We offer individually tailored care programmes, normally for one day per week for 6–12 weeks. The specialist team includes nurses and healthcare assistants, complementary therapists, a creative activity team, volunteers, physiotherapists and occupational therapists, chaplain, psychological therapists and the specialist medical team. Day therapy is entirely funded by the charity.

Alan Hudson Day Treatment Centre (AHDTC) located at North Cambs Hospital, Wisbech

The AHDTC provides day therapy and day treatments for patients in the Fenland. Our specialist team includes a palliative clinical nurse specialist, palliative care nurses, complementary therapists, creative arts, volunteers and an administrator, with access to physiotherapy, chaplaincy and the specialist medical team. This service is largely funded by the CCG with some activities funded by the charity. The centre also provides specialist advice and support to three palliative beds on Trafford Ward at North Cambs Hospital.

In-patient Unit

The hospice In-patient Unit (IPU) has 12 specialist beds and nine NLBs.

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Specialist beds: Funding and catchment area

The beds are funded by a contract with Cambridgeshire and Peterborough CCG and are available for patients whose GP practice falls within Cambridgeshire. In exceptional circumstances, patients are admitted from outside the Cambridgeshire area, but funding must have been agreed with the relevant CCG.

The referral criteria for the specialist beds are for those aged 18 and over, who have an advanced, life-limiting illness, who have uncontrolled symptoms or a rapidly deteriorating condition, who would benefit from regular review by the specialist multidisciplinary team (MDT), and/or a daily review by a doctor. As we are a short-stay unit (average length of stay is 12 days), we aim to discharge patients whose needs are stable and could be managed elsewhere in other care settings or at home. Therefore we cannot admit people whose main need is long-term care. We also offer day case blood transfusions depending upon bed availability.

All referrals must come via a healthcare professional. Referrals are triaged every weekday, and are prioritised based on how urgently the care plan needs to change, and how much added value the MDT can offer.

Our specialist MDT consists of nurses, doctors, occupational therapists, physiotherapists, psychotherapists, chaplaincy, social worker and pharmacists. We are experienced in caring for patients with enteral and parenteral nutrition, non-invasive ventilation, tracheostomies and are able to give oxygen, intravenous medication and fluids.

As soon as the team feel the care plan can be continued elsewhere, we aim to discharge home, or to a care home if home is not possible. If extra care, support or equipment is required, we work with other agencies to provide this.

Nurse-led beds

During this period, we introduced our NLBs, opening one bed in December and gradually increasing to nine beds. These beds are funded by Cambridge University Hospital (CUH) NHS trust for patients in Addenbrooke's who would otherwise be dying in hospital, and who require non-complex nursing care. Their daily management is led by experienced nursing staff rather than the full MDT. Patients have access to the ward doctor if required. We work closely with the Addenbrooke's team to continually monitor and evaluate the project and both organisations are very pleased with the way this new service is working. Other hospices around the country are also quite keen to learn more about the service as they are interested to see if it would work for them and their local acute trusts.

Physiotherapists and occupational therapists

Our therapists work across Day Therapy, the In-patient Unit, in the community, and the out-patient Pain Management Group. Patients can be seen in their own home or within the hospice. We aim to improve quality of life and focus on rehabilitation and symptom management. The therapists focus on patients 'doing' rather than 'being done to' in order to build confidence and increase the sense of wellbeing. We have a bright and well equipped gym, and patients often surprise themselves with what they can achieve with the right equipment and support.

Lymphoedema

The Lymphoedema Clinic provides a service for those with both primary lymphoedema and those with lymphoedema secondary to cancer or cancer surgery, infection, deep vein thrombosis, dependency, etc. All patients are offered an assessment with a clinical specialist in lymphoedema and a treatment programme is agreed with them. Treatment may consist of some or all of the following: skin care, compression (this could be compression garments, wraps or bandaging), exercise programmes, simple/manual lymphatic drainage or use of compression pumps, kinesiotape and low-level light therapy.

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We aspire to support all our patients to self-manage this long-term condition and, to help with this, we offer six sessions a year at our support group to offer further education about managing lymphoedema.

We maintain close links with our referral teams at Addenbrooke's, the Tissue Viability Team and community staff. We provide two full-day education sessions for healthcare professionals each year and are currently working with the Tissue Viability Team to develop joint teaching on the management of chronic oedema and wet legs for community staff.

Complementary therapy

We offer aromatherapy, therapeutic massage (including Indian Head Massage, Reiki, Zero Balancing), reflexology and Bach Flower Remedies. These therapies are offered throughout the week to patients and carers in a series of individually tailored sessions. Our complementary therapists deliver care in the hospice or in patients' own homes.

Volunteer contribution and development

Since moving to the new hospice, we have increased the number of volunteers who support us to more than 500. Volunteers are crucial to our work as they enable us to achieve so much more than we can within our limited resources. They also add to the friendly ambience of the hospice. We have volunteers covering 45 different roles! These range from gardening, hosting in the In-patient Unit and Day Therapy, meeting and greeting at reception, cake baking, counselling, flower arranging, staffing our charity shops, fundraising and supporting our events, and many more.

Achievements in 2017/18 against our five-year strategy

We launched our five-year strategy in 2017 and in year one we have already made good progress:

Objective One. Develop our services to meet the changing needs of our population

We know that the needs of our patients are changing and will continue to change over the coming years. Research predicts that as the 'baby boomer' generations grow older, they are likely to live longer but present with more complex medical needs. In building our new hospice, we have thought about how to respond to those needs through the physical hospice environment, but we also need to continue to adapt and expand the way we work.

What we achieved in 2017–18

- We recognise that the number of people presenting with dementia is likely to increase. In this period we were fortunate to secure some funding from Dementia UK to employ an Admiral Nurse. Admiral Nurses are specialists in dementia. The nurse will be an educator and mentor to staff who are supporting patients with dementia, will provide training across the hospice to ensure we are 'dementia-friendly' as an organisation and will carry a small caseload of complex patients.
- In our strategy we identified the need to increase the space and facilities at our facility in Wisbech – the Alan Hudson Day Treatment Centre. We have secured funding and developed plans to double the size of our centre. We hope that in due course this will also enable us to increase our services.
- We are working closely with East Anglian Children's Hospice (EACH), the local children's hospice and Sue Ryder Hospice, Thorpe Hall, in Peterborough to develop activities and transition pathways for young people moving from children's to adults' services. The joint working is going well and we have developed a programme of activities for which we are currently seeking funding.
- We provide a small lymphoedema service which is oversubscribed and it has been a priority to speed up access to the system. In this period we have achieved a significant reduction in waiting-list time by introducing new systems. We have developed a close partnership with the Tissue Viability Team for management of chronic oedema patients and we have introduced volunteer-led LymphAssist clinics. The unique LymphAssist equipment replicates the basic principles of Manual Lymph Drainage (MLD) which

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helps to promote fluid transfer through the patient's lymphatic system and thus reduce swelling.

Objective 2. Broaden our reach to ensure we are meeting the need of all who would want to benefit from our care and create greater equity of services

The provision of palliative and end-of-life care is delivered across the county by a range of different healthcare professionals working in partnership. Therefore, not all services across the area are within our gift, but we will ensure that those services we deliver are delivered equitably and in more effective partnership with our other healthcare colleagues:

What we achieved in 2017–18

- In our strategy we committed to reviewing our Day Therapy activities in the hospice to increase the number of people we could support. We now have two full days (Thursday and Friday), wellbeing half days (Tuesday morning and afternoon), a Wednesday afternoon social group and an intermittent six-week HOPE (Helping Overcome Problems Effectively) programme on Wednesday mornings. There has been a review of the Wednesday social group to increase capacity and Tuesday programmes to ensure the wellbeing model is being followed. These changes have resulted in us being able to offer support to patients with a wider range of complex conditions.
- We want to ensure that everyone in the community who needs our care feels that they can access it. We have embarked on a programme of engaging with the wider community to tell them about our services and to learn from them if there are any adaptations we need to make to build relationships with people from different ethnicities, faith, sexual orientation, those with disabilities or who are vulnerable. We will continue to develop these links; however, to date we have:
 - o Presented in the local mosque about our services and reciprocated by hosting a visit from the local Muslim community;
 - o Held a workshop with the local Jewish community;
 - o Started to roll out training for our staff on working with the LGBTQ+ community;
 - o Appointed an Admiral Nurse who will be our specialist in dementia;
 - o Worked with the local council to engage with the homelessness services to explain what we can provide and learn more about their needs;
 - o Developed a Community Engagement committee with representatives of different faiths.
- The Addenbrooke's Motor Neurone Disease (MND) clinic has been operating from the clinic rooms in the Wellness Suite at ARHC for the past year. This has been received positively by patients, carers and staff. In order to improve communication between the various teams involved in the care of MND and other neuro patients, once a month there is a neuro professional meeting between staff from MND clinic, community neurology teams and ARHC staff.

We have also liaised closely with the respiratory team at Papworth and CASEE (Communication Aid Service East of England) and had teaching input from both.

Patients with MND are supported by ARHC across all of our services whether this is by the Community, Day Therapy or IPU teams.

Objective 3. Evaluate and continually improve our governance structure

As a hospice it is essential that we are transparent and accountable. The Care Quality Commission has five basic measures of quality when assessing hospices – whether they are:

- safe
- effective
- caring
- responsive to people's needs
- well led

Our trustees and our Senior Management Team need to be confident that this is the case at all times. We

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therefore believe in educating, informing and inviting challenge from our staff. Our Clinical Governance Committee, Finance Committee and Trustee Board scrutinise all areas of our work to ensure that we are maintaining our quality.

What we achieved in 2017–18

- Our new Chair of Trustees, with a small sub-group, revisited the findings of the Cass Report on the Trustee Board which was carried out in January 2016. As a result of this, trustee appraisals will now be carried out annually.
- When the hospice became independent, we transferred the 180+ policies from Cambridgeshire Community Services. We have been working through a programme of reviewing policies and as part of that process we have developed five handbooks which group many of our policies in themes. These are:
 - o IT and data security
 - o Health and safety
 - o Information governance
 - o Infection control
 - o Risk management
- Since we switched to SENTINEL as a reporting system, staff have become familiar with the process and report incidents of all kinds, including clinical. A recent upgrade means that the system is easier to use and navigate. Formal training has not yet been introduced, as staff have found 1:1 desk-based sessions more useful, but additional training will be provided in due course.
- Managers are using the risk management section of the system to report and respond to risks. The Clinical Care Board and the Trustee Board receive the latest version of the risk register and review all risks scoring higher than eight on a monthly basis. There is still some room for improvement in the process and how we use these findings to better support our work.
- Our complaints process remains robust and we log these separately. We continue to meet the 30-day response target in all cases and again our trustees see all complaints at full trustee and clinical governance meetings. If we have a serious complaint, the CEO promptly advises the Chair of Trustees of the situation. All reports and outcomes of investigations are reported via the Clinical Care Board, relevant Trustee Committee and Trustee Board.
- In the last 12 months, we have endeavoured to share all of the incidents and actions taken, by ensuring that the dashboards are published and made available to all staff. Our service managers are competent in this area and are familiar with working with dashboards and reports as a method of learning from incidents. We also have a culture of completing investigations thoroughly based on root cause analysis. Where appropriate, reports also go to the CCG and CQC.
- The Trustees have carried out a review of all Terms of Reference of the committees and the Trustee Board with our Chair and CEO. To match the needs of the charity, we have added a Fundraising Committee and a Remuneration Committee. These are reflected in the Care Board Terms of Reference. Our Care Board is the pivotal meeting for the Operational Team and Senior Leadership Team, and allows all elements of the care and business delivery of the charity to be regularly and thoroughly reviewed.

Objective 4. Develop our education and research capacity

Dame Cicely Saunders, the founder of the modern hospice movement, believed strongly that hospices should be experts in the field of palliative and end-of-life care, and should therefore be educators to other healthcare professionals. We take this seriously at the hospice and incorporated a large, airy and well equipped education facility into our new hospice. Research is also important in our hospice and this is an area we wish to grow.

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What we achieved in 2017–18

- Publication in *BMJ Supportive and Palliative Care*, 11 April 2018. 'Persistent inequalities in Hospice at Home provision'.
- OPEL Study – University of Kent and Institute of Public Health. This national National Institute for Health Research-funded study looks at hospice at home services. The hospice at home team are in the process of being inducted to the research processes.
- Continued relationship with Cambridge University Medical School and Institute of Public Health.
- Developed a new module with Anglia Ruskin University.
- Contributed to the Marie Curie Design to Care study with Dr Stephen Barclay and Dr Sarah Hoare at the Institute of Public Health, Cambridge University.
- Our Consultant Dr Tabitha Thomas has reached the second round in her application for funding for a part-time MD (medical degree) with the Wellcome Trust.
- Our registrar Dr Richella Ryan is a clinical fellow with Dr Stephen Barclay's group.
- We supported a healthcare assistant to undertake her work-based-learning nurse training,
- We provided work placements for 20 student nurses, and 22-day placements for six Cambridge medical students.
- Two members of staff completed apprenticeships.
- Two members of staff started their apprenticeships – one at level 3 and one at level 5.

We have adopted the Outcome Assessment and Complexity Collaborative (OACC) Suite of Measures. The OACC suite of recommended measures reflects the key domains of palliative care. These include the stage of illness, the patient's functioning, symptoms and other important concerns, and the impact palliative care services are having on the patient's and family's (unpaid caregiver's) quality of life. By adopting the OACC, we are better able to evaluate and analyse the type and frequency of care given to our patients and to compare and contrast data with other organisations. SystmOne is the software we use to document patient care and this is where we also record the OACC data.

Led by our Medical Director we have reviewed the structure of our MDT to maximise the use of SystmOne and to use the OACC tools to enhance the quality of patient care.

Caseload reviews have taken place with the medical consultant peer reviewing our service. These caseload reviews have added a new level of support and critique for nursing teams. We are also better equipped to share data with other hospices using the OACC suite of measures.

Objective 5. Develop the financial and operational resilience of the charity

Having built the new hospice which cost, including professional fees, £12 million, we have spent most of our investments and we recognise that the next few years may be challenging. Charities often find the year or so after a capital appeal hard in terms of fundraising and we believe we are noticing this phenomenon.

What we achieved in 2017–18

This year has been our first full year in the new facility at Shelford Bottom. Despite setting the budget before moving fully into the facility, we have managed expenditure effectively within budget and, going forward, feel confident of our cost base. It has been a challenging year as the costs of running a new building had to be estimated in the budget and inevitably some of the costs were higher than anticipated. However, we try to have an ethos of prudence around our expenditure and most of the costs within our control came in on budget. We, as with nearly all hospice charities, traditionally have had a healthy income from legacies and therefore budget on the basis that this income will come in. Unfortunately we had the worst year for legacies since we started collecting the data, about 14 years ago. This was compounded by slightly aspirational targets across our other fundraising areas – which were perhaps rather optimistic in a post-capital-appeal year. Nonetheless the return on investment for fundraising was nearly 3 to 1 which is very respectable, particularly given the low level of income from legacies and the likelihood of donor fatigue.

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- We have expanded the fundraising team in areas such as trusts, corporate and other areas of fundraising relevant to the hospice, in accordance with our strategy. This is yielding a slow increase of income year-on-year in these areas, while we continue to grow the traditional areas of fundraising, such as community and income generated by challenges. We still have ambitions to expand and diversify our income stream further.
- We have opened two further charity shops, taking the total to five, and have increased revenue from the bistro and through hiring out the conference facilities at the hospice.
- We changed IT providers to an organisation which was more suitable for the size of our organisation. This has proved very successful. We are now much more confident about data security and any IT issues are dealt with promptly. The change has also created some cost savings and efficiencies.

Objective 6. Support and develop our volunteers

What we achieved in 2017–18

We have regular meetings with our volunteers – large meetings where volunteers can question directors and/or trustees about the services we provide and the way we work. There are also meetings for volunteers working in the same area – for example, the gardeners or volunteer drivers. We aim to have a two-way dialogue with volunteers, to listen to their concerns and suggestions, and for them to hear about hospice developments.

Arthur's Shed, for example, is a project which is largely volunteer-led. The purpose of the shed is to have activities which are not specifically 'therapeutic' but bring together patients, volunteers, people who have been bereaved, visiting family members and the general public. Activities range from a men's group to flower arranging, cake decorating to creative writing and much more. We have acquired some funding to develop the project further and expect Arthur's Shed activities to be popping up in other areas of the hospice.

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| | |
|---|--------------|
| Number of referrals | 17/18 |
| In-patient Unit (specialist beds) | 387 |
| In-patient Unit (nurse-led beds) | 62 |
| Day Therapy | 187 |
| Hospice at Home | 575 |
| Specialist Palliative Care Home Team | 701 |
| Lymphoedema | 174 |
| Patient and Family Support Services | 305 |
| Pain Management | 47 |
| Complementary Therapy | 267 |
| Medical Outpatient and Domiciliary | 122 |
| Community HUB | 68 |
| Total | 2895 |
| Number of face-to-face contacts/appointments | 17/18 |
| Day Therapy | 3630 |
| Hospice at Home | 1426 |
| Specialist Palliative Care Home Team | 1709 |
| Lymphoedema | 1271 |
| Patient and Family Support Services | 623 |
| Pain Management | 33 |
| Complementary Therapy | 528 |
| Medical Outpatients and Domiciliary | 87 |
| Community HUB | 35 |
| Number of telephone contacts | 17/18 |
| Day Therapy | 602 |
| Hospice at Home | 2782 |
| Specialist Palliative Care Home Team | 6295 |
| Lymphoedema | 519 |
| Patient and Family Support Services | 249 |
| Pain Management | 72 |
| Complementary Therapy | 151 |
| Medical Outpatients and Domiciliary | 360 |
| Community HUB | 1019 |
| In-patient Unit (specialist beds)* | 17/18 |
| Number of beds | 12 |
| Bed occupancy | 89% |
| Number of patients | 208 |
| Number of discharges /deaths | 198 |
| Average duration | 19 |
| Available bed days | 4380 |

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| In-patient Unit (nurse-led beds) | | 17/18 | |
|--|------|-------------------|-------------------|
| Number of beds | | 4.1 | |
| Bed occupancy | | 90% | |
| Number of patients | | 56 | |
| Number of discharges/deaths | | 49 | |
| Average duration | | 6.2 | |
| Available bed days | | 498 | |
| Day Therapy – Cambridge | | 17/18 | |
| Patients attending day therapy | | 187 | |
| Alan Hudson Day Treatment Centre – Wisbech | | 17/18 | |
| Number of referrals | | 232 | |
| Day care (sessions attended) | | 770 | |
| Treatment patients (sessions attended) | | 1852 | |
| In-patients on Trafford Ward supported | | 57 | |
| Lymphoedema** | | 15/16 | 16/17 |
| | | (8 months) | |
| Number of referrals | 84 | 151 | 174 |
| Number of discharges | 99 | 134 | 124 |
| Caseload as of 31 March 2017 | 348 | 377 | 426 |
| Number of appointments | 574 | 923 | 1271 |
| Hospice at Home | | 15/16 | 16/17 |
| | | (8 months) | (9 months) |
| Number of referrals | 335 | 596 | 575 |
| Number of discharges | 316 | 565 | 564 |
| Preferred place of death achieved | 93% | 95% | 95% |
| Episodes of care | 1248 | 1661 | 1655 |
| Contacts with patients or representatives (telephone) | | 3219 | 2782 |
| Contacts with patients or representatives (face-to-face) | | 1410 | 1426 |
| Specialist Palliative Care at Home | | 17/18 | |
| Number of referrals | | 781 | |
| Number of discharges | | 749 | |
| Contacts with patients or representatives (telephone) | | 6295 | |
| Contacts with patients or representatives (face-to-face) | | 1709 | |

* Our bed occupancy this year is at 89%. This reflects both increased demand and improved communication with the community and hospitals about how to admit patients but also that some people have remained with us for several weeks and months due to the complexity of their condition and no suitable alternatives for care being possible.

** The Lymphoedema team are seeing increasing numbers of referrals and providing more activity as a result of skill mixing the specialist staff we employ, maximising clinic appointments available.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

How we operate

Conference and Education Team

Hospices have a long history of delivering training around palliative and end-of-life care. Through our support from the CCG, we are able to provide training free of charge to local NHS providers. Our courses cover a wide range of topics related to palliative care such as:

- Priorities for dying patients and their carers;
- Palliative care in neurological conditions;
- Symptom management in palliative care;
- Advanced communications skills in palliative care.

Last year we delivered 51 courses in the hospice with 562 participants.

We delivered 22 external sessions to nursing and care homes covering 310 attendees.

We are the accredited provider of the Gold Standards Framework (GSF) for Care Homes and run training courses every year for care homes who sign up to the programme. By undertaking this accredited programme, care homes can be sure that their staff are up to date with best practice in palliative and end-of-life care. In this period, we had 12 care homes on the GSF from the East of England (five were Cambridgeshire).

The people providing training on our courses include our Director of Medical Services, Consultants, matrons, specialist palliative care nurses, physiotherapists, psychologists and of course our Head of Education.

In the last year we have also provided education and training to two Chinese delegations. There is quite a lot of interest from health providers in other parts of the world about the provision of palliative and end-of-life care in Britain.

In addition to the courses we deliver, we also charge other organisations for the use of our education centre for their training events or conferences. Clients can choose to simply hire the space with refreshments or opt for inclusive day delegate packages. Our catering team provide a choice between gold, silver or platinum menu options. In the last year we had 86 such events.

The income generated by the education and conference facility, in addition to the funding we receive to provide education to organisations in the local healthcare network, supports the running of the hospice and the provision of our care. This year the conference and education service made £36k profit from these additional activities.

Bistro and catering provision

Our chef and his team provide nourishing fresh food for our in-patients. The dietary requirements of our patients are very important and they take advice from our clinicians and work with an external nutritionist to understand this.

However our catering team also prepare food for our bistro which is open to patients, their families, volunteers, staff and the general public. It was our intention when designing the hospice that the bistro should be the hub of the hospice and that patients and the public should eat alongside each other. We wanted to demonstrate that hospices are as much about life as they are about dying. This is working very well and indeed our Sunday lunches have become quite famous in Cambridge. It was also our intention that the bistro would contribute to the income of the hospice thereby helping to pay for services. This year the bistro made £43k profit.

Approach to fundraising

ARHC relies heavily on people in its community to help secure funds to deliver care. During the year we run five flagship events, one of which incorporates an appeal; six community initiatives; one corporate initiative; a variety of challenges; and collections. We apply to a range of grant-making bodies and trusts, and we also benefit from

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TRUSTEES' REPORT (continued)
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income from Your Hospice Lottery. An area of great importance due to the nature of our care remains in-memory donations and gifts in wills. The charity has historically sent quarterly newsletters, two of which contain raffle tickets, one our Christmas card order form and, with the final one, an update about our lottery. Light up a Life, which is a flagship event combined with an appeal, was the only direct appeal made to supporters in 2017/2018. This was a conscious decision following the fundraising activity around the New Hospice Appeal which took place from 2015/2017. The past 12 months have been particularly challenging for the fundraising team however as there has been a significant reduction in anticipated income from gifts in wills particularly.

Fundraising conforming to recognised standards

ARHC is a member of the Fundraising Regulator and Hospice UK. A large proportion of its fundraising staff also belong to the Institute of Fundraising (IOF) and National Association of Hospice Fundraisers (NAHF). Attendance at regional meetings and national conferences ensures that the team remains up to date with the latest news within the sector, and the opportunities and threats it may face during this challenging period of fundraising. Your Hospice Lottery is operated by St Helena Hospice and is therefore managed by a professional team, who share information with progress at least four times a year and provide phone or email communication on a more regular basis. Arthur Rank Hospice Charity does however hold a gambling licence to run its annual cash and prize raffles. The charity has worked hard since March 2016 to communicate with supporters in response to the General Data Protection Regulations (GDPR) and whilst it has encouraged opt in, chose to formulate a policy surrounding the legal justification of 'legitimate interest' to support the purpose of the charity and to protect its supporters.'

Monitoring of fundraising carried out on our behalf

ARHC has not enlisted the services of any professional fundraising organisations to help with its fundraising activities during the past 12 months. Whilst no external monitoring of fundraising is carried out at Arthur Rank Hospice, the team undergo a formal induction and one-to-one training on systems such as Donorflex and SENTINEL, and have access to update sessions, run by these organisations. The Charity benefits from the support of hundreds of individuals who raise funds for the Hospice through challenges and traditional community events, such as cake sales, fairs, head shaves and events. In each instance, where the hospice is made aware of these activities, the individual is designated a community fundraiser. The community fundraiser provides guidance and offers support to ensure that they adhere to the code of fundraising practice and are aware of the requirements of insurance, risk assessments, method statement, GDPR and Gift Aid protocol where applicable. An army of volunteers are also enlisted to support with these activities and briefings, and information regarding the event is distributed in advance by a member of paid Arthur Rank Hospice staff.

Fundraising complaints

During the previous year, we have received 20 reports of SPAM email through our email system Little Green Plane. These are reviewed and appear to be of an acceptable level amongst circa 96,000 emails sent annually. We have received no complaints or had people wishing to unsubscribe from communications from ARHC via the Fundraising Regulator during this period.

Protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate

The fundraising team are aware of the Code of Fundraising practice when fundraising and working closely with donors to build relationships. The fundraising team are not incentivised to encourage donations of any type and therefore this further ensures that supporters develop trust in our fundraising and the way in which our funds are raised and allocated. The patient and supporter databases are independent of one another to ensure that patient confidentiality is protected at all times. Fundraising staff complete a selection of mandatory training which includes safeguarding of adults and safeguarding of children. This training is undertaken when they start their employment with the charity with refreshers required on a regular basis thereafter. Policies are also available to all and can be found on the charity's intranet.

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TRUSTEES' REPORT (continued)
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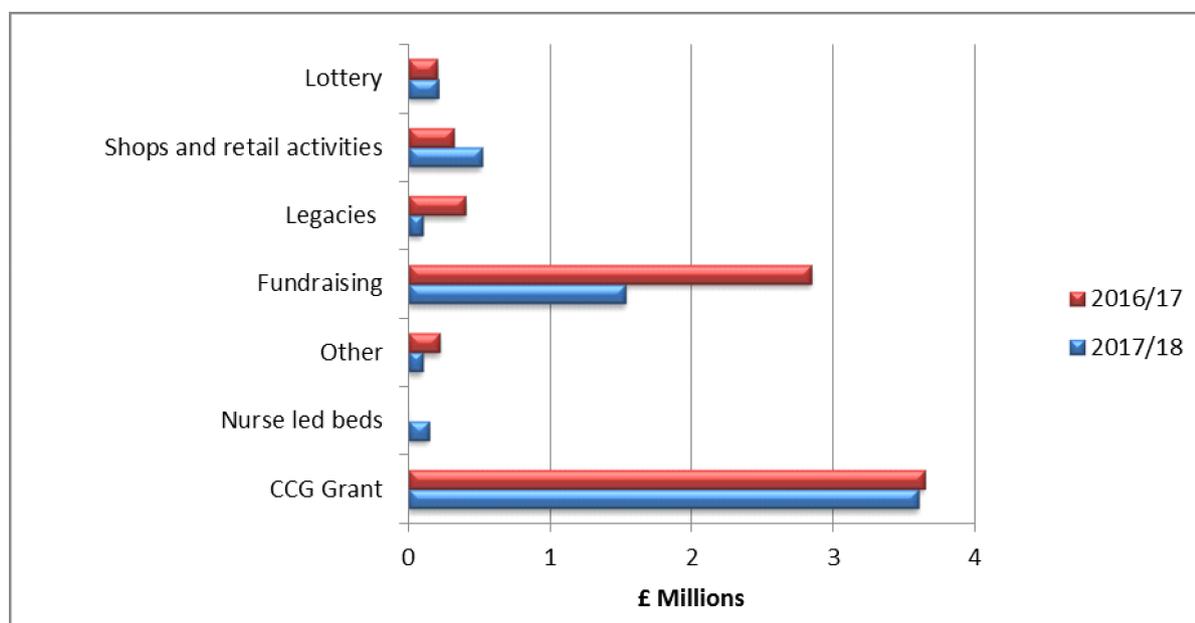
FINANCIAL REVIEW

This has been a financially challenging year for the charity with income being at a lower level and expenditure being at a higher level than the previous year. This situation has resulted in a net deficit before transfers on unrestricted funds (i.e., unrestricted income less unrestricted expenditure) of £981k.

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 £228k which is represented by a transfer from unrestricted to restricted funds.

Income

This chart shows our income compared to the previous year.

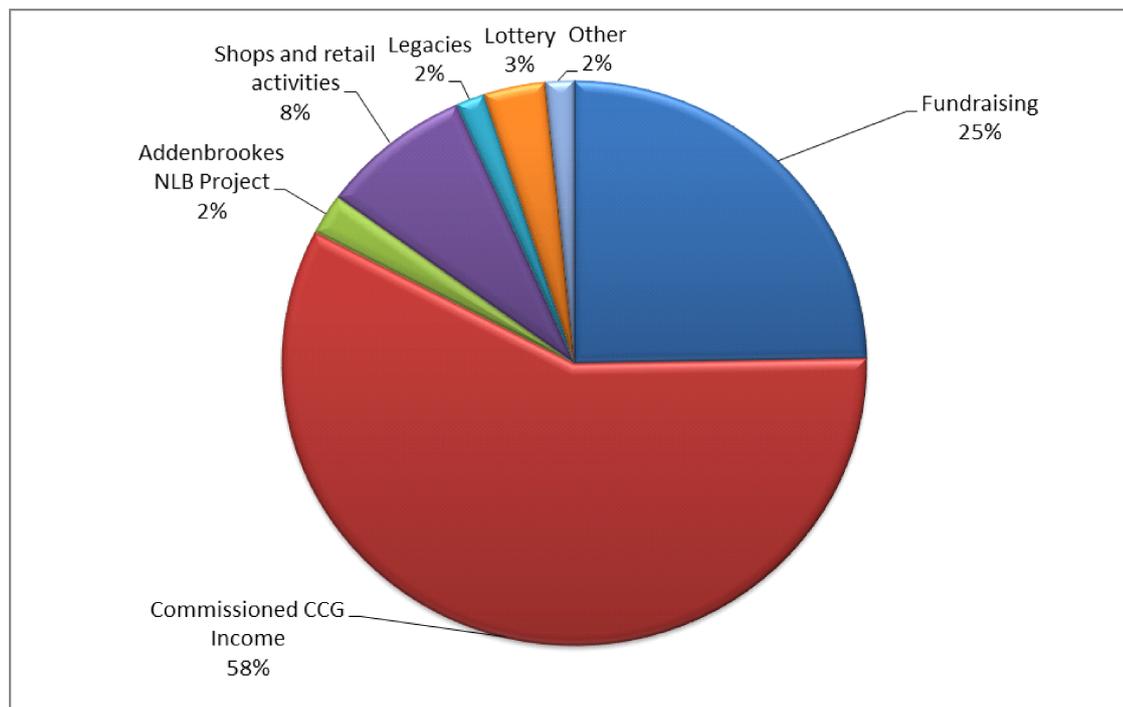


- The charity's total income was £6.21m (2017: £7.64m).
- The fundraising income is £1.54m, a decrease of £1.30m on the income from the previous year of £2.84m which included £1.5m of funds raised for the building of the new hospice.
- Legacy income for the year was £99k, of which £17k was specifically for the Alan Hudson Day Centre; overall, the income from legacies was £307k lower than last year. The charity is extremely grateful for all legacies received and traditionally we have had a healthy income from legacies but unfortunately the current year was the worst year for legacies since we started collecting the data 14 years ago.
- The income from the charity's shops and other retail activities was £521k which was an increase of £203k on the previous year.
- With the introduction of the Addenbrookes NLB pilot scheme, our NHS income increased slightly by £100k to £3.74m in the current year; which combined with the CCG Grant comprises 60% of our total income.
- The charity was extremely grateful to receive £278k (2017: £433k) in both unrestricted and restricted grants and donations from charitable trusts. Trust donors included the Batterson Chivers Foundation, DG Marshall of Cambridge Trust, Donal Forrester Trust, Evelyn Trust, The Golden Bottle Trust and the Thomas Galon Charity of Swavesey.

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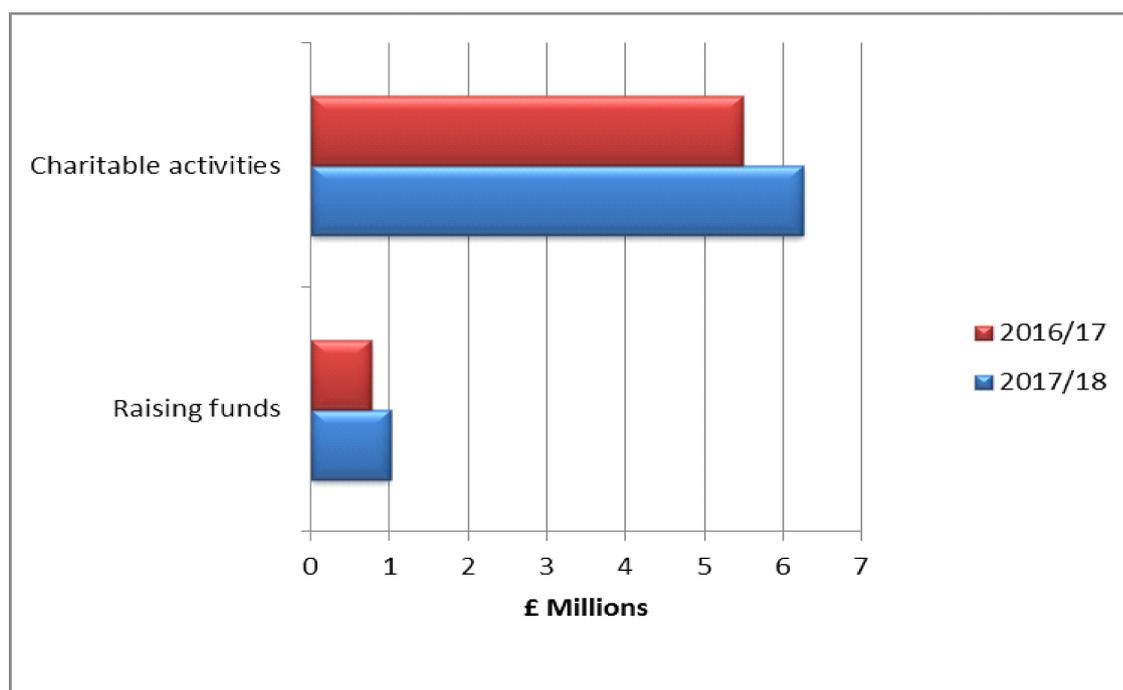
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

This graph shows the proportion of income that we received in the year from difference sources



Expenditure

The chart below shows our costs compared to the previous year



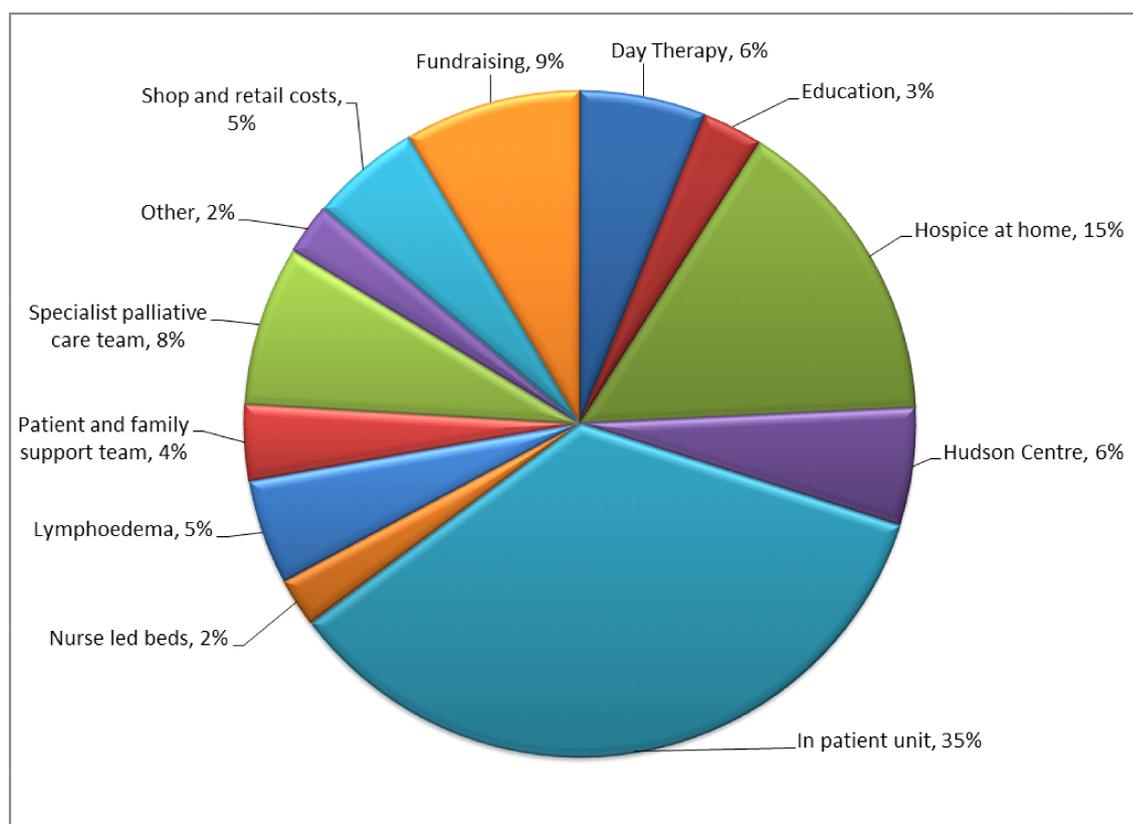
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

Overall expenditure increased this year to £7.26m from £6.25m last year.

- 86% of all the expenditure this year has been spent on charitable activities.
- The expenditure on direct charitable care has increased by £200k to £4.45m (2017: £4.205m), due in part to the introduction of the NLB pilot scheme.
- £1.81m (2017: £1.28m) 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.
- £619k was spent on fundraising activities (2017: £500k). This excludes the fundraising costs of retail activities totalling £387k, of which £277k are incurred in the charity's trading company highlighted below.

This graph below shows the proportion of expenditure within each area.



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, excluding the lottery income of £211k (2017: £204k), was £521k (2017: £318k). Expenditure amounted to £289k (2017: £278k). The net amount covenanted to the charity was £425k (2017: £237k).

In addition, the trading company received donations that were eligible for gift aid of £78k (2017; 73k). These are accounted for in the charity, and attracted gift aid to the value of £19k (2017; £18k). The net profit that can be

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attributed to retail activities and the lottery is £438k (2017: £244k).

ARHC Property Limited

The charity set up a further subsidiary company in July 2013 ARHC Property Limited. Its principal activities were to provide design and build services to Arthur Rank Hospice Charity for the construction of the new hospice. During the period ended 31 March 2018, this company invoiced the charity £5k (2017: £5,494k) and ceased trading during the year following the completion of the construction of the new hospice. The company was officially dissolved on 3 July 2018.

Reserves policy and going concern

Following the major transformation when the charity went independent in August 2015 and the significant expenditure incurred in building and moving in to the new hospice, 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 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 over the next ten 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 of the charity at 31 March 2018 were £1.09m (31 March 2017: £1.87m). 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. As such, reserves are currently considerably below our target level. The trustees monitor income and expenditure budgets closely, and will be introducing new fundraising initiatives with an aim to rebuild reserves to the target level as soon as it is prudent.

Following the Charity Commission's advice that charity trustees consider the possibility of an unplanned closure, 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 2019, 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. However due to the current financial situation of the Charity the investment sub-group is dormant until such times as we are in a position to invest surplus funds.

When we are able to invest funds no investment is knowingly made directly in tobacco and related products or in any other products which run counter to the ethical standards of the charity.

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TRUSTEES' REPORT (continued)
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Risk management

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.

Our most significant risks and mitigating actions are set out in the following table.

| Principal risks | Management of risk |
|--|---|
| There is a risk that if there is a prolonged period with reduction in income from the various income streams, there could be impact on the organisation's ability to deliver services and the strategic objectives | <ul style="list-style-type: none">• Monthly expenditure is closely monitored• The Finance Committee regularly consider the implications of this• Trustees are kept fully informed |
| The risk is that salaries of NHS staff could be increased by up to 3.9% under Agenda for Change, which would put pressure on the salary budget and impact cash flow | <ul style="list-style-type: none">• Monitoring of situation• We are part of Hospice UK campaign to ensure Treasury funds are made available to us to cover this cost |
| The risk is that the NHS will have an expectation that the charity will significantly increase its share of funding over a very short period of time and will want to disinvest | <ul style="list-style-type: none">• Close monitoring of any information coming from the CCG• The expectations of the CCG are managed. Assurances have been given that CCG are keen to maintain the service |

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

| Principal risks | Management of risk |
|---|--|
| There is a risk of a significant drop in legacy income and therefore a lower than expected revenue income | <ul style="list-style-type: none"> • Monthly spend is closely managed • The Finance Committee regularly considers the implications of this • Legacy Officer held a “make a will” month, working on personalised communications trailed ready for a retirement event, which will be refined for future plans |
| The recurring issue of high workload of the Specialist Palliative Home Team (SPCHT) means that some patients cannot access specialist palliative care | <ul style="list-style-type: none"> • Introduction of Community Hub • Changes to working practice in hub including triaging by clinician; patients now contacted within two days from referral and pointed to correct service |

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.

OBJECTIVES FOR THE NEXT 12 MONTHS

In setting objectives for the year ending 31 March 2019, 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 in accordance with our five-year strategy. Accordingly, the charity’s aims are to:

Objective 1. Develop our services to meet the changing needs of our population

With funding from Dementia UK now in place, it is possible to employ an Admiral Nurse. This role will support our workforce with education to become competent and confident in the care needs of those living with dementia.

The Alan Hudson Day Treatment Centre redevelopment will commence in Autumn 2018 with the intention of opening the new expanded Centre by December 2018.

We have been taking incremental steps to support young adults transitioning from the children’s hospice operated by EACH. We will continue to work with EACH to establish regular attendance by one of our consultants at their MDT, and will apply with EACH for a grant from Together for Short lives for Cambridgeshire-wide coordination of this care. In addition to this, a series of social sessions for young adults will be planned and delivered at ARHC.

Having successfully partnered with Addenbrooke’s in 2017–18 and opened nine additional beds to support those who would otherwise die in hospital and their families, we will work with Addenbrooke’s and the CCG to secure on-going funding for these beds.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

The Hospice User Group (HUG) will be supported by the clinical team to broaden their reach into our community teams and continue to provide a 'critical friend' to us in our care delivery and environment.

Objective 2. Broaden our reach to ensure we are meeting the needs of all who would benefit from our care and create greater equity of service

We will continue to develop a small patient and family support service. This group is linked to the programme of sessions provided in Arthur's Shed, and will receive broad and diverse access to psychological support. In Wisbech, we will seek to work with local partners such as Cruse Bereavement Care to maximise care for people who need it.

With the MND clinic now based at the hospice, we will continue to develop our workforce's skills and competence in caring for people with complex neurological conditions. We will seek to become a preferred provider of end-of-life care for neurological conditions via the CCG Continuing Health Care team, maximising the use of our new beds with two or three provided specifically for these patients.

In line with the Day Therapy services transformation plan, we will continue to develop our sessions at both Arthur Rank Hospice and the Alan Hudson Day Treatment Centre to maximise access for all those who require our support.

In 2017–18, we successfully conducted a programme of education and liaison with the local mosque. In the coming year we will broaden our Community Engagement approach to share our work with the LGBTQ+ community and other groups. Through links with established groups we plan to work more closely with other faiths.

We will continue to expand our programme of events in Arthur's Shed, providing support for carers and others who may not access support via other hospice services, such as those who have recently been bereaved.

Objective 3. Evaluate and continuously improve our governance structure

Our new Chair and our CEO have reviewed the governance arrangements with trustees during 2017–18. In 2018–19, we plan to review the way we collect and report our outcomes via either data and/or patients' stories. Whilst gathering information is vital, we will continuously review this to ensure that it remains timely, accurate and concise.

Implementing the OACC measures will continue in 2018–19; this will be carried out alongside a critical review of our SystemOne data entry to ensure that data entered is accurate and uploaded in a timely fashion to support patient care.

We continue to review and reduce the volume of policy documents we adopted from our predecessor organisation. We ultimately intend to move to a smaller number of policy documents and a concise set of handbooks.

Objective 4. Develop our education and research capacity

In 2018–19, we will continue to work with the University of Cambridge, Anglia Ruskin University and other education facilities to develop research and build capacity in palliative care. We will continue to deliver GSF-accredited training to care homes in the region.

In partnership with Anglia Ruskin University, we plan to deliver a masters level module on all aspects of palliative care. Delivered at Arthur Rank Hospice, this will give us an opportunity to train new staff in palliative care and also to provide easier access to training for our staff.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

Objective 5. Develop the financial and operational resilience of the charity

In 2018–19, we will ensure that we continue to meet the requirements of the General Data Protection Regulations (GDPR), which came into force on 25 May 2018. The new regulations regarding data capture and protection surrounding the use and storage of this data impact all areas, including clinical, fundraising and commercial.

In 2017–18, we introduced a Human Resource database and e-rostering system for our clinical staff. In 2018–19, we aim to ensure that the benefits of this are maximised and staff are able to use it effectively. This is also being adopted in other areas of the organisation, including fundraising.

As we mature in our financial and operational management as a charity providing healthcare, we recognise that we face the same financial and fundraising challenges as many other charities. In 2018–19, we will continue to explore innovative ways to maintain our income and manage resources. We hope to see cost savings from the e-rostering in terms of reduced administration time in sorting out payroll from paper-based rotas and time sheets, and the production of more efficient rotas which could result in financial and staffing efficiencies.

Objective 6. Support and develop our staff and volunteers

In 2018–19, we plan to continue to support as many staff as possible to develop new skills and competencies. This will be through formal training (degrees and apprenticeships) as well as on-the-job opportunities through shadowing and education sessions.

In 2018–19, a second staff survey will be conducted. The information gathered from this will be used to understand what staff need to perform well, to help them be content in their work and, importantly, how they feel about working for the charity.

The Staff forum and the Volunteer forum will continue to be utilised to seek and hear the voices of staff and volunteers.

In 2018–19, we will introduce a staff recognition programme. This will start with recognising long service but we hope to evolve it in other ways, to recognise our incredible staff and their contributions to our work.

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 below. 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)
Jennifer Brook
Edward Coe (retired 1 April 2017)

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FOR THE YEAR ENDED 31 MARCH 2018

Dr Arnold Fertig
Graeme Jones
Stephen Kay
Kate Kirk
Mark Lloyd (retired 14 September 2017)
Dr Alex Manning
Lee Maughan
Stephen Potter (retired 30 April 2017)
Jennifer Raine (retired 23 January 2018)
John Short
Rosy Stamp
Andy Swarbrick (resigned 1 April 2017)

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

Method of appointment or election of Trustees

Our usual method of appointing new trustees is to advertise the vacancies on our website, other free local websites and by spreading the word that we are seeking new trustees. We do sometimes seek quite specific areas of knowledge, for example medical expertise, to strengthen the clinical aspect of our governance. On these occasions, we will use local contacts to spread the word and inform people that this is what we are seeking. Candidates are assessed against the selection criteria that have been devised for the vacancy and those shortlisted are interviewed in a formal way.

When new trustees are appointed, they will receive the Charity Commission's publication CC3 on becoming a trustee and Hospice UK's information on becoming a hospice charity trustee. The newly appointed trustees will also receive an induction with different departments in the hospice including clinical departments, finance, fundraising and education.

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 but where specific skills or knowledge 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.

Policies adopted for the induction and training of 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 Hospice, 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 Day Treatment Centre at Wisbech.

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Pay policy for senior staff

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.

A Remuneration and Selection Committee is in place to provide focus, oversight and expertise on these matters, given the charity's increased workforce post-independence.

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:

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

Remuneration and Selection:

Jennifer Brook (Chair)
Rosy Stamp (Trustee)

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

John Short (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.

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.

Disclosure 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 27 September 2018 and signed on their behalf by:

.....
Isabel Napper, Chair

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 2018**

Trustees

Stuart Evans, Chair (resigned 31 May 2017)
Isabel Napper, Chair (appointed 1 May 2017)
Jennifer Brook
Edward Coe (resigned 1 April 2017)
Dr Arnold Fertig
Graeme Jones
Stephen Kay
Kate Kirk
Mark Lloyd (resigned 14 September 2017)
Dr Alex Manning
Lee Maughan
Jennifer Raine (resigned 23 January 2018)
Stephen Potter (resigned 30 April 2017)
John Short
Rosy Stamp
Andy Swarbrick (resigned 1 April 2017)

Company registered number

07086155

Charity registered number

1133354

Registered office

Cherry Hinton Road
Shefford Bottom
Cambridge
CB22 3FB

Company secretary

Lynne Hays

Chief executive officer

Dr Lynn Morgan

Finance director

Karen Field

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 2018**

Advisers (continued)

Bankers

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

Website address

www.arhc.org.uk

ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Arthur Rank Hospice Charity (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the group Consolidated statement of financial activities incorporating income and expenditure account, the group Consolidated balance sheet, the group Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the Group strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Group strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- the parent charitable company has not kept adequate and sufficient 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.

Responsibilities of trustees

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. and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent

ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Chapman (Senior statutory auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA
11 October 2018

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 2018

| | Note | Restricted funds 2018 £ | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|------------------------------------|------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | |
| Donations and legacies | 2 | 292,947 | 941,057 | 1,234,004 | 2,454,327 |
| Charitable activities | 4 | 3,746,331 | 97,399 | 3,843,730 | 3,858,100 |
| Other trading activities | 3 | 8,479 | 1,124,479 | 1,132,958 | 1,318,947 |
| Investments | 5 | - | 1,212 | 1,212 | 7,325 |
| TOTAL INCOME | | 4,047,757 | 2,164,147 | 6,211,904 | 7,638,699 |
| EXPENDITURE ON: | | | | | |
| Raising funds | 7 | - | 1,006,289 | 1,006,289 | 769,097 |
| Charitable activities | 7 | 4,119,469 | 2,139,147 | 6,258,616 | 5,482,755 |
| TOTAL EXPENDITURE | | 4,119,469 | 3,145,436 | 7,264,905 | 6,251,852 |
| NET BEFORE TRANSFERS | | (71,712) | (981,289) | (1,053,001) | 1,386,847 |
| Transfers between Funds | 20 | 77,351 | (77,351) | - | - |
| NET INCOME / (EXPENDITURE) | | 5,639 | (1,058,640) | (1,053,001) | 1,386,847 |
| NET MOVEMENT IN FUNDS | | 5,639 | (1,058,640) | (1,053,001) | 1,386,847 |
| RECONCILIATION OF FUNDS: | | | | | |
| Total funds brought forward | | 316,835 | 9,633,078 | 9,949,913 | 8,563,066 |
| TOTAL FUNDS CARRIED FORWARD | | 322,474 | 8,574,438 | 8,896,912 | 9,949,913 |

The notes on pages 34 to 57 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 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|--|------|------------------|--------------------|------------------|--------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 11,245,924 | | 11,692,352 |
| CURRENT ASSETS | | | | | |
| Stocks | 16 | 12,887 | | 6,015 | |
| Debtors | 17 | 321,602 | | 811,846 | |
| Cash at bank and in hand | | 1,629,187 | | 1,951,668 | |
| | | <u>1,963,676</u> | | <u>2,769,529</u> | |
| CREDITORS: amounts falling due within one year | 18 | <u>(632,688)</u> | | <u>(840,798)</u> | |
| NET CURRENT ASSETS | | | <u>1,330,988</u> | | 1,928,731 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>12,576,912</u> | | 13,621,083 |
| CREDITORS: amounts falling due after more than one year | 19 | | <u>(3,680,000)</u> | | <u>(3,671,170)</u> |
| NET ASSETS | | | <u>8,896,912</u> | | <u>9,949,913</u> |
| CHARITY FUNDS | | | | | |
| Restricted funds | 20 | | 322,474 | | 316,835 |
| Unrestricted funds | 20 | | 8,574,438 | | 9,633,078 |
| TOTAL FUNDS | | | <u>8,896,912</u> | | <u>9,949,913</u> |

The financial statements were approved and authorised for issue by the trustees on 27 September 2018 and signed on their behalf by:

.....
Isabel Napper, Chair

The notes on pages 34 to 57 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 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|--|------|-----------|-------------|-----------|-------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 11,878,303 | | 12,341,055 |
| Investments | 15 | | 10,001 | | 10,001 |
| | | | 11,888,304 | | 12,351,056 |
| CURRENT ASSETS | | | | | |
| Stocks | 16 | 1,868 | | 1,651 | |
| Debtors | 17 | 361,653 | | 1,008,080 | |
| Cash at bank and in hand | | 1,560,534 | | 1,635,100 | |
| | | 1,924,055 | | 2,644,831 | |
| CREDITORS: amounts falling due within one year | 18 | (612,265) | | (738,545) | |
| NET CURRENT ASSETS | | | 1,311,790 | | 1,906,286 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 13,200,094 | | 14,257,342 |
| CREDITORS: amounts falling due after more than one year | 19 | | (3,680,000) | | (3,671,170) |
| NET ASSETS | | | 9,520,094 | | 10,586,172 |
| CHARITY FUNDS | | | | | |
| Restricted funds | 20 | | 322,475 | | 316,835 |
| Unrestricted funds | 20 | | 9,197,619 | | 10,269,337 |
| TOTAL FUNDS | | | 9,520,094 | | 10,586,172 |

The financial statements were approved and authorised for issue by the trustees on 27 September 2018 and signed on their behalf by:

.....
Isabel Napper, Chair

.....
Lee Maughan, Trustee

The notes on pages 34 to 57 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 2018

| | Note | 2018 £ | 2017 £ |
|--|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash (used in)/provided by operating activities | 22 | <u>(257,254)</u> | <u>4,981,936</u> |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | <u>(65,227)</u> | <u>(5,766,848)</u> |
| Net cash used in investing activities | | <u>(65,227)</u> | <u>(5,766,848)</u> |
| Change in cash and cash equivalents in the Year | | (322,481) | (784,912) |
| Cash and cash equivalents brought forward | | <u>1,951,668</u> | <u>2,736,580</u> |
| Cash and cash equivalents carried forward | 23 | <u><u>1,629,187</u></u> | <u><u>1,951,668</u></u> |

The notes on pages 34 to 57 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 2018

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 Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company 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 £1,066,079 (2017 - net income £1,657,627).

1.2 COMPANY STATUS

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

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 company 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 company 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 2018

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

All income is recognised once the company 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 company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust 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 company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company 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 company 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 company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the volunteers is not recognised and 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 company which is the amount the company 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.

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

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

ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.5 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement 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. Support costs are those costs incurred directly in support of expenditure on the objects of the company. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

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

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 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.

1.7 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.

1.8 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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:

| | | |
|---|---|----------------------|
| Freehold property | - | 1-43% straight line |
| Leasehold Land | - | 1% straight line |
| Fixtures, fittings, equipment & artwork | - | 10-33% straight line |

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

1.9 STOCKS

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

1.10 DEBTORS

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

1.11 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.

1.12 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 FINANCIAL INSTRUMENTS

The company only has 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 bank loans which are subsequently measured at amortised cost using the effective interest method.

ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.14 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.

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

Critical areas of judgment:

Depreciation of hospice - the various components of the hospice have been identified from the Component Replacement Report provided by Faithful Gould. This report was produced at the commencement of the project and as such final costs exceed those that the component depreciation was calculated on. The additional costs have been pro-rated across the various depreciation rates in accordance with the percentage values. The trustees have reviewed the depreciation rates and charge in the year and are satisfied on the basis the estimate is calculated.

2. INCOME FROM DONATIONS AND LEGACIES

| | Restricted funds 2018 £ | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|------------------------------|--|--|---------------------------------------|---------------------------------------|
| Donations | 99,577 | 756,214 | 855,791 | 1,614,168 |
| Legacies | 16,600 | 82,645 | 99,245 | 406,480 |
| Grants | 176,770 | 102,198 | 278,968 | 433,679 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total donations and legacies | 292,947 | 941,057 | 1,234,004 | 2,454,327 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Total 2017 | 1,241,612 | 1,212,715 | 2,454,327 | |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | |

ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. FUNDRAISING INCOME

| | Restricted funds 2018 £ | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Events and fundraising | 5,221 | 373,410 | 378,631 | 525,911 |
| Other | 892 | 21,455 | 22,347 | 271,221 |
| Shop income | 2,366 | 518,437 | 520,803 | 318,023 |
| Lottery income | - | 211,177 | 211,177 | 203,792 |
| | <u>8,479</u> | <u>1,124,479</u> | <u>1,132,958</u> | <u>1,318,947</u> |
| Total 2017 | <u>422,329</u> | <u>896,618</u> | <u>1,318,947</u> | |

Included in other (restricted and unrestricted) is £17,679 (2017: £264,739) of gifts in kind, including equipment (value £2,000), a piano (value £1,500) and Arthur's label of love article (value £1,000). Gifts in kind in 2017 included a sculpture (value £11,887) and artwork (value £161,000) for the new hospice.

4. INCOME FROM CHARITABLE ACTIVITIES

| | Restricted funds 2018 £ | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Grant from CCG to deliver end-of-life care | 3,600,000 | - | 3,600,000 | 3,641,478 |
| Education | - | 15,907 | 15,907 | 16,045 |
| Other statutory income | 225 | 81,308 | 81,533 | 196,340 |
| Other | 610 | 184 | 794 | 4,237 |
| Nurse led beds | 145,496 | - | 145,496 | - |
| | <u>3,746,331</u> | <u>97,399</u> | <u>3,843,730</u> | <u>3,858,100</u> |
| Total 2017 | <u>3,642,970</u> | <u>215,130</u> | <u>3,858,100</u> | |

ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

5. INVESTMENT INCOME

| | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|------------|--|---------------------------------------|---------------------------------------|
| Interest | 1,212 | 1,212 | 7,325 |
| Total 2017 | 7,325 | 7,325 | |

6. NET INCOME FROM TRADING ACTIVITIES OF THE SUBSIDIARIES

The charity has one active wholly owned subsidiary which is 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 had been established to provide design and build services to the charity but ceased trading by the 31 March 2018 and was officially dissolved on the 3 July 2018. Arthur Rank Hospice Limited 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.

ARTHUR RANK HOSPICE LIMITED

| | 2018 £ | 2017 £ |
|--|-------------------|-------------------|
| PROFIT AND LOSS ACCOUNT | | |
| Turnover | 726,747 | 521,806 |
| Cost of sales | (58,675) | (38,458) |
| Gross profit | 668,072 | 483,348 |
| Administrative expenses | (230,518) | (239,495) |
| Profit before covenant | 437,554 | 243,853 |
| Amount covenanted to Arthur Rank Hospice Charity | (424,503) | (237,253) |
| Profit on ordinary activities before interest | 13,051 | 6,600 |
| Interest receivable and similar income | 28 | 46 |
| Profit for the financial year | 13,079 | 6,646 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

| | 2018 £ | 2017 £ |
|--|-----------|-------------|
| BALANCE SHEET | | |
| Tangible fixed assets | 24,926 | 8,603 |
| Current assets | 165,764 | 295,092 |
| Current liabilities | (146,562) | (272,645) |
| | 44,128 | 31,050 |
| | 44,128 | 31,050 |
| ARHC PROPERTY LIMITED | | |
| | 2018 £ | 2017 £ |
| PROFIT AND LOSS ACCOUNT | | |
| Turnover | 5,233 | 5,494,114 |
| Cost of sales | - | (5,214,468) |
| | 5,233 | 279,646 |
| Gross profit | 5,233 | 279,646 |
| Administrative expenses | (3,742) | (2,223) |
| | 1,491 | 277,423 |
| (Loss)/Profit before covenant | 1,491 | 277,423 |
| Amount covenanted to Arthur Rank Hospice Charity | (1,492) | (277,423) |
| | (1) | - |
| Profit for the financial period | (1) | - |
| BALANCE SHEET | | |
| Current assets | - | 823,045 |
| Current liabilities | - | (823,044) |
| | - | 1 |
| Aggregate Share Capital & Reserves | - | 1 |

ARTHUR RANK HOSPICE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

7. ANALYSIS OF EXPENDITURE BY ACTIVITY

| | Direct costs 2018 £ | Support costs 2018 £ | 2018 £ | 2017 £ |
|---------------------------|------------------------------|-------------------------------|------------------|------------------|
| Fundraising | 834,885 | 171,404 | 1,006,289 | 769,097 |
| End of life care services | 4,447,289 | 1,811,327 | 6,258,616 | 5,482,775 |
| Total | <u>5,282,174</u> | <u>1,982,731</u> | <u>7,264,905</u> | <u>6,251,872</u> |

8. FUNDRAISING COSTS

| | Direct costs 2018 £ | Support costs 2018 £ | Total 2018 £ | Total 2017 £ |
|------------------------------|------------------------------|-------------------------------|--------------------|--------------------|
| Challenges | 54,695 | 16,810 | 71,505 | 32,657 |
| Collections | 7,878 | 2,421 | 10,299 | 13,039 |
| Community fundraising events | 58,526 | 17,988 | 76,514 | 88,506 |
| Events | 99,188 | 30,485 | 129,673 | 75,805 |
| Fundraising costs | 171,643 | 52,753 | 224,396 | 260,967 |
| Corporate | 30,999 | 9,527 | 40,526 | 13,585 |
| Legacies | 26,890 | 8,265 | 35,155 | 10,956 |
| Trusts | 14,094 | 4,332 | 18,426 | 4,128 |
| Engagement | 9,755 | 2,998 | 12,753 | - |
| Retail | 84,027 | 25,825 | 109,852 | - |
| Shop costs | 277,190 | - | 277,190 | 269,454 |
| Total | <u>834,885</u> | <u>171,404</u> | <u>1,006,289</u> | <u>769,097</u> |

ARTHUR RANK HOSPICE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

| | Direct Costs 2018 £ | Support Costs 2018 £ | 2018 £ | 2017 £ |
|---------------------------------|---------------------------|-------------------------------|------------------|------------------|
| Day Therapy | 314,357 | 127,648 | 442,005 | 366,981 |
| Education | 150,346 | 61,050 | 211,396 | 161,169 |
| Hospice at home | 788,410 | 320,142 | 1,108,552 | 1,036,342 |
| Hudson Centre | 295,082 | 119,821 | 414,903 | 355,206 |
| In patient unit | 1,800,891 | 736,729 | 2,537,620 | 2,341,046 |
| Nurse led beds | 122,946 | 49,923 | 172,869 | - |
| Lymphoedema | 262,558 | 106,615 | 369,173 | 328,488 |
| Patient and family support team | 190,684 | 77,430 | 268,114 | 235,101 |
| Specialist palliative care team | 400,191 | 162,501 | 562,692 | 441,492 |
| Nursing technology fund | 30,139 | 12,239 | 42,378 | 65,089 |
| Complementary therapy | 25,968 | 10,544 | 36,512 | 32,983 |
| Equipment | 9,274 | 3,766 | 13,040 | 6,384 |
| Voluntary services | 56,443 | 22,919 | 79,362 | 69,042 |
| New hospice build | - | - | - | 43,432 |
| Total | 4,447,289 | 1,811,327 | 6,258,616 | 5,482,755 |

Of the total expenditure incurred in the year ended 31 March 2017, £3,868,704 was attributable to restricted funds and the capital appeal and £1,614,051 was attributable to unrestricted funds.

ARTHUR RANK HOSPICE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

10. SUPPORT AND GOVERNANCE COSTS

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.

| | Staff Costs | Rent | Other | Loan | Total | Total |
|----------------------------------|-----------------------|----------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| | 2018 | 2018 | 2018 | Financing | 2018 | 2017 |
| | £ | £ | £ | £ | £ | £ |
| Facilities: Estates and catering | 223,029 | - | 337,177 | - | 560,206 | 255,720 |
| Central costs | 351,206 | 16,166 | 214,600 | 130,084 | 712,056 | 554,446 |
| Finance | 162,355 | - | 23,741 | - | 186,096 | 161,978 |
| Human resources | 80,009 | - | 64,834 | - | 144,843 | 88,831 |
| Independence | - | - | - | - | - | 659 |
| IT | 59,230 | - | 176,068 | - | 235,298 | 167,306 |
| Public relations | 51,078 | - | 4,798 | - | 55,876 | 38,184 |
| Governance | 65,047 | - | 23,309 | - | 88,356 | 87,011 |
| | <u>991,954</u> | <u>16,166</u> | <u>844,527</u> | <u>130,084</u> | <u>1,982,731</u> | <u>1,354,135</u> |
| Total | <u><u>991,954</u></u> | <u><u>16,166</u></u> | <u><u>844,527</u></u> | <u><u>130,084</u></u> | <u><u>1,982,731</u></u> | <u><u>1,354,135</u></u> |

ARTHUR RANK HOSPICE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

11. EXPENDITURE BY TYPE

| | Charitable direct costs 2018 £ | Fundraising direct costs 2018 £ | Support costs 2018 £ | Total 2018 £ | Total 2017 £ |
|----------------------|---|--|---|-----------------------------|-----------------------------|
| Staff costs | 3,463,155 | 461,295 | 991,954 | 4,916,404 | 4,412,135 |
| Leases and rent | 36,359 | 67,927 | 16,166 | 120,452 | 245,804 |
| Depreciation | 10,100 | 4,496 | 497,059 | 511,655 | 191,152 |
| Loan financing costs | - | - | 130,084 | 130,084 | 102,879 |
| Other | 937,775 | 301,167 | 347,368 | 1,586,310 | 1,299,882 |
| Total | 4,447,389 | 834,885 | 1,982,631 | 7,264,905 | 6,251,852 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. STAFF COSTS

Staff costs were as follows:

| | 2018 | 2017 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 4,147,886 | 3,710,802 |
| Social security costs | 347,856 | 308,286 |
| Other pension costs | 426,066 | 393,046 |
| | <u>4,921,808</u> | <u>4,412,134</u> |

The average number of persons employed by the company during the year was as follows:

| | 2018 | 2017 |
|---------------------------------------|-------------|------------|
| | No. | No. |
| ARHC - Clinical services | 82 | 84 |
| ARHC - Fundraising and communications | 12 | 9 |
| ARHC - Support and governance | 32 | 18 |
| ARHC - Bank staff | 36 | 36 |
| Arthur Rank Hospice Limited | 8 | 6 |
| | <u>170</u> | <u>153</u> |

Average headcount expressed as a full time equivalent:

| | 2018 | 2017 |
|---------------------------------------|-------------|------------|
| | No. | No. |
| ARHC - Clinical services | 109 | 112 |
| ARHC - Fundraising and communications | 16 | 11 |
| ARHC - Support and governance | 35 | 20 |
| ARHC - Bank Staff | 5 | 4 |
| Arthur Rank Hospice Limited | 12 | 9 |
| | <u>177</u> | <u>156</u> |

The number of higher paid employees was:

| | 2018 | 2017 |
|---------------------------------|-------------|------|
| | No. | No. |
| In the band £60,001 - £70,000 | 3 | 2 |
| In the band £70,001 - £80,000 | 2 | 2 |
| In the band £80,001 - £90,000 | 2 | 1 |
| In the band £110,001 - £120,000 | 1 | 0 |

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 £435,331 (2017 - £427,319).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. STAFF COSTS (continued)

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 (2017 - £Nil).

13. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2018 | 2017 |
|---|----------------|-------------|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the charitable group | 511,655 | 190,919 |
| Auditors' remuneration - audit | 13,235 | 13,050 |
| Auditors' remuneration - other services | 33,278 | 19,356 |
| | 511,655 | 190,919 |

14. TANGIBLE FIXED ASSETS

| | Freehold property £ | Leasehold Land £ | Fixtures, fittings, equipment & artwork £ | Total £ |
|-----------------------|---------------------------|------------------------|---|------------|
| GROUP COST | | | | |
| At 1 April 2017 | 11,179,858 | 120,000 | 613,828 | 11,913,686 |
| Additions | 11,660 | - | 53,567 | 65,227 |
| At 31 March 2018 | 11,191,518 | 120,000 | 667,395 | 11,978,913 |
| DEPRECIATION | | | | |
| At 1 April 2017 | 134,735 | 500 | 86,099 | 221,334 |
| Charge for the Year | 396,527 | 1,200 | 113,928 | 511,655 |
| At 31 March 2018 | 531,262 | 1,700 | 200,027 | 732,989 |
| NET BOOK VALUE | | | | |
| At 31 March 2018 | 10,660,256 | 118,300 | 467,368 | 11,245,924 |
| At 31 March 2017 | 11,045,123 | 119,500 | 527,729 | 11,692,352 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

| COMPANY | Freehold property £ | Leasehold Land £ | Fixtures, fittings, equipment & artwork £ | Total £ |
|-----------------------|------------------------------------|---------------------------------|--|--------------------------|
| COST | | | | |
| At 1 April 2017 | 11,837,163 | 120,000 | 582,841 | 12,540,004 |
| Additions | 11,660 | - | 33,035 | 44,695 |
| At 31 March 2018 | <u>11,848,823</u> | <u>120,000</u> | <u>615,876</u> | <u>12,584,699</u> |
| DEPRECIATION | | | | |
| At 1 April 2017 | 134,735 | 500 | 63,714 | 198,949 |
| Charge for the Year | 396,527 | 1,200 | 109,720 | 507,447 |
| At 31 March 2018 | <u>531,262</u> | <u>1,700</u> | <u>173,434</u> | <u>706,396</u> |
| NET BOOK VALUE | | | | |
| At 31 March 2018 | <u><u>11,317,561</u></u> | <u><u>118,300</u></u> | <u><u>442,442</u></u> | <u><u>11,878,303</u></u> |
| At 31 March 2017 | <u><u>11,702,428</u></u> | <u><u>119,500</u></u> | <u><u>519,127</u></u> | <u><u>12,341,055</u></u> |

The cost of the freehold property in the Company only and Group differ by £657,305. Arthur Rank Hospice charity Property Limited carried out the construction work on the hospice and costs were re-charged to ARHC with a transfer pricing mark up of this amount which is eliminated on consolidation in arriving at the Group figures.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

15. FIXED ASSET INVESTMENTS

| COMPANY | Shares in group undertakings | |
|--|-------------------------------------|---------------|
| MARKET VALUE | £ | |
| At 1 April 2017 and 31 March 2018 | 10,001 | |
| COMPANY INVESTMENTS AT MARKET VALUE COMPRISE: | | |
| | 2018 | 2017 |
| | £ | £ |
| Group | 10,001 | 10,001 |

Company investments comprise the investments in the subsidiaries at cost.

16. STOCKS

| | GROUP | | COMPANY | |
|-------------------------------------|---------------|--------------|----------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Finished goods and goods for resale | 12,887 | 6,015 | 1,868 | 1,651 |

17. DEBTORS

| | GROUP | | COMPANY | |
|------------------------------------|----------------|----------------|----------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Trade debtors | 12,326 | 20,775 | 3,099 | 11,330 |
| Amounts owed by group undertakings | - | - | 126,139 | 262,862 |
| VAT recoverable | 54,447 | 136,264 | 54,447 | 136,254 |
| Other debtors | 121,761 | 248,880 | 67,821 | 197,533 |
| Prepayments and accrued income | 95,562 | 75,290 | 72,641 | 69,464 |
| Tax recoverable | 13,525 | 10,196 | 13,525 | 10,196 |
| Legacies receivable | 23,981 | 320,441 | 23,981 | 320,441 |
| | 321,602 | 811,846 | 361,653 | 1,008,080 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | GROUP | | COMPANY | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Other loans | 116,571 | 284,909 | 116,571 | 284,909 |
| Trade creditors | 148,532 | 90,696 | 147,607 | 87,714 |
| Amounts owed to group undertakings | - | - | - | 68,749 |
| Other taxation and social security | 97,378 | 87,294 | 93,022 | 85,467 |
| Other creditors | 248,022 | 377,899 | 242,972 | 211,706 |
| Accruals and deferred income | 22,185 | - | 12,093 | - |
| | 632,688 | 840,798 | 612,265 | 738,545 |

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | GROUP | | COMPANY | |
|-------------|------------------|-----------|------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Other loans | 3,680,000 | 3,671,170 | 3,680,000 | 3,671,170 |

Included within the above are amounts falling due as follows:

| | GROUP | | COMPANY | |
|-----------------------------------|------------------|-----------|------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| BETWEEN ONE AND TWO YEARS | | | | |
| Other loans | 80,000 | 284,909 | 80,000 | 284,909 |
| BETWEEN TWO AND FIVE YEARS | | | | |
| Other loans | 480,000 | 640,000 | 480,000 | 640,000 |
| OVER FIVE YEARS | | | | |
| Other loans | 3,120,000 | 2,746,261 | 3,120,000 | 2,746,261 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

| | GROUP | | COMPANY | |
|--------------------------|------------------|-------------|------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Repayable by instalments | 3,120,000 | 2,746,261 | 3,120,000 | 2,746,261 |

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%.

20. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

| | Balance at 1 April 2017 | Income | Expenditure | Transfers in/out | Balance at 31 March 2018 |
|--------------------------|------------------------------------|------------------|--------------------|-----------------------------|---|
| | £ | £ | £ | £ | £ |
| DESIGNATED FUNDS | | | | | |
| Hospice Fund | 7,736,273 | - | - | (286,920) | 7,449,353 |
| GENERAL FUNDS | | | | | |
| General Funds | 1,875,760 | 1,432,137 | (2,426,508) | 209,569 | 1,090,958 |
| Subsidiary Undertakings | 21,045 | 732,010 | (718,928) | - | 34,127 |
| | 1,896,805 | 2,164,147 | (3,145,436) | 209,569 | 1,125,085 |
| Total Unrestricted funds | 9,633,078 | 2,164,147 | (3,145,436) | (77,351) | 8,574,438 |

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

20. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

| | Balance at 1 April 2017 £ | Income £ | Expenditure £ | Transfers in/out £ | Balance at 31 March 2018 £ |
|-----------------------------------|---------------------------------|------------------|--------------------|--------------------------|-------------------------------------|
| Grant to deliver end of life care | - | 3,600,923 | (3,828,584) | 227,661 | - |
| Complementary Therapy | 396 | 54,400 | (30,018) | - | 24,778 |
| New Hospice Build | - | 127,760 | - | (127,760) | - |
| Alan Hudson Centre | 216,964 | 72,918 | (48,708) | - | 241,174 |
| Nursing Technology Fund | 30,140 | - | (30,140) | - | - |
| Cancer Nursing Support | 23,970 | - | - | - | 23,970 |
| Day Therapy | 36,858 | - | (25,968) | - | 10,890 |
| Quiet Room | - | 13,050 | (9,275) | - | 3,775 |
| Dementia Project | - | 10,000 | - | - | 10,000 |
| Nurse Led Beds | - | 145,496 | (122,946) | (22,550) | - |
| Other Restricted Funds | 8,507 | 23,210 | (23,830) | - | 7,887 |
| | <u>316,835</u> | <u>4,047,757</u> | <u>(4,119,469)</u> | <u>77,351</u> | <u>322,474</u> |
| Total funds | <u>9,949,913</u> | <u>6,211,904</u> | <u>(7,264,905)</u> | <u>-</u> | <u>8,896,912</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. The transfer represents expenditure in excess of the grant received borne from unrestricted funds.

Hospice at Home

Donations continue to be received specifically for the Hospice at Home service. In the year additional funding has been received for a pilot project expanding the Hospice at home daytime service into the Fenland area.

Alan Hudson Centre

These funds comprise of donations made specifically for use at the Alan Hudson Centre in Wisbech which is managed by the charity. Expenditure made from this fund all relates to the delivery of care at the Alan Hudson Centre.

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. We continue to employ a

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

20. STATEMENT OF FUNDS (continued)

staff member to look after and train staff (new and existing) in the software that enables mobile working across the organisation and the fund has been 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. It has been decided to use the residual funds to support our charitable work within the Patient and family support team. .

Complementary Therapy

A donation was received for developing complementary therapy services at Arthur Rank House, including the establishment of a nutrition advice service. 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 unit and attending day therapy). This financial year, the funds have been used to continue with complementary therapy development.

Other

This represents various funds received for specific projects.

Equipment

Donations have been received and used throughout the year for the purchase Equipment and furniture for the hospice.

Dementia Project

Donations have been received to fund an Admiral nurse post specialising in Dementia care. The nurse will carry a very small case load of complex patients with dementia, but their main focus will be acting as an expert in dementia resource to assist our staff in caring for patients with dementia. This will also include educating current hospice staff and the wider community. The post will be filled in the next financial year.

Nurse Led Beds

In the year, a contract was signed to provide non-specialist end of life care for patients transferred from Addenbrookes hospital. This service started in December 2017 (4 months of the financial year). The transfer shown represents the contribution towards the shared direct costs of the charity relating to these patients which were paid through 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. 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 and the transfer of funds represents the build costs.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

20. STATEMENT OF FUNDS (continued)

Transfers

The transfer on Nurse Led beds represents the contribution towards the shared direct costs of the charity relating to these patients which were paid through unrestricted funds. The transfer on the New Hospice Build represents build costs in the prior year met from unrestricted funds.

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 April 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Balance at 31 March 2017 £ |
|-----------------------------------|---------------------------------|-------------------------|---------------------------|--------------------------|-------------------------------------|
| DESIGNATED FUNDS | | | | | |
| Hospice Fund | 4,245,947 | - | - | 3,490,327 | 7,736,274 |
| GENERAL FUNDS | | | | | |
| General Funds | 1,763,996 | 1,809,941 | (1,813,797) | 115,615 | 1,875,755 |
| Subsidiary Undertakings | 14,403 | 521,852 | (515,206) | - | 21,049 |
| | <u>1,778,399</u> | <u>2,331,793</u> | <u>(2,329,003)</u> | <u>115,615</u> | <u>1,896,804</u> |
| Total Unrestricted funds | <u>6,024,346</u> | <u>2,331,793</u> | <u>(2,329,003)</u> | <u>3,605,942</u> | <u>9,633,078</u> |
| RESTRICTED FUNDS | | | | | |
| | Balance at 1 April 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Balance at 31 March 2017 £ |
| Hospice at Home | 217 | 63,480 | (63,301) | - | 396 |
| Complementary Therapy | 62,152 | - | (25,294) | - | 36,858 |
| New Hospice Build | 2,181,637 | 1,519,820 | (87,452) | (3,614,005) | - |
| 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 |
| Grant to deliver end-of-life care | - | 3,641,478 | (3,649,541) | 8,063 | - |
| 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>316,835</u> |
| Total of funds | <u><u>8,563,061</u></u> | <u><u>7,638,704</u></u> | <u><u>(6,251,852)</u></u> | <u><u>-</u></u> | <u><u>9,949,913</u></u> |

ARTHUR RANK HOSPICE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

CHARITY ONLY FUNDS

| | Balance at 1 April 2017 £ | Income £ | Expenditure £ | Transfers in/out £ | Balance at 31 March 2018 £ |
|--------------------|---------------------------------|------------------|--------------------|--------------------------|----------------------------------|
| Restricted funds | 316,836 | 3,919,997 | (4,119,469) | 205,111 | 322,475 |
| Unrestricted funds | 10,269,337 | 1,997,894 | (2,864,501) | (205,111) | 9,197,619 |
| Total | 10,586,173 | 5,917,891 | (6,983,970) | - | 9,520,094 |

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

| | Restricted funds 2018 £ | Unrestricted funds 2018 £ | Total funds 2017 £ |
|-------------------------------------|----------------------------------|------------------------------------|-----------------------------|
| Tangible fixed assets | - | 11,245,924 | 11,245,924 |
| Current assets | 322,474 | 1,641,200 | 1,963,674 |
| Creditors due within one year | - | (632,686) | (632,686) |
| Creditors due in more than one year | - | (3,680,000) | (3,680,000) |
| | 322,474 | 8,574,438 | 8,896,912 |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Restricted funds 2017 £ | Unrestricted funds 2017 £ | Total funds 2017 £ |
|-------------------------------------|----------------------------------|------------------------------------|-----------------------------|
| Tangible fixed assets | - | 11,692,352 | 11,692,352 |
| Current assets | 316,835 | 2,452,694 | 2,769,529 |
| Creditors due within one year | - | (840,798) | (840,798) |
| Creditors due in more than one year | - | (3,671,170) | (3,671,170) |
| | 316,835 | 9,633,078 | 9,949,913 |

ARTHUR RANK HOSPICE CHARITY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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

| | GROUP | |
|--|--------------------|-------------|
| | 2018 | 2017 |
| | £ | £ |
| Net (expenditure)/income for the year (as per Statement of Financial Activities) | (1,053,001) | 1,386,847 |
| Adjustment for: | | |
| Depreciation charges | 511,655 | 190,919 |
| (Increase)/decrease in stocks | (6,872) | 9,800 |
| Decrease in debtors | 490,244 | 75,445 |
| (Decrease)/increase in creditors | (199,280) | 3,318,925 |
| Net cash (used in)/provided by operating activities | (257,254) | 4,981,936 |

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | GROUP | |
|--------------|------------------|-------------|
| | 2018 | 2017 |
| | £ | £ |
| Cash in hand | 1,629,187 | 1,951,668 |
| Total | 1,629,187 | 1,951,668 |

24. PENSION COMMITMENTS

The group has operated a Defined Contribution pension scheme for many years. At 31 March 2018 81 (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 (i.e. those who were members within a year before joining the charity). At 31 March 2018, 107 (31 March 2017: 94) employees were members of this scheme, to which the charity contributed 14.38% 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 £426,066 (2017: £369,490). An amount of £57,159 (2017: £55,084) was outstanding at the year end.

ARTHUR RANK HOSPICE CHARITY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

25. OPERATING LEASE COMMITMENTS

At 31 March 2018 the total of the group's future minimum lease payments under non-cancellable operating leases was:

| GROUP | Land and buildings | | 2018 | Other |
|--|---------------------------|--------------------------|--------------------------|--------------------------|
| | 2018 | 2017 | | |
| | £ | £ | £ | £ |
| AMOUNTS PAYABLE: | | | | |
| Not later than one year | 102,020 | 84,720 | - | 3,144 |
| Later than one year but not later than 5 years | 291,439 | 228,644 | 6,255 | 524 |
| Later than 5 years | 201,500 | 118,250 | - | - |
| | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |

At 31 March 2018 the charity had annual commitments under non-cancellable operating leases as follows:

| CHARITY | 2018 | 2017 |
|--|--------------------------|--------------------------|
| | £ | £ |
| AMOUNTS PAYABLE: | | |
| Not later than one year | 11,870 | 19,070 |
| Later than one year but not later than 5 years | 6,255 | 9,035 |
| | <u><u> </u></u> | <u><u> </u></u> |

26. RELATED PARTY TRANSACTIONS

ARHC Property Limited, a wholly owned subsidiary of Arthur Rank Hospice Charity, provided design and build services totalling £5,233 (2017: £5,494,114) in the period and has made a gift aid payment of its taxable profits of £1,492 (2017: £277,423) to the charity. At 31 March 2018, the company was not due any funds from the charity (2017: £68,749).

Arthur Rank Hospice Limited is a wholly owned subsidiary of Arthur Rank Hospice Charity. During the period, the charity charged a management fee of £12,000 (2017: £8,500) to this company. The company has made a gift aid payment of its taxable profits of £424,503 (2017: £237,253) to the charity. The company also collects sums on behalf of the charity during the year. At 31 March 2018, the company owed £126,139 (2017: £262,862) to the charity.

During the year, the charity received unrestricted donations of £4,017 and capital appeal donations of £nil from individual trustees (2017: £1,609 and £9,336 respectively).

27. CONTROLLING PARTY

The charity is under the control of its trustees who are listed on page 15 of the financial statements.