

Financial

review

These financial statements include the results of St Christopher's Hospice (the 'Charity') and its trading subsidiaries, St Christopher's (Trading) Limited and St Christopher's Personal Care Services Limited ('the Group'), for the year ended 31 March 2020.

St Christopher's charitable activities are identified under five main headings in the Statement of Financial Activities:

- **Inpatient care**
- **Community care/outpatients**
- **Education and training**
- **Care at our centres**
- **Candle Child Bereavement Service.**

With the exception of education and training, the services provided to a patient could include one or more of these activities during the course of their care. Therefore the cost of individual patient care may span across one or more of the charitable activities identified.

In addition to these charitable activities, St Christopher's has a retail company and a personal care company. The activity of these companies is shown on the Statement of Financial Activities as income/costs of trading companies.

For the year ended 31 March 2020, at an operational level, St Christopher's Hospice recorded net expenditure, before other recognised gains and losses, of £37k (2019: £3,104k net income).

Overall, St Christopher's Hospice generated a net decrease in funds of £1,080k (2019: net increase in funds £3,031k). This was after recognising other unrealised gains and losses as follows:

- 1 Unrealised loss from the investment portfolio of £1,286k (2019: unrealised loss £779k) and a realised gain from the portfolio of £335k (2019: realised gains £945k)**

Our investment portfolio managed by Cazenove Capital Management decreased in value from £9,874k at March 2019 to £8,899k at March 2020. This was caused by a drop in value in the final weeks of the year, as a result of turbulence in the market driven by uncertainty and

concerns as a result of the Covid-19 pandemic. Although a significant drop, St Christopher's investments held up well in comparison to general market conditions. There are no plans to draw down on our investment portfolio during 2020/21.

Our bank deposits reduced from £6,588k at March 2019 to £6,136k at March 2020.

Taking our investment portfolio and bank deposits together, our overall investments reduced from £16,462k at March 2019 to £15,035k at March 2020.

- 2 An actuarial loss from the FRS 102 valuation of the St Christopher's Hospice (1985) Pension Scheme £92k (2019: loss £239k)**

The FRS 102 actuarial loss is a result of four factors:

- An actuarial gain on the scheme liabilities of £1,079k (2019: loss of £533k) which arises from a change in the demographic and financial assumptions
- An actuarial loss on the scheme investments portfolio of £456k (2019: gain of £285k)
- Experience losses arising on the plan liabilities of £141k (2019: gains of £9k)
- A loss of £574k to reflect the amount of the pension surplus that is not recoverable (2019: £0k).

Income

Total income received in 2019/20 decreased by 7% to £22,850k (2019: £24,610k). Details of how this has arisen are shown below.

Donations and gifts

Income from donations and gifts for the year of £4,355k were significantly lower (46%) than the prior year (2019: £8,133k). This is because 2018/19 included over £3,795k of money raised specifically to support the construction and initial costs of the new Centre for Awareness & Response into End of Life. With the capital campaign for the centre closing in 2019/20, less was raised for this during the last financial year (£144k).

If income for the Centre for Awareness & Response into End of Life is excluded, donations and gifts for the year were £4,211k (2019: £4,338k). This income is a result of much hard work by the Fundraising Team and continued support from our many donors.

Legacies

Legacies income for the year of £3,743k was lower than last year (2019: £3,949k) reflecting a general trend of decline seen in recent years.

NHS contracts

Income from the NHS of £7,923k (2019: £6,652k) represents just 35% of total income. Income increased during 2019/20 due to an annual increase to our core funding, the awarding of a contract to deliver pharmaceutical services for Guy's and St Thomas', and one-off central government funding to support the hospice sector announced in August 2019.

Income and performance of trading subsidiaries

The revenue of the retail trading company increased by 33% to £4,194k (2019: £3,144k) and profit increased to £1,376k (2019: £806k).

Up to February 2020, we had seen continued income and profit growth from expanding the number of our shops and from a continued programme of transformation. The dedication and commitment from our staff and volunteers has been key to this improvement.

However, the most significant impact of Covid-19 to either the Charity's or trading subsidiaries' finances in the period up to 31 March 2020 has been to our retail trading company. The pandemic harmed the retail sector from February 2020, until we temporarily closed all our shops from 21 March 2020. This meant that we lost retail sales up to 31 March 2020, with much more being lost in 2020/21 with shops being closed up to 18 June 2020.

This loss (and the much more significant loss being felt in 2020/21) has been mitigated by the support from the government via its Covid-19 emergency funding support with the receipt of Retail, Hospitality and Leisure Grants. £550k of this funding has been included within the trading figures for 2019/20. This money will go some way to supporting the financial challenges being felt in 2020/21.

The revenue from the personal care company has decreased to £1,437k (2019: £1,593k). A net operating loss of £272k was made during 2019/20, which follows a net operating loss in the previous year of £82k.

After successive years of operating losses, the directors of Personal Care Services Limited decided the company should cease trading during 2020/21. As such, the accounts for St Christopher's Personal Care Services Limited incorporated within this annual report and accounts have been prepared on a basis other than going concern.

Investment income

Investment income was similar to last year at £339k (2019: £346k)

Education, fees and other income

Education, fees and other income of £859k was also similar to last year (2019: £793k).

Expenditure

Total expenditure in 2019/20 of £22,887k was 6% higher than the prior year (2019: £21,506k). This is a reflection of higher staff costs due to a 3% increase in full-time equivalent (FTE) headcount and year-on-year salary increases (see below).

The costs of raising voluntary income decreased by 10% to £1,561k (2019: £1,728k) as we did not incur costs associated with running a capital appeal in 2019/20.

Staff costs

Staff costs account for 78% of the total costs of the organisation (2019: 77%). During the year the total average FTE headcount increased to 391 (2019: 378). Further details of staff costs and staffing levels can be found in note 7 to the accounts.

Costs of generating funds

The cost of generating funds includes fundraising, publicity expenditure and the expenses of the trading companies.

Reserves policy and going concern

The hospice holds reserves to improve both the financial security and the operational flexibility of the hospice. The Trustees believe that the level of reserves held should be sufficient to cover the risks to which the Charity is exposed, including safeguarding against volatility of key income streams.

The Trustees consider that, in order to meet these needs, and to operate effectively, St Christopher's should aim to build free reserves of £11,000k. The Charity considers free reserves to be the total of unrestricted Group reserves, less designated funds. The designated funds held by the Charity are listed in the notes to the accounts and include provisions for pensions, capital commitments and the net book value of fixed assets. On this basis, free reserves as at 31 March 2020 were £8,656k (2019: £8,395k).

The Trustees have reviewed the financial position of the Charity and its subsidiaries, its forecast cash flows, and its liquidity position for the foreseeable future. This includes the impact of specific Covid-19 risks as described in the principal risks and uncertainties section below. The Trustees believe that the Charity has adequate resources to continue in operational existence for the foreseeable future. As a result, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

Investment policy

The Board of Trustees has approved an investment policy and strategy, which is supervised by the Investment Committee.

The primary objective of the investment policy is to provide financial security and stability for the operation of St Christopher's Hospice. The investment policy also recognises that the Charity is exposed to the risk of a sharp fall in its income due to the variability of legacy income and donations, and to uncertainty of funds from the NHS. To reflect this position, the Investment Committee with Cazenove Capital Management continues to invest in a varied portfolio, in accordance with an asset allocation approved by the Investment Committee.

The Bank of England base rate is at a historically low level of 0.1%, and, as a result, interest rates on the cash deposits set out in note 10 to the accounts have shown little improvement. Investment income has decreased slightly to £339k (2019: £346k) of which £76k (2019: £62k) is interest from cash deposits and £263k (2019: £284k) is dividend and interest income from the Cazenove Capital Management charity portfolio.

The Investment Policy states that, among other things, Trustees will not invest directly in a company if it carries out activities which are directly contrary to the hospice's purposes and, therefore, against its interests and those of its beneficiaries.

Principal risks and uncertainties

The Trustees, in conjunction with the Executive Team, follow a formal process to manage the risks faced by the Charity.

This process focuses on six potential areas of risk: strategic, financial, services, premises, workforce and information. Risks under each of these headings are assessed as to the severity of the risk to the organisation and accompanied with strategies to eliminate or mitigate the risk.

The risk management process is conducted annually and comprises the following:

- 1 Identification and review of key risks facing the organisation, accompanied by consideration of strategies/plans to be employed to mitigate risks by the Executive Team
- 2 Review of the updated risk register and the mitigation plans by the Board of Trustees
- 3 Review and agreement of the risk register and mitigation plans by the Board of Trustees
- 4 Receipt of reports regarding progress and success of mitigation plans by the Board of Trustees.

This process has confirmed that key risks facing the organisation pertain to uncertain levels of statutory and voluntary income available to the organisation, a current gap between levels of income received and expenditure incurred to run the organisation, compliance with health, safety and regulatory requirements, maximising the benefits from our patient management system and safeguarding data.

Actions intended to mitigate these risks include:

- Active exploration of alternative sources of income to support future work
- Widening of the leadership team to share responsibilities for managing internal processes
- Directing additional resources to improve reporting from the electronic patient record system
- A cross-organisational Information Governance Group that leads our approach to managing the risks associated with holding data.

Risks associated with the Covid-19 pandemic

A separate Covid-19 risk register has been maintained from the start of the Covid-19 outbreak. The key risks have evolved and changed in line with the different stages of the pandemic and as the organisation has found ways to manage these risks. As at July 2020, the key risks relate to: uncertain levels of income following cancelled fundraising events and on reopening our shops; staff and volunteers' wellbeing following a sustained period of change and uncertainty; and failure to adapt to future stages of the Covid-19 pandemic.

Actions intended to mitigate these risks include:

- The establishment of cross-organisational groups that meet regularly to lead our response to Covid-19 – this includes groups that focus on both our clinical response and business continuity in our support services
- Encouraging staff to take their annual leave and support for initiatives to hear and address staff/volunteers' concerns
- Scenario analysis to plan for the impact on our operating surplus/(deficit) and overall reserves of a range of possible Covid-19 scenarios
- Reviewing ways of working during the pandemic to identify lessons learned for how we operate in future.

Risks associated with the United Kingdom's decision to leave the EU

The Trustees are continuing to assess the impact on the Charity of the United Kingdom's decision to leave the EU. The Charity has reviewed the potential risks to operations in the context of the Department of Health & Social Care's *EU Exit Operational Readiness Guidance*. This exercise identified possible risks to the availability of some key drugs and supplies. Measures aimed at mitigating the potential impact of these risks have been considered.

The Trustees have also considered the impact of the ongoing economic and political uncertainty on the generation of income and will continue to hold reserves in order to mitigate potential income volatility.

Structure, governance and management

The Board, consisting of the Trustees named at the back of this report, is responsible for the management of the business of the Charity and for exercising its powers in pursuit of its charitable objects.

The Board has delegated some of its administrative powers to committees covering Remuneration & Nominations and Audit. Each committee has its own terms of reference and reports to the Board.

Trustees are appointed by resolution of the Board for a term of up to three years, upon expiry of which they shall be eligible for re-appointment for a further term or terms of up to three years.

Recruitment and induction of new Trustees

The Board is made up of individuals who have a diverse, varied and balanced cross section of life skills and experience. When embarking on the recruitment process the trustee vacancy is advertised on the St Christopher's website, in various publications and on social media. Prospective candidates are invited to submit their CV and outline their relevance for the role. After the closing date, applicants are shortlisted against the person specification and potential candidates are invited to interview. The interviews are usually carried out by the Chair, Vice Chair and a subset of other Trustees; successful candidates are then formally appointed by a resolution of the Board.

New Trustees undertake an induction process designed to equip them with the information and understanding they need to become effective and valuable members of the Board as quickly as possible. The induction process involves the following:

- 1 Provision of an induction pack containing key information about St Christopher's, the governance structure, the roles and responsibilities of Trustees and the organisational work of the Board of Trustees and its committees
- 2 The support of a current Trustee who will act as a mentor during the first year of the new Trustee

- 3 An induction programme which enables new Trustees to gain a good understanding of the operations of the hospice
- 4 An informal review meeting with the Chair of the Board at the end of a Trustee's first year.

All Trustees give their time voluntarily and receive no benefit from the Charity. Out-of-pocket expenses incurred by the Trustees in the course of carrying out the role can be reimbursed in accordance with the organisation's expenses policy. No expenses were claimed from the Charity this financial year. All Trustees were required to complete and sign an annual declaration of interests and of any relevant gifts received during the year.

Public benefit

The Board is aware of the Charity Commission's guidance in relation to public benefit. This report indicates how our activities have delivered public benefit.

Trustees' duty to promote the success of the Charity – Section 172 statement

Trustees have a duty to promote the success of the Charity and, in doing so, are required by section 172(1) of the Companies Act 2006 to have regard to various specific factors, including:

- The likely consequences of decisions in the long term
- The interests of employees
- The need to foster the Charity's relationships with third-party stakeholders which, in the case of St Christopher's includes dying people and those close to them, the local community, the NHS and our supporters
- The impact of the Charity's operations on the community and the environment
- The desirability of the Charity maintaining a reputation for high standards of business conduct.

The Board delegates day-to-day management and decision-making to the Joint Chief Executives and Executive Team, who are required to act in furtherance of the Charity's strategy. The Board meets at least four times a year, where it assesses progress against the strategy and identifies areas of focus for the following

year, and where it receives updates on the Charity's performance and plans. Its Committees also review performance and plans with regard to the particular activities overseen by the Committee concerned.

By monitoring that management is acting in accordance with the strategy and in compliance with specific policies, the Board and its Committees obtain assurance that in promoting the success of the Charity, due regard is given to the factors set out in section 172.

Engagement with the Charity's main stakeholder groups are as set out on pages 9-22. The Joint Chief Executives regularly report to the Board on key stakeholder relations and engagement activities, current issues and relevant feedback received from interaction with stakeholders.

The Charity's strategy takes into account the likely consequences of any decision in the long term. During the year, Trustees approved a plan for a refresh of our strategic ambitions for 2020-23. These new ambitions and their rationale are as set out on pages 53-55. The Trustees also follow a formal process to regularly manage and review risks that are faced by the Charity as set out on page 27.

The Charity ensures that it maintains a reputation for high standards of business conduct by having in place a range of policies and processes that promote corporate responsibility and ethical behaviour. Areas covered include: fundraising (our fundraising practices are discussed on page 29); gifts, hospitality and anti-bribery; conflicts of interest; safeguarding; bullying and harassment; and whistleblowing. All these policies are reviewed periodically. We also have dedicated leads for safeguarding and whistleblowing within the Executive Team and the Board of Trustees.

Fundraising disclosure

St Christopher's has voluntarily subscribed to the Fundraising Regulator and is committed to the Fundraising Promise and adherence to the Code of Fundraising Practice set by the Fundraising Regulator.

We encourage the fundraising service providers we engage with to also sign up to the code. Our fundraising effort is led by Compton Fundraising consultants who are members of the Association of Fundraising Consultants (AFC) promoting best practice and mission

to set the very highest standards of fundraising. As a member of the AFC, Compton Fundraising have signed the AFC Code of Practice together with the Fundraising Regulator's Code of Fundraising Practice. Compton Fundraising consultants work closely with the in-house Fundraising Team on a day-to-day basis and set and agree the annual fundraising targets with the St Christopher's Executive Team. Performance against targets is monitored and formally presented monthly to the Director of Finance & Corporate Services and Joint Chief Executives.

In addition, the Fundraising Team engages professional third-party suppliers to help us raise funds particularly where we do not have the expertise in house. We have safeguards in place when working with suppliers to protect our supporters and the Charity's reputation, including Lottery Fundraising Services, the company which supports our lottery. We ensure all these agents observe the highest standards in terms of fundraising practice and monitor their performance through the use of mystery shopping and random checks with donors.

St Christopher's is a member of the Hospice Income Generation Network and many of our fundraisers are members of the Institute of Fundraising.

Our website outlines our complaints policy for the public. We received zero complaints in 2019/20 (2018/19: two complaints). Our policy is to respond to all complaints within 10 days. Serious complaints are escalated to our Executive Team and Trustees to consider lessons learnt. We report to the Fundraising Regulator and Gambling Commission on the totality of our complaints.

We have policies and procedures in place to safeguard the vulnerable and we ensure our fundraisers and third-party suppliers adhere to these policies. We are also signed up to the Fundraising Preference Service to enable individuals to opt out from receiving fundraising communications from us. We received no requests through this service last year.

Pay policy for senior staff

The pay of the senior staff is reviewed on a regular basis and normally increased in line with the organisational pay review. The pay of the Joint Chief Executives is set by the Remuneration & Nominations Committee. The pay for the remainder of the senior staff is agreed by

the Joint Chief Executives, in consultation with the Director of People & Organisational Development.

Disabled people

St Christopher's is a 'Disability Confident' employer. This means that we undertake full and fair consideration of all applications for employment including those made by disabled persons. We offer a guaranteed interview to those applicants who qualify under the 'Disability Confident' scheme and we are also committed to both support disabled people back into the workplace as well as supporting those already employed within the organisation. We have partnership arrangements with a number of external organisations, including the Shaw Trust which helps bring people back into the workplace and the Wolfson Neurorehabilitation Centre, which provides further support for disabled people employed with us.

Equality and diversity

St Christopher's continued its partnership with Stonewall during 2019/20 to support representatives from the LGBT community. In addition, St Christopher's signed the 'Mindful Employer Charter' to demonstrate its commitment to supporting individuals with mental health illnesses and to actively seek to alleviate causes of workplace stress where possible.

The organisation has worked hard to improve black and minority ethnic (BAME) staff representation across the organisation and we have been delighted to see an increase from 17% to 22% by the end of 2019/20.

In December, we provided training to the Equality and Diversity Group, members of the Executive Team and other senior managers on 'Conquering Unconscious Bias for a More Diverse and Inclusive Workplace'. Those present completed one or two online assessments to test their own unconscious bias behaviours. Following this training, we are exploring where unconscious bias may exist within the organisation, to ensure that our systems and processes are sufficiently robust to prevent any such biases from turning into non-inclusive or discriminatory behaviours.

Gender pay gap

The gender pay gap information shows any difference in the average earnings between all men and all women

employed across the organisation. The April 2019 data identified that of our 526 staff (excluding bank workers) 86% were women and 14% were men.

Our data identified that the average hourly rate was 8.1% higher for men in April 2019 compared to 12.9% in April 2018.

There has also been a small increase in the number of full-time female workers compared to 2018, which has helped to improve the overall balance of the Median data from being 3.4% lower for women in 2018 to 0.61% lower for women in 2019.

Employee information

St Christopher's is committed to providing information to employees on matters of concern to them and consulting employees, or their representatives (e.g. via our Staff Forum), on a regular basis so that their views can be taken into account when making decisions.

Statement of Board's responsibilities

The Board members (Directors for the purposes of company law) who served during the year, and the period for which they were in office, are detailed on page 58.

The Board is responsible for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Board 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 Charity and of the result of the Group for that period. In preparing these financial statements, the Board are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent

- Follow applicable accounting standards
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board is responsible for keeping adequate accounting records which are sufficient to show and explain the Group and Charity's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

The Trustees have taken all necessary steps to make themselves aware, as Trustees, of any relevant audit information and to establish that the auditors are aware of that information.

As far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware.

Signed on behalf of The Board of Trustees



Morgan Jones
Chair of Trustees
St Christopher's Hospice, 51-59 Lawrie Park Road,
London SE26 6DZ
23 July 2020

Independent auditor's report to the Members of St Christopher's Hospice

Opinion

We have audited the financial statements of St Christopher's Hospice (the 'Charity') for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including *FRS 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 Charity and the Group's affairs as at 31 March 2020 and of the Group's income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- The Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Trustees' Report.

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specific 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 Statement of Board's responsibilities set out on page 30, the Trustees 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 Charity'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 Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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



Stephen Mills

Senior Statutory Auditor

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

13 October 2020

Consolidated statement of financial activities for the year ended 31 March 2020

	Notes	Unrestricted funds £'000	Restricted funds £'000	2020 Total £'000	2019 Total £'000
Income from					
Donations and gifts		3,769	586	4,355	8,133
Legacies		3,743	–	3,743	3,949
Charitable activities					
<i>NHS funding for patient care</i>	2	7,923	–	7,923	6,652
<i>Education, fees and other income</i>	3	859	–	859	793
Other trading activities					
<i>Income of trading companies</i>	4	5,631	–	5,631	4,737
<i>Investment income</i>		339	–	339	346
Total income		<u>22,264</u>	<u>586</u>	<u>22,850</u>	<u>24,610</u>
Expenditure on					
Raising voluntary income		1,561	–	1,561	1,728
Trading companies	4	4,527	–	4,527	4,013
		<u>6,088</u>	<u>–</u>	<u>6,088</u>	<u>5,741</u>
Charitable activities					
<i>Inpatient care</i>		10,356	59	10,415	9,576
<i>Community care/outpatients</i>		3,699	154	3,853	3,617
<i>Education and training</i>		1,113	131	1,244	1,473
<i>Care at our centres</i>		1,020	86	1,106	936
<i>Candle Child Bereavement Service</i>		138	43	181	163
		<u>16,326</u>	<u>473</u>	<u>16,799</u>	<u>15,765</u>
Total expenditure	5	<u>22,414</u>	<u>473</u>	<u>22,887</u>	<u>21,506</u>
Net (expenditure)/income before transfers	6	<u>(150)</u>	<u>113</u>	<u>(37)</u>	<u>3,104</u>
Transfer between funds (relate to capital programme)		2,053	(2,053)	–	–
Net income/(expenditure) before other recognised gains and losses		<u>1,903</u>	<u>(1,940)</u>	<u>(37)</u>	<u>3,104</u>
Other recognised gains/losses					
Actuarial (losses)/gains on defined benefit pension scheme	19	(92)	–	(92)	(239)
Gain on investments: realised	10	335	–	335	945
Loss on investments: unrealised	10	(1,286)	–	(1,286)	(779)
Net movement in funds		860	(1,940)	(1,080)	3,031
Total funds at 1 April 2019	15, 16, 17	<u>26,789</u>	<u>5,214</u>	<u>32,003</u>	<u>28,972</u>
Total funds at 31 March 2020	15, 16, 17	<u>27,649</u>	<u>3,274</u>	<u>30,923</u>	<u>32,003</u>

All recognised gains and losses are included in the consolidated statement of financial activities.

St Christopher's Hospice and St Christopher's (Trading) Ltd transactions are derived from continuing activities. St Christopher's Personal Care Services Ltd transactions are discontinuing subsequent to the year end. The post tax profit of discontinuing operations during 2019/20 was £94k. An analysis of the results by company is shown in Note 4.

The allocation between unrestricted and restricted funds for 2019 is shown in Note 18.

Consolidated balance sheet as at 31 March 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible fixed assets	9	8,487	6,349
Intangible assets	9	355	482
Investments	10	15,035	16,462
		<u>23,877</u>	<u>23,293</u>
Current assets			
Debtors	11	5,541	4,569
Interest bearing bank accounts		3,232	5,949
		<u>8,773</u>	<u>10,518</u>
Creditors			
Amounts falling due within one year	12	(1,727)	(1,602)
Net current assets			
		<u>7,046</u>	<u>8,916</u>
Net assets excluding pension scheme asset/(liability)			
Defined benefit pension scheme asset/(liability)	19	–	(206)
Net assets including pension scheme asset/(liability)			
		<u>30,923</u>	<u>32,003</u>
Funds			
Restricted	15	3,274	5,214
Unrestricted			
<i>General</i>		8,650	9,458
<i>Designated</i>	16	18,993	18,394
<i>Non-charitable</i>		6	(857)
Total unrestricted funds excluding pension liability		<u>27,649</u>	<u>26,995</u>
Pension pension scheme asset/(liability)		–	(206)
Total unrestricted funds including pension asset/(liability)		<u>27,649</u>	<u>26,789</u>
Total funds		<u>30,923</u>	<u>32,003</u>

The financial statements were approved by The Board of Trustees on 23 July 2020 and signed on its behalf by:



Morgan Jones
Chair of Trustees



Richard Saunders
Trustee

Balance sheet: St Christopher's entity only as at 31 March 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible fixed assets	9	8,266	6,117
Intangible assets	9	355	482
Investments	10	15,434	16,862
		<u>24,055</u>	<u>23,461</u>
Current assets			
Debtors	11	5,664	4,835
Interest-bearing bank accounts		2,819	5,589
		<u>8,483</u>	<u>10,424</u>
Creditors			
Amounts falling due within one year	12	(1,621)	(1,504)
Net current assets		<u>6,862</u>	<u>8,920</u>
Net assets excluding pension scheme liability		30,917	32,381
Defined benefit pension scheme liability	19	–	(206)
Net assets including pension scheme liability		<u>30,917</u>	<u>32,175</u>
Funds			
Restricted	15	3,274	5,214
Unrestricted			
<i>General</i>		8,650	8,773
<i>Designated</i>	16	18,993	18,394
Total unrestricted funds excluding pension liability		<u>27,643</u>	<u>27,167</u>
Pension reserve		–	(206)
Total unrestricted funds including pension liability		<u>27,643</u>	<u>26,961</u>
Total funds		<u>30,917</u>	<u>32,175</u>

The financial statements were approved by The Board of Trustees on 23 July 2020 and signed on its behalf by:



Morgan Jones
Chair of Trustees



Richard Saunders
Trustee

Consolidated statement of cash flows for the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Net cash (used in)/generated by operating activities	A	(645)	3,623
Cash flows from investing activities			
Interest and dividends received		339	346
Purchase of tangible and intangible fixed assets		(2,552)	(1,645)
Increase in investments		141	243
Net cash used in investing activities		<u>(2,072)</u>	<u>(1,056)</u>
Change in cash and cash equivalents in the year		(2,717)	2,567
Cash at the beginning of the year		5,949	3,382
Cash at the end of the year		<u>3,232</u>	<u>5,949</u>
Reconciliation of net movement in funds to net cash outflow from operating activities			
	Notes	2020 £'000	2019 £'000
	A		
Net (expenditure)/income		(1,080)	3,031
Interest and dividends receivable		(339)	(346)
Depreciation and amortisation charges		541	715
Unrealised loss on investments		1,286	779
(Increase) in debtors		(972)	(891)
Increase in creditors		125	393
(Decrease) in defined benefit pension scheme deficit		(206)	(58)
Net cash (used in)/generated by operating activities		<u>(645)</u>	<u>3,623</u>

Notes to the financial statements for the year ended 31 March 2020

1 Principal accounting policies

1.1 Basis of accounting

The financial statements are prepared under the historical cost basis and comply with the Companies Act 2006. The financial statements have been prepared in accordance with the Statement of Recommended Practice (*Accounting and Reporting by Charities*), issued in September 2015 (FRS 102), other relevant provisions of the memorandum and articles of association, and with applicable UK accounting standards.

The figures for the both years reflect the full adoption of FRS (Financial Reporting Standard) 102.

The Charity meets the definition of a public benefit entity under FRS102.

1.2 Going concern

These financial statements have been prepared on a going concern basis.

The Covid-19 pandemic will result in the Charity receiving less fundraising income during 2020/21 due to cancelled events and a reduction in other donations. The Charity's subsidiary St Christopher's (Trading) Limited will also receive less income after temporarily closing all its shops from March to June 2020. The impact of Covid-19 on our fundraising income and shops income for the remainder of 2020/21 and beyond is also uncertain.

However, after carrying out scenario analysis to plan for the impact on both our operating surplus/(deficit) and overall reserves of a range of possible Covid-19 scenarios over the short to medium term, the Trustees are confident that the Charity can meet its liabilities as they fall due.

The Trustees therefore consider that the Charity holds sufficient reserves for the going concern basis to be appropriate.

1.3 Basis of consolidation

The statement of financial activities and balance sheet consolidate the financial statements of the Charity, its wholly owned subsidiaries St Christopher's (Trading) Limited and St Christopher's Personal Care Services Limited.

No separate Statement of Financial Activities is presented for the Charity as permitted by Section 408 of the Companies Act 2006 and SORP (FRS102). The net expenditure dealt with in the Charity's Statement of Financial Activities for the year ended 31 March 2020 was £1,258k (2019: £1,900k net income).

1.4 Fund accounting

Restricted income funds

Restricted funds are funds subject to specific restricted conditions requested by the donors. Where the restriction relates to the purchase of a capital item then the condition will be treated as having been met when the asset is purchased.

Unrestricted income funds

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Board in furtherance of the general charitable objects.

Designated funds are amounts included within unrestricted funds that have been set aside by the Board for particular purposes. Designated funds include:

- **Fixed assets** This reflects the net book value of unrestricted tangible and intangible fixed assets
- **Pension Liability** These are designated funds held against the defined benefit pension scheme deficit. The amount shown relates to the deficit from the most recent Triennial valuation, less pension contributions made following this valuation, less the liability disclosed under FRS 102
- **St Christopher's Fund** This represents investments held and managed by Cazenove Capital Management for the purposes of generating income
- **St Christopher's CARE** These are designated monies to fund the construction of our new Centre for Awareness & Response into End of Life (St Christopher's CARE, formerly known as the Learning Hub).

Details on the level of funds in each element are provided in notes 15 and 16.

1.5 Income

Income represents the total income receivable during the year comprising donations, legacies, NHS contracts, grants, fees, interest and other income generated during the year.

Legacies must be recognised when the following conditions are confirmed:

- There has been grant of probate
- The executors have established that there are sufficient funds to pay the legacy
- Any conditions attached to the legacy are either within the control of the Charity or have been met.

NHS contracts and fees are recognised when it can reasonably be assumed that the Charity is entitled to the income and the amount can be estimated with sufficient reliability.

Income from trading companies arises from two sources:

- Sales of goods in charity shops
- Provision of personal care services.

1.6 Expenditure

The costs of inpatient care, community care/outpatients, education and training, care at our centres, Candle Child Bereavement Service and cost of raising voluntary income comprise expenditure both directly and indirectly attributable to the activity concerned. Indirectly attributable costs such as physiotherapy and social work have been allocated to activities using an appropriate cost allocation basis.

Support costs have been allocated to activities on the basis of staff time spent. Governance costs, which are charitable, relate to the stewardship of the Charity's assets, organisational administration and compliance with constitutional and statutory requirements.

1.7 Estimation uncertainty

Key areas for estimation uncertainty are considered to be the defined pension liability and accrued legacy income.

Please refer to note 19 for a detailed review of the relevant assumptions in relation to the defined benefit pension liability.

Accrued legacy income is calculated on the basis of the valuation of the net estate of each testator, based on management's best estimate. The source of estimation uncertainty is that the valuation of the estates at a point in time is inherently uncertain and can change significantly over a short period of time.

The carrying amount of legacies accrued (note 11) as at 31 March 2020 was £3,345k (2019: £3,176k)

1.8 Taxation

St Christopher's Hospice is a registered charity. Income and chargeable gains, which are applied for charitable purposes, are exempt from liability to direct taxation. Income tax recoverable in respect of donations under gift aid, investment income and legacies is included with the income to which it relates.

1.9 Capitalisation and depreciation

Tangible fixed assets are capitalised with a de minimis limit where relevant.

Assets under construction are not depreciated. Depreciation and amortisation are calculated to write off the cost of tangible fixed assets on a straight-line basis over the expected useful lives of the assets concerned at the following rates:

Leasehold buildings:	over the term of the lease
Freehold buildings:	-2% straight line basis
Freehold refurbishments:	-10% straight line basis
Equipment and motor vehicles:	-10% to 33% straight line basis
Intangible assets:	-33% straight line basis

1.10 Pension schemes

St Christopher's contributes to the St Christopher's Hospice (1985) Pension Scheme, a defined benefit scheme. The pension scheme is administered by Trustees and is separate from the hospice. See note 19 for further details.

St Christopher's also contributes to a defined contribution scheme. Contributions in respect of the year are charged to the Statement of Financial Activities in the year to which they relate.

St Christopher's has an arrangement with the NHS that permits members of the NHS final salary pension scheme to maintain their membership when they are subsequently employed by the hospice. The NHS currently provides a subsidy on the contributions payable by the hospice. The net contributions in respect of the year are charged to the Statement of Financial Activities in the year to which they relate.

1.11 Operating leases

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

2 National Health Service

	2020 £'000	2019 £'000
NHS contracts	7,923	6,652

3 Education, fees and other income

	2020 £'000	2019 £'000
Education	271	290
Fees and other income	588	503
	<u>859</u>	<u>793</u>

4 Group undertakings

Summary of results of group undertakings:

2020	St Christopher's Hospice Ltd £'000	St Christopher's (Trading) Ltd £'000	St Christopher's Personal Care Services Ltd £'000	Group total £'000
Income	17,219	4,194	1,437	22,850
Expenditure	(18,360)	(2,818)	(1,709)	(22,887)
(Deficit)/profit/(loss) for the year	(1,141)	1,376	(272)	(37)
Other recognised (losses)/gains	(1,409)	–	366	(1,043)
Distributions	1,290	(1,290)	–	–
Net (expenditure)/income for the year	<u>(1,260)</u>	<u>86</u>	<u>94</u>	<u>(1,080)</u>

The net assets of St Christopher's Trading Ltd were £407k at 31 March 2020. The net assets of St Christopher's Personal Care Services Ltd were £0 at 31 March 2020.

2019	St Christopher's Hospice Ltd £'000	St Christopher's (Trading) Ltd £'000	St Christopher's Personal Care Services Ltd £'000	Group total £'000
Income	19,873	3,144	1,593	24,610
Expenditure	(17,493)	(2,338)	(1,675)	(21,506)
Surplus/profit/(loss) for the year	2,380	806	(82)	3,104
Other recognised (losses)/gains	(1,233)	–	1,150	(73)
Distributions	779	(779)	–	–
Net income/result for the year	<u>1,936</u>	<u>27</u>	<u>1,068</u>	<u>3,031</u>

The net assets of St Christopher's Trading Ltd were £321k at 31 March 2019. The net liabilities of St Christopher's Personal Care Services Ltd were £93k at 31 March 2019.

St Christopher's has three wholly owned subsidiaries:

Company	Activity	Company number
St Christopher's (Trading) Ltd	Operation of charity shops for the hospice	02604519
St Christopher's Personal Care Services Ltd	Provision of personal care services	08872082
SCH (Trading) Limited	Dormant	02055682

The directors of Personal Care Services Limited have decided the company should cease trading during 2020/21. As such, the accounts and the value of the assets for St Christopher's Personal Care Services Limited have been prepared on a basis other than going concern.

Related party transactions

During the year the company entered into transactions with related parties. Transactions entered into and balances outstanding are as follows:

	2020 St Christopher's (Trading) Ltd £'000	2020 St Christopher's Personal Care Services Ltd £'000	2019 St Christopher's (Trading) Ltd £'000	2019 St Christopher's Personal Care Services Ltd £'000
Re-charged to related parties				
Management charge	66	–	64	–
Salaries	1,403	1,520	1,115	1,519
Leasehold depreciation	38	–	24	–
Other costs	21	122	32	107
Group debt adjustments		(366)	–	(1,150)
Re-charged by related parties				
Shop fit-out costs	(71)	–	(117)	–
Total	<u>1,457</u>	<u>1,276</u>	<u>1,118</u>	<u>476</u>
Balance owed at 31 March	847	243	279	378

The intercompany balance owed by St Christopher's Personal Care Services Limited to St Christopher's Hospice was reduced by £366k during the financial year.

This reduction represented two elements:

- £193k of costs incurred by St Christopher's Personal Care Services Limited in undertaking charitable activities on behalf of the hospice
- £173k of its remaining debt to bring the total amount owed to St Christopher's Hospice as at the 31st March 2020 to £243k.

5 Expenditure

	Direct costs £'000	Support costs £'000	Total 2020 £'000	Total 2019 £'000
Costs of raising funds				
Fundraising and publicity	1,432	129	1,561	1,728
Trading activities	4,527	–	4,527	4,013
	<u>5,959</u>	<u>129</u>	<u>6,088</u>	<u>5,741</u>
Charitable activities				
Inpatient care	9,557	858	10,415	9,576
Community care/outpatients	3,768	85	3,853	3,617
Education and training	1,137	107	1,244	1,473
Care at our centres	1,067	39	1,106	936
Candle Child Bereavement Service	174	7	181	163
Total cost of charitable activities	<u>15,703</u>	<u>1,096</u>	<u>16,799</u>	<u>15,765</u>
Total expenditure	<u>21,662</u>	<u>1,225</u>	<u>22,887</u>	<u>21,506</u>

Included in the costs above are governance costs of £43k (2019: £98k)

Analysis of support costs

	2020 £'000	2019 £'000
Facilities management	268	203
IT management	378	392
Finance	249	236
Personnel	330	298
	<u>1,225</u>	<u>1,129</u>

Support costs have been allocated to activities on the basis of staff time spent.

6 Net income/(expenditure)

	2020 £'000	2019 £'000
Net income/(expenditure) is stated after charging/(crediting)		
Auditors' remuneration: audit fee	32	26
Auditors' remuneration: tax and tagging compliance services	4	3
Auditors' remuneration: pension	5	5
Depreciation and amortisation	541	715
Interest receivable	(339)	(346)
	<u>(339)</u>	<u>(346)</u>

7 Staff costs

	2020 £'000	2019 £'000
Salaries and wages	12,397	11,562
Social security costs	1,082	1,025
Pension costs (see note 19 below)	977	952
Staff costs of the Charity	14,456	13,539
Staff costs of trading activities (includes pension costs of £116k in 2020 (2019: £101k))	3,049	2,755
	<u>17,505</u>	<u>16,294</u>

Payments were made under a voluntary severance scheme of £34k (2019: £54k).

The average number of employees during the year (excluding bank) was:

	Head count 2020	Head count 2019	FTEs 2020	FTEs 2019
Hospice (includes support staff)	275	272	225	222
Community care/outpatients	55	54	48	46
Education and training	13	16	10	12
Care at our centres	6	9	5	7
Personal Care Services	67	63	53	48
Charity shops	59	49	50	43
	<u>475</u>	<u>463</u>	<u>391</u>	<u>378</u>

The number of employees whose earnings fell within the band:

	2020	2019
£60,000 to £69,999	10	8
£70,000 to £79,999	6	3
£80,000 to £89,999	1	1
£90,000 to £99,999	1	1
£100,000 to £109,999	–	–
£110,000 to £119,999	–	1
£120,000 to £129,999	1	–
£130,000 to £139,999	–	–
£150,000 to £159,999	1	1

Pension contributions of £169k (2019: £129k) were paid in respect of these employees.

The Board of Trustees consider the key management personal to be the Executive Team 6.18 FTEs (2019: 4.80 FTEs) and the total benefit paid to the key management personnel was £684k (2019: £548k).

8 Board of Trustees

Remuneration and reimbursed expenses

No remuneration was paid to members of the Board during either year. No expenses were reimbursed to trustees (2020: £nil). No general expenses were incurred in respect of trustees (2019: £nil).

St Christopher's Hospice paid £2,100 (2019: £2,100) for indemnity insurance for the Trustees of the St Christopher's Hospice (1985) Pension Scheme.

St Christopher's Hospice also paid £3,164 for Trustee Liability Insurance for its Trustees, but for 2020 this cover is included in the Combined Liability and Directors and Officers policy and therefore the cost for the Trustee liability cover cannot be determined.

Donations from Trustees

The Trustees have donated a total of £50k (2019: £40k) during the year. Of this, £10k was restricted to St Christopher's CARE.

9.1 Tangible fixed assets

	Freehold land and buildings £'000	Assets under construction £'000	Freehold refurb- ishment £'000	Leasehold land and buildings £'000	Equipment and motor vehicles £'000	Total £'000
Group						
Cost						
At 1 April 2019	6,533	2,284	3,786	381	199	13,183
Additions	–	2,099	–	71	355	2,525
At 31 March 2020	<u>6,533</u>	<u>4,383</u>	<u>3,786</u>	<u>452</u>	<u>554</u>	<u>15,708</u>
Depreciation						
At 1 April 2019	3,060	–	3,440	225	109	6,834
Amount provided	129	–	138	38	82	387
At 31 March 2020	<u>3,189</u>	<u>–</u>	<u>3,578</u>	<u>263</u>	<u>191</u>	<u>7,221</u>
Net book values						
At 31 March 2020	<u>3,344</u>	<u>4,383</u>	<u>208</u>	<u>189</u>	<u>363</u>	<u>8,487</u>
At 31 March 2019	<u>3,473</u>	<u>2,284</u>	<u>346</u>	<u>156</u>	<u>90</u>	<u>6,349</u>
Charity						
Cost						
At 1 April 2019	6,214	2,284	3,786	381	165	12,830
Additions	–	2,099	–	71	355	2,525
At 31 March 2020	<u>6,214</u>	<u>4,383</u>	<u>3,786</u>	<u>452</u>	<u>520</u>	<u>15,355</u>
Depreciation						
At 1 April 2019	2,962	–	3,440	225	86	6,713
Amount provided	123	–	138	38	77	376
At 31 March 2020	<u>3,085</u>	<u>–</u>	<u>3,578</u>	<u>263</u>	<u>163</u>	<u>7,089</u>
Net book values						
At 31 March 2020	<u>3,129</u>	<u>4,383</u>	<u>208</u>	<u>189</u>	<u>357</u>	<u>8,266</u>
At 31 March 2019	<u>3,252</u>	<u>2,284</u>	<u>346</u>	<u>156</u>	<u>79</u>	<u>6,117</u>

Caritas House, the freehold property in Orpington, was revalued by Jones Lang Lasalle in April 2014. Under the transitional arrangements of FRS 102, the valuation at the date of transition is considered to be the deemed cost of this property.

9.2 Intangible fixed assets

	Software £'000
Group and Charity cost	
At 1 April 2019	766
Additions	27
At 31 March 2020	<u>793</u>
Amortisation	
At 1 April 2019	284
Amount provided	154
At 31 March 2020	<u>438</u>
Net book values	
At 31 March 2020	<u>355</u>
At 1 April 2019	<u>482</u>

The net book value at 31 March 2020 represents fixed assets used for:

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Equipment and motor vehicles £'000	Software £'000	Total £'000
Charitable purposes					
Inpatient care	4,256	–	231	232	4,719
Community care/outpatients	1,308	–	52	52	1,412
Education and training	1,568	–	22	22	1,612
Care at our centres	525	–	20	14	559
	<u>7,657</u>	<u>–</u>	<u>325</u>	<u>320</u>	<u>8,302</u>
Charity shops	277	189	39	35	540
	<u>7,934</u>	<u>189</u>	<u>364</u>	<u>355</u>	<u>8,842</u>

10 Investments

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
At 1 April 2019	16,462	17,484	16,862	17,984
Additions	3,377	667	3,377	666
Disposals	(3,007)	(4,027)	(3,007)	(4,127)
Increase in market value: realised	335	945	335	945
Decrease in market value: unrealised	(1,286)	(779)	(1,286)	(779)
	<u>15,882</u>	<u>14,290</u>	<u>16,281</u>	<u>14,689</u>
Movement in cash balance	(847)	2,172	(847)	2,173
At 31 March 2020	<u>15,034</u>	<u>16,462</u>	<u>15,434</u>	<u>16,862</u>
Analysed as follows:				
Funds managed by Cazenove Capital Management				
UK equities	2,065	3,141	2,065	3,141
International equities	3,505	3,249	3,505	3,249
Bonds	486	250	486	250
Property	1,054	1,269	1,054	1,269
Multi asset	1,113	1,096	1,113	1,096
Alternatives: other and commodities	511	309	511	309
Cash	165	560	165	560
	<u>8,899</u>	<u>9,874</u>	<u>8,899</u>	<u>9,874</u>
Other investments				
Bank deposits	6,135	6,588	6,135	6,588
Investment in subsidiary undertakings (below)	–	–	400	400
	<u>6,135</u>	<u>6,588</u>	<u>6,535</u>	<u>6,988</u>
Total investments	<u>15,034</u>	<u>16,462</u>	<u>15,434</u>	<u>16,862</u>

The historical cost of the investments managed by Cazenove Capital Management is £9,040k (2019: £8,640k)

The charity owns all of the 400,000 £1 ordinary shares in St Christopher's (Trading) Limited and the £1 share capital in St Christopher's Personal Care Services Limited. SCH (Trading) Limited is a dormant subsidiary. The share capital of 100,000 £1 ordinary shares was fully written down during the year ending 31 March 2019.

The directors of Personal Care Services Limited have decided the company should cease trading during 2020/21. As such, the accounts and the value its assets for St Christopher's Personal Care Services Limited have been prepared on basis other than going concern.

11 Debtors

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Trade debtors	502	451	325	291
Legacies receivable	3,345	3,176	3,345	3,176
Sundry debtors, prepayments and accrued income	1,694	942	904	711
Amount due from St Christopher's Trading	–	–	847	279
Amount due from St Christopher's Personal Care Services	–	–	243	378
	<u>5,541</u>	<u>4,569</u>	<u>5,664</u>	<u>4,835</u>

12 Creditors: amounts falling due within one year

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Trade creditors	307	616	303	587
Payroll taxes and social security	465	460	465	460
Other creditors and accruals	799	457	697	388
Income received in advance	156	69	156	69
	<u>1,727</u>	<u>1,602</u>	<u>1,621</u>	<u>1,504</u>

13 Lease commitments

The Group leases a number of properties and motor vehicles under operating leases.

	Land and buildings 2020 £'000	Land and buildings 2019 £'000	Motor vehicles and office equipment 2020 £'000	Motor vehicles and office equipment 2019 £'000
Operating leases payments to be made				
Within one year	737	554	67	55
In two to five years	2,315	1,618	111	141
Over five years	1,914	1,419	–	–
	<u>4,966</u>	<u>3,591</u>	<u>178</u>	<u>196</u>

14 Financial commitments

As at 31 March 2020, approved commitments of up to £2,291k were authorised by the Board of Trustees in respect of the construction of the new Centre for Awareness & Response into End of Life (St Christopher's CARE). This will be funded through restricted and designated funds raised from voluntary income.

15 Restricted funds

	Balance 1 April 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31 March 2020 £'000
Candle Child Bereavement Service	–	43	43	–	–
Education: Bursaries	13	17	13	–	17
Education: Summer School	31	–	9	–	22
Educational activities related to India	24	–	12	–	12
Dementia focused training and education	72	–	13	–	59
Education: Cognitive Behavioural Therapy	2	31	7	–	26
Support for St Christopher's CARE	1,149	1	6	–	1,144
St Christopher's CARE: Capital Fund	1,911	144	2	(2,053)	–
Ward refurbishment project	42	5	15	–	32
Young Adults project	53	26	76	–	3
Wives Fellowship fund	100	39	16	–	123
Research: Stern legacy	361	–	38	–	323
Community action	47	35	41	–	41
Project ECHO	11	–	11	–	–
Burdett Trust for Nursing	93	13	11	–	95
Nightingale Fellowship	100	–	–	–	100
Inpatient equipment	8	24	2	–	30
Coach4Care	–	42	13	–	29
Bereavement Help Points	–	29	17	–	12
NRPF project	–	–	15	–	(15)
Care with Compassion	–	12	4	–	8
Anniversary Centre	–	10	10	–	–
Complex Needs in Primary Care at EoL	–	82	28	–	54
Challenging Conversations in Lewisham	–	12	–	–	12
Caritas House	1,169	–	25	–	1,144
Other funds	28	21	46	–	3
Total restricted funds	<u>5,214</u>	<u>586</u>	<u>473</u>	<u>(2,053)</u>	<u>3,274</u>

Research: Stern legacy

St Christopher's was the beneficiary of a restricted legacy for use in research into myeloma and end of life palliative care. Accordingly, the funds have been used to establish a research project into myeloma at the Cicely Saunders International research institution and will be used to fund other research projects in end of life care.

Caritas House

This fund was originally established to cover the cost of building Harris HospisCare premises and offices. It now reflects the net book value of Caritas House.

St Christopher's CARE

This fund represents monies received to build St Christopher's CARE (The Centre for Awareness & Response into End of Life). Transfers within this fund relate to capital expenditure on St Christopher's CARE during the year.

Support for St Christopher's CARE

This fund is restricted to supporting expenditure for St Christopher's CARE (The Centre for Awareness & Response into End of Life) in its first years of operating.

16 Designated funds

	Balance at 1 April 2019 £'000	New desig- nations and transfers £'000	Balance at 31 March 2020 £'000
Fixed assets	5,662	2,037	7,699
Pension liability	858	(463)	395
St Christopher's Fund	9,874	(975)	8,899
St Christopher's CARE	2,000	–	2,000
	<u>18,394</u>	<u>599</u>	<u>18,993</u>

Fixed assets: this reflects the net book value of unrestricted tangible and intangible fixed assets.

Pension liability: these are designated funds held against the defined benefit pension scheme deficit. The amount shown relates to the deficit from the most recent triennial valuation, less pension contributions made following this valuation, less the liability disclosed under FRS 102.

St Christopher's Fund: this represents investments held and managed by Cazenove Capital Management for the purposes of generating income.

St Christopher's CARE: these are designated monies to fund the construction of St Christopher's CARE.

17 Analysis of group net assets between funds

	St Christopher's Fund £'000	Pension scheme £'000	Other specific funds £'000	Fixed assets £'000	Working capital £'000	Total £'000
Restricted income	–	–	2,130	1,144	–	3,274
Unrestricted income						
<i>Designated</i>	8,899	395	2,000	7,699	–	18,993
<i>General</i>	–	–	–	–	8,656	8,656
	<u>8,899</u>	<u>395</u>	<u>4,130</u>	<u>8,842</u>	<u>8,656</u>	<u>30,923</u>

18 Consolidated statement of financial activities for the year ended 31 March 2019

	Unrestricted funds £'000	Restricted funds £'000	2019 total £'000
Income from			
Donations and gifts	3,653	4,480	8,133
Legacies	3,949	–	3,949
Charitable activities			
<i>NHS funding for patient care</i>	6,652	–	6,652
<i>Education, fees and other income</i>	793	–	793
Other trading activities			
<i>Income of trading companies</i>	4,737	–	4,737
<i>Investment income</i>	346	–	346
Total income	<u>20,130</u>	<u>4,480</u>	<u>24,610</u>
Expenditure on			
Raising voluntary income	1,728	–	1,728
Trading companies	4,013	–	4,013
	<u>5,741</u>	<u>–</u>	<u>5,741</u>
Charitable activities			
<i>Inpatient care</i>	9,544	32	9,576
<i>Community care/outpatients</i>	3,424	193	3,617
<i>Education and training</i>	1,355	118	1,473
<i>Care in our centres</i>	781	155	936
<i>Candle Child Bereavement Service</i>	112	51	163
	<u>15,216</u>	<u>549</u>	<u>15,765</u>
Total expenditure	<u>20,957</u>	<u>549</u>	<u>21,506</u>
Net income/(expenditure) before transfers	(827)	3,931	3,104
Transfer between funds (relate to capital programme)	1,465	(1,465)	–
Net income/(expenditure) before other recognised gains and losses	638	2,466	3,104
Other recognised gains/losses			
Actuarial gains/(losses) on defined benefit pension scheme	(239)	–	(239)
Gain on investments: realised	945	–	945
(Loss)/gain on investments: unrealised	(779)	–	(779)
Net movement in funds	565	2,466	3,031
Total funds at 1 April 2018	<u>26,224</u>	<u>2,748</u>	<u>28,972</u>
Total funds at 31 March 2019	<u>26,789</u>	<u>5,214</u>	<u>32,003</u>

19 Pension schemes

a St Christopher's Hospice (1985) scheme

The hospice operates a pension scheme, the St Christopher's Hospice (1985) Pension Scheme, which provides benefits based on final pensionable salary. The assets of the scheme are held separately from those of the hospice. The scheme was closed to new members in April 2002 and closed to future accruals from March 2010.

Contributions are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives. The pension charge for the year was £300k (2019: £300k).

Triennial valuation

The contribution rates are determined by a qualified actuary on the basis of triennial valuation. The results of the last triennial valuation at 31 March 2019 showed that the value of the scheme's assets was £10,413k (2016: £8,600k) and that this represented a 94% (2016: 87%) funding level, with a deficit of £695k (2016: £1,297k). The Actuary confirmed that the minimum funding requirement regulations had been met.

The hospice has agreed with the Trustees that it will aim to eliminate the deficit over a period of 5 years and 2 months from 1 July 2017 by the payment of annual contributions of £300,000. In addition and in accordance with the actuarial valuation, the hospice has agreed with the Trustees that it will meet the expenses of the scheme and levies payable to the Pension Protection Fund.

The Actuary has subsequently updated the valuation to 31 March 2020 and showed a deficit of £1,483k. The increase in the deficit was driven by a drop in value in the final weeks of the year, as a result of significant instability and turbulence in the financial markets driven by uncertainty and concerns as a result of the Covid-19 pandemic.

FRS (Financial Reporting Standard) 102: Disclosure Report

FRS 102 is fully effective for accounting periods beginning on or after 1 January 2015. The statement of financial activities, the balance sheet and the disclosures in the notes to these financial statements meet the requirements of FRS 102. The major assumptions used by the actuary are shown below.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	Period ended 31 March 2020 £'000	Period ended 31 March 2019 £'000	Period ended 31 March 2018 £'000
Fair value of plan assets	10,190	10,414	9,825
Present value of defined benefit obligation	(9,616)	(10,620)	(10,089)
Unrecognised surplus	(574)	—	—
Defined benefit asset/(liability) to be recognised	—	(206)	(264)

Reconciliation of opening and closing balances of the defined benefit obligation

	Period ended 31 March 2020 £'000	Period ended 31 March 2019 £'000
Net defined benefit obligation at start of period	10,620	10,089
Interest expense	241	254
Actuarial losses/(gains)	(938)	524
Benefits paid	(307)	(247)
Defined benefit obligation at end of period	9,616	10,620

Reconciliation of opening and closing balances of the fair value of plan assets

	Period ended 31 March 2020 £'000	Period ended 31 March 2019 £'000
Fair value of plan assets at start of period	10,414	9,825
Interest income	239	251
Actuarial (losses)/gains	(456)	285
Contributions by the hospice	300	300
Benefits paid	(307)	(247)
Fair value of plan assets at end of period	<u>10,190</u>	<u>10,414</u>

The actual return on the plan assets over the period ended 31 March 2020 was (£217,000).

Defined benefit costs recognised in net (expenditure)/income

	Period ended 31 March 2020 £'000	Period ended 31 March 2019 £'000
Net interest cost	2	3

Defined benefit costs recognised in other gains and losses

	Period ended 31 March 2020 £'000	Period ended 31 March 2019 £'000
Return on plan assets (excluding amounts included in net interest cost): (loss)/gain	(456)	285
Experience gains and losses arising on the plan liabilities: (loss)/gain	(141)	9
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities: gain/(loss)	1,079	(533)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost): loss	(574)	–
Total amount recognised in other gains and (losses)	<u>(92)</u>	<u>(239)</u>

Assets

	Period ended 31 March 2020 £'000	Period ended 31 March 2019 £'000	Period ended 31 March 2018 £'000
Diversified growth	3,219	3,266	2,847
Corporate bonds	2,025	1,525	1,470
Index-linked gilts	664	520	440
Liability-driven investments	3,013	3,671	3,846
Overseas equity	1,128	1,298	929
Cash and other	151	134	293
Total assets	<u>10,190</u>	<u>10,414</u>	<u>9,825</u>

None of the fair values of the assets shown above include any direct investments in the hospice's own financial instruments or any property occupied by, or other assets used by, the hospice.

Assumptions

	Period ended 31 March 2020 % pa	Period ended 31 March 2019 % pa	Period ended 31 March 2018 % pa
Discount rate	2.40	2.30	2.55
Inflation (RPI)	2.90	3.50	3.40
Allowance for revaluation of deferred pensions of RPI or 5% pa if less	2.90	3.50	3.40
Allowance for pensions in payment increases of RPI or 5% pa if less	2.90	3.50	3.40
Allowance for commutation of pension for cash at retirement	75%	75%	75%

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies at age 65 years:

Male retiring in 2020: 22.1

Female retiring in 2020: 23.8

Male retiring in 2040: 23.4

Female retiring in 2040: 25.3

The best estimate of contributions to be paid by the hospice to the scheme for the period commencing 1 April 2020 is £300k.

b St Christopher's defined contribution scheme

The St Christopher's defined contribution scheme was set up in September 2001. In April 2010 the St Christopher's Personal Pension (2010) defined contribution scheme was established and members of the existing defined contribution scheme transferred to this new scheme with effect from January 2011. The contribution of the hospice was on average 19% for former members of the St Christopher's (1985) scheme and 5% for all other members, which represented a total charge for the year of £427k (2019: £455k) to the St Christopher's GPP (2010) defined contribution scheme.

c NHS Pension Scheme

Details of the scheme are provided in note 1.10. The contribution of the hospice was 14.38%, which was offset by a 27% subsidy on the contribution. This represented a net charge for the year of £497k (2019: £497k).

20 Post balance sheet events

Covid-19

While the Covid-19 pandemic arose before the end of the period under review and is not a post balance sheet event, it has had a significant impact on the Group's income streams during the first few months of 2020/21. Shops remained closed until 21 June, public fundraising events were cancelled and the finances of the Charity's donor base appear to be increasingly constrained.

We expect this to result in less income from gifts and donations and our retail trading subsidiary during 2020/21. However support from the government's Covid-19 emergency funding during 2020/21 has gone a long way to support this. This money has come from areas such as the job retention scheme (furlough) and the Charity's share of NHS England funding to support hospices, which has been distributed by Hospice UK.

St Christopher's Personal Care Services Ltd

The directors of St Christopher's Personal Care Services Ltd have decided to cease trading during 2020/21. This was announced post year-end and is therefore also a post balance sheet event.