

Company no. 01494909  
Charity no. 280093

**Prospect Hospice Limited**  
**Report and Audited Financial Statements**  
**31 March 2020**

## Prospect Hospice Limited

### Reference and administrative details

For the year ended 31 March 2020

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<b>Company number</b>	01494909	
<b>Charity number</b>	280093	
<b>Registered office and operational address</b>	Moormead Road Wroughton Swindon Wiltshire SN4 9BY	
<b>Patrons</b>	Jonathan Wilkes Helen Browning	
<b>Trustees</b>	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: David Barrand Clive Bassett Pradeep Bhardwaj Sheila Bryant Eleanor Butler Mandy Casavant John Gilbert Angela Gillibrand Caroline Hallatt Sarah Jones Douglas Looman Penny Tidbury Lindsay Whittam Timothy Willis (Chair)	
		resigned 15 July 2019
		resigned 15 July 2019
		resigned 15 July 2019
<b>Chief executive officer</b>	Irene Watkins	appointed 1 May 2019 (formerly Interim Chief Operating Officer)
<b>Senior leadership team</b>	Helen Baxter Carolyn Bell Jo Blackburn  Warren Finney  Jo Hollingsworth Maria Moxham	Director of Finance Director of Services (from 1 April 2019) Director of Governance and Quality (from 1 July 2019 to 30 September 2019) Director of Community Development (from 1 June 2019) Director of People (from 1 June 2019) Director of Resources (left 17 October 2019)
<b>Bankers</b>	HSBC plc 1 Marlborough Road Old Town Swindon SN3 1QN	

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**For the year ended 31 March 2020**

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#### **Investment managers**

CCLA  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4ET

Vanguard Investments UK Limited  
The Walbrook Building  
25 Walbrook  
London  
EC4N 8AF

#### **Auditors**

Godfrey Wilson Limited  
Chartered accountants and statutory auditors  
5th Floor Mariner House  
62 Prince Street  
Bristol  
BS1 4QD

## **Prospect Hospice Limited**

### **Report of the trustees**

#### **For the year ended 31 March 2020**

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The trustees present their annual report together with the audited financial statements of Prospect Hospice Limited for the year 1 April 2019 to 31 March 2020. This report incorporates the strategic report as required by company law.

### **OBJECTIVES AND ACTIVITIES**

#### **a) Policies and objectives**

Prospect Hospice's objects are to promote the relief of sickness in such ways as the charity shall from time to time think fit, and in particular (but without prejudice to the generality of such objects):

- a. By establishing, maintaining and conducting residential homes in England for the reception and care of persons of either sex (without regard to race or creed) who are suffering (at any age) from any chronic or terminal illness or from infirmity, disability or disease whether attributable to old age or otherwise by providing medical or other treatment and attention for such persons either in such residential homes or in their own homes;
- b. By conducting or promoting or encouraging research into the care and treatment of persons suffering from any such illness;
- c. By promoting, encouraging or assisting in the teaching or training of healthcare professionals and other persons engaged in any branch of medicine or allied service; and
- d. By providing, encouraging or assisting in the provision of spiritual help and guidance for any persons resident (either as patients or otherwise) or working in any such residential homes.

Prospect Hospice's vision is excellent, personalised and compassionate care for everyone affected by a life-limiting illness. Our mission is to lead, provide and influence excellent care, so that everyone affected by a life-limiting illness can access specialist personalised care when and where they need it. We work with our community to ensure that our vision and mission remains relevant to their needs.

#### **b) Activities for achieving objectives**

Prospect Hospice's principal activities are to provide timely and responsive care and support for people living with and dying from advanced and progressive life-limiting illness. This is achieved through:

- A 16-bed in-patient facility providing respite care, symptom control and care at the very end of life which the hospice operates on a flexible model based on patient demand;
- A Day Therapy Unit and Outreach Centre offering therapeutic and social opportunities for out-patients;
- A Prospect at Home service, providing practical support and nursing care for up to 24 hours a day, in patients' own homes;
- A community based clinical nurse service providing advice, support and information for patients at home and in local care homes;
- A clinical nurse specialist service supporting end-of-life care delivered at Great Western Hospital in Swindon;
- A consultant-led medical team providing expertise across the range of hospice's services and locations;
- Rehabilitation services including physiotherapy, occupational therapy and dietary advice;
- A range of practical and psycho-social support services to patients, families, and carers provided through a family support team. Their work extends to providing support for carers and people who have been recently bereaved;
- A range of complementary and creative therapies;
- Spiritual support service for patients and their families;
- Care services delivered by a multi-professional team for patients living with lymphoedema; and
- Education and training on end-of-life care and support for health and social care professionals.

## **Prospect Hospice Limited**

### **Report of the trustees**

#### **For the year ended 31 March 2020**

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##### **Highlights in the year**

2019/20 has been an important year, to say the least. We have had some wonderful highs, like the visit by HRH Duchess of Cornwall and the unveiling of the fantastic Savernake embroidery which was created by the Marlborough & District Embroiderers Guild. This was set against continuing financial pressures and external factors that have increased the pressure for change. The significant cultural and organisational investments which we made earlier in the year have paid dividends in helping us cope with the required changes in procedure, and it has been very heartening to see how hospice staff have approached this period of huge change so positively. The Covid-19 pandemic has also had a massive impact to the hospice in terms of how we deliver our care, coupled with the increased uncertainty of our traditional income streams. It has shaped dramatically how 2019/20 ended and its impact will be felt for the next 12 to 18 months, if not longer.

Some of our highs from last year included:

- Appointment of a new CEO, Executive Team and Medical Director;
- Investment in our staff and organisational culture;
- Designing a new job evaluation and pay grade structure;
- Creating a new set of organisational values and behaviours;
- Reinvigorated staff forum;
- Designing a new Board Assurance Framework;
- HRH visit to celebrate the hospice's 40th birthday;
- Unveiling of the Savernake Embroidery; and
- Redesign of our patient services to meet changing demand in the face of Covid-19.

##### **c) Main activities undertaken to further the charity's purposes for public benefit**

Under the Charities Act, all charities must have charitable purposes or aims that are for the public benefit. The Charities Act 2011 sets out thirteen aims which are recognised for charitable purposes, of which Prospect Hospice meets three – the advancement of health, the relief of those in need by ill health or disability, and the advancement of education. All services provided to patients, families and carers are free of charge to the user.

The trustees refer to the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Review of activities**

This has been another busy year for the hospice as we continue our journey of transformational change, whilst at the same time working on plans to address our financial deficit. The trustees recognised that change was imperative to enable the building of new foundations for the future of the hospice, and fully approved these plans. For forty years we have delivered excellent end-of-life care to the people of Swindon and North East Wiltshire and we want to continue to do so for another forty years, and beyond.

Over the last 2 years the fundraising landscape has become even more competitive and our retail shops are also under pressure from changes in consumer behaviour and, like 82% of all UK hospices, we have had a substantial financial deficit. All of this is set against a backdrop of external challenges both nationally and locally, including changes to NHS commissioning and the change in CQC inspection regime in 2018, which has been a primary area of focus for us over the past year.

## **Prospect Hospice Limited**

### **Report of the trustees**

#### **For the year ended 31 March 2020**

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We have been fortunate to have good retained reserves to see us through such difficult times and securing our future is our key aim for the coming year. That means addressing all of these challenges by adapting our service model with flexibility, affordability and sustainability in mind. The trustees have recognised the need to invest in the hospice's change programme and to provide a buffer for income shortfalls to enable the hospice to build new plans for the future. The planned deficit budget for the year was part of the longer-term plan to bring the hospice back to a balanced budget position by the start of financial year 2021/22.

The financial pressures on income have been further exacerbated by the impact of the Covid-19 global pandemic, with our voluntary income sources being turned off practically overnight coupled with the falling in value of our investments. The crisis also meant delaying the implementation of some of our improvement plans in the last quarter of the fiscal year. However, as a trustee for some nine years, I have always been proud of how incredible our staff are. Nothing demonstrates this more to the trustees than how Prospect Hospice responded to local need when the Covid-19 outbreak materialised.

#### **Supporting our patients**

As specialists in palliative and end-of-life care, our purpose is to deliver the very best care, comfort and support to our patients and those that matter most to them. During the year there were 1,823 patient referrals to our hospice services and we made 86,000 patient and carer related consultations that needed to take place to ensure the very best care was delivered.

On average the hospice has an active caseload of approximately 875 patients at any one time. Whether our care and support services are being delivered within our in-patient unit, day therapy unit, wellbeing centre, outpatient clinics or in patients own homes, we know that we made a difference to our patients and those that matter to them. We know this because they told us so with their feedback and comments such as:

- Sonia Cox, inpatient unit patient: "It's thanks to the hospice that I'm still here to enjoy these special moments and, without them, I think I'd be in a much worse place than I am now. In fact, I don't think I'd be here at all."
- Chris Marlow, day therapy patient: "I'm a glass-half-full kind of person, but knowing that Prospect Hospice is there for me has been a huge support. If I need their help, they're there. If they say they'll do something, they do it. People don't know how much they will do for you until you really need their help. They're like an old friend - and you really know who your friends are when you're ill."
- Debbie Braiden, daughter of inpatient unit patient: "For mum, she was so at home and comfortable we are sure she was convinced she was still home in Fairford! The care she received at the hospice was nothing more than first class, with the upmost respect given to her wants and dignity."
- Patient Nigel James about the care given to his family by the CNS and family support team: "The care my wife has received from the hospice has been exceptional. Helen took time with her to recommend she attends the carer's café. She was reluctant at first but now she never misses them. She's made friends with lots of people in the same situation which is really beneficial to her."

## Prospect Hospice Limited

### Report of the trustees

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- Kitty, aged 8, about our inpatient unit: "I thought it was very nice and clean and does not smell and it was nice to see people so happy and kind staff looking after people."
- Anonymous comment left in our IPU comments box: "Charles was in a very low place when he came and in tremendous pain and discomfort. Over the past weeks he has been so much more comfortable and pain free and is in a much happier place. Thank you all so much for all your special caring and the lovely meals so expertly cooked and presented. Also, to the conscientious cleaning staff, gardeners and the smiling staff in all departments. Thank you all so much for your efforts to reviving both our wellbeing."

#### Covid-19 response

As an organisation, we were incredibly quick to react to the Covid-19 crisis, taking action before many others and ensuring we kept our patients, staff and volunteers as safe as we could, whilst continuing to deliver the best possible care. As the outbreak developed, we worked closely with other providers and the Clinical Commissioning Group (CCG) to dramatically redesign our patient services to keep people at home, safe with their loved ones and keeping local hospital beds free for Covid-19 patients. This required us to redeploy the vast majority of our clinical workforce to be community-facing, delivering the care where our patients needed it to be. We achieved all of this in a matter of days.

Our non-clinical staff responded with equal commitment, changing how they worked, supporting colleagues across the organisation in any way they could, undertaking activities they hadn't done before, simply because they knew it was the right thing to do, and because ultimately these actions enabled us to deliver the best possible end-of-life care in the face of a truly awful outbreak.

As trustees we cannot thank our staff enough, they faced the biggest challenge this organisation has seen and rose above it with determination and grace, and for that I thank every one of them on behalf of all trustees and every patient and family we have helped.

#### Investing in our staff

We recognised there had been considerable change at the hospice over the previous two years and the impact this had on our staff. Therefore it was important for the whole organisation to reconnect with each other and our aims and mission.

The executive team, working with external experts, set up a number of staff consultation and engagement days, where we brought all of our staff together to strengthen relationships, understand each other's priorities and reset our expectations. Feedback from these days was incredibly positive, helping to shape a wide range of activity that followed, including the priorities for the staff forum and the values and behaviours work. These sessions also helped us to recognise the need to implement a series of coaching and mentoring sessions for managers and leaders across the organisation.

We worked with our staff to establish a new set of values for the organisation we are today and want to be in the future. Our organisational values **ASPIRE** were created with input from all staff, as the initial ideas started with a series of organisational-wide workshops (mentioned above). These were then taken by our staff forum and refined into the values that we launched in December.

**ASPIRE** is **A**uthentic, **S**pecialist, **P**atient-centred, **I**nclusive, **R**esponsive, **E**xcellent

The feedback has been phenomenal. Staff understand and recognise them as core to the type of organisation we are and it gives them a structure to use to further improve our services.

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##### **Job evaluation and pay grade structure**

As a charity we have to rely on local supporters for approximately three quarters of our annual income. We cannot afford to keep pace with the NHS 'Agenda for Change' pay structure. However, we also know that it is critical to recruit and keep high-quality staff in order to deliver the best care for people at the most difficult time of their lives. Therefore during the year, we undertook an extensive job evaluation and pay grade structure review. This was a huge task and one that involved many people across the organisation because we recognised that involving our staff throughout this process was vital if we were to get a successful outcome. The initial work is now complete and a set of recommendations has been agreed by the board, with implementation of the new structure to be in place by October 2020. We hope that our new pay grades will deliver an affordable salary structure that also enables the hospice to attract the best staff to ensure we can continue to deliver the highest quality services in the future.

##### **Staff forum**

This year saw the hospice reinvigorate our staff forum. Staff told us that they didn't feel they had the control to be able to drive the forum's agenda, ideas, and priorities forward. They told us they wanted to take control, and recognised that that also meant taking more responsibility, not only in the areas of work they focussed on but also in the two-way feedback to their colleagues. The trustees are incredibly proud of the staff forum and how it has grown and developed in such a short time. They have tackled challenging issues such as pay and pay benchmarking, the culture and values work, organising staff gatherings, and presenting to the board on key issues – all within a short space of time. The forum has risen to the challenge they set themselves and we all look forward to seeing it go from strength to strength.

##### **New CEO and executive team structure**

Last year also saw the revitalisation of the hospice's senior management structure, appointing a new CEO, Irene Watkins, and the creation of the new executive team. The trustees believed that a new structure at the highest level was required to ensure the delivery of the highest levels of performance across the hospice, to enable our strategic and operational goals to be achieved in the coming years.

##### **Appointed a new Medical Director**

Traditionally Prospect Hospice's model of care has not required a Medical Director. However, when we looked at feedback from the Care Quality Commission (CQC), one of the areas we saw as key to our future development was a new clinical structure. In February we announced the appointment of our new medical director, Sheila Popert. As part of the new Executive Team, Sheila, working closely with Carolyn Bell, the Director of Services, has responsibility for driving further improvements to the quality of our acute inpatient unit and clinical services, and also identifying how we shape our services to meet the changing needs of our community.

##### **Volunteering**

Our volunteer pool of approximately 900 people continue to provide invaluable support to the hospice, without which we simply would not be able to operate in the way we do.



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Over the last few years, we have adopted a strategy to diversify our volunteer workforce, both in terms of age and ethnic diversity, and in relation to inviting greater numbers of people with support needs to volunteer in roles that are appropriate to their abilities. This has included working with local schools and colleges, as well as developing relationships with specific community partners who can facilitate the referral and placement process and, in some cases, provide ongoing support to the volunteer until they develop increased confidence in their role. To date, we have worked with volunteers who have worked with patients with a variety of support needs, including autism, learning disabilities, mental health support needs, those recovering from addiction, and individuals needing additional support and confidence-building to enable them to enter or re-enter the world of work.

#### **Governance**

As a board we recognised that there were a number of lessons we needed to learn from the CQC report of 2018, and one particular area of improvement was how the board ensured appropriate assurance against what they were being told was happening in the organisation. Working in partnership with the executive team and external expertise we have created a new Board Assurance Framework. This new model is already in place and enables the effective risk and assurance reporting from 'Ward to Board' and back again. It will be fully implemented throughout the organisation during 2020/21. The board has also put in place a number of things that increase the efficacy of our governance, not least being a buddying structure, where pairs of trustees 'buddy up' with a specific part of the organisation. This involves them taking part in formal and informal interactions with staff and volunteers at all levels, and then reporting back to the board. It is turning out to be a very effective cross-check on how things are running.

#### **Royal visit**

This year we were honoured to host a visit of our president, HRH the Duchess of Cornwall, who visited the hospice in January to help us celebrate our 40th year. Whilst our plans for celebration throughout 2020 have now been put on hold due to the outbreak of Covid-19, it was wonderful to be able to show Her Royal Highness the work of the hospice and for her to be able to unveil the amazing embroidery created by The Marlborough and District Embroiders Guild.

#### **Projects**

During the year we worked with our staff to undertake a full review of the hospice's information technology (IT) requirements. Whilst IT shouldn't drive our operations, we recognised that we needed to set out how we utilise technology now and in the future, in order to ensure we continue to deliver and evolve our services for the benefit of our patients. We consulted with our staff, hosting a number of technology sessions with teams from every part of the hospice and we have created a three-year IT plan.

The additional learnings from the changes required to cope with Covid-19 have prompted a further review of the plan and reprioritised areas that are critical for us to enable the sharing of patient records in real-time with a wide range of local health care providers. Whilst this was always a priority, moving into 2020/21 it has become our number one IT objective.

### **FINANCIAL REVIEW**

#### **a) Going concern**

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

## **Prospect Hospice Limited**

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##### **b) Principal risks and uncertainties**

The principal risks and uncertainties identified by the trustees are:-

- Loss of reputation resulting in stakeholders losing confidence in the organisation;
- Loss of external funding such that the charity is unable to fund delivery of services; and
- Closure of services due to damage to buildings, severe weather or loss of IT systems.

##### **c) Financial overview**

The financial performance of the charity is set out in the attached financial statements.

The result stated on page 20 is a net cost of £1,621k compared to a net cost of £1,152k in the previous year. This result depicts the continued pressures on all streams of voluntary income which were further impacted by the Covid-19 global pandemic together with costs related to the organisational change required to address CQC report.

The generosity of the local community through donations, legacies, and support of fundraising events, shopping in our retail outlets or through volunteering has enabled us to deliver even more excellent care for our patients and their families.

##### **Incoming resources**

As set out on page 20, total incoming resources, including income from charitable activities, was £7,261k for the year (£7,649k in 2018/19).

##### **Resources expended**

Prospect Hospice's expenditure on a recurring basis (set aside) to provide care and support for patients, families and carers has decreased by £125k over the previous year. The direct costs of raising voluntary income of £1,623k were up by £3k on the previous year as a result of higher retail occupancy costs and higher costs from fundraising campaigns which were offset by savings in other voluntary income streams.

##### **d) Reserves policy**

In line with the Charity Commission Guidance (Charities Reserves CC19), the trustees are aware of the need to secure the viability of Prospect Hospice beyond the immediate future.

It is the policy of the hospice to aim to keep at least 6 months of future operating costs as free reserves and as an absolute minimum to keep a level of reserves sufficient to meet its liabilities in the event of a winding up of the organisation. If the level of free reserves falls below the policy level the trustees will review all reserves and their purpose and may choose to transfer previously designated reserves into free reserves to enable them to utilise where most needed for the provision of the hospice's charitable aims.

As outlined in the financial statements as at 31 March 2020 general reserves were £5.3m. Of this total £1.3m relates to unrestricted fixed assets and a balance of £4m in unrestricted reserves which equates to approximately 6 months of future operating expenditure. Total funds have decreased during the year by £1.6m.

The reserves policy also allows for the designation of funds at the trustees' discretion. As at 31 March 2020 the designated funds totalled £nil (2019: £3,196k).

## **Prospect Hospice Limited**

### **Report of the trustees**

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##### **e) Material investments policy**

The trustees have taken note of the guidance given by the Charity Commission in their booklets “Charities’ Reserves (CC19)” and “Trustee Act 2000”. As at 31 March 2020 the investment portfolio had a market value of £3.4m (2019: £4.5m). During the year a new investment policy and strategy was approved by the board of trustees and was implemented. The investment strategy is set out below:

- The hospice seeks to produce the best financial return on investments within an acceptable level of risk.
- The hospice adopts a total return approach to investment for its general fund portfolio, generating an investment return from income and capital gains or losses. It is expected that if in any one year the total return is insufficient to meet the budgeted expenditure, in the long term the real value of the fund will still be maintained in accordance with the investment objective above.
- The investment objective is to generate a total return of inflation plus 4% per annum over the longer term, after expenses. The hospice does not set a specific target income level. Income from the long-term general fund will be used to fund the activities of the hospice. An expected level of income will be agreed with the investment managers on an annual basis to enable effective budgeting.
- The general portfolio is to be invested in a diversified portfolio of assets according to the strategic allocation ranges that are to be set and regularly reviewed by trustees.
- A key risk to the long term sustainability of the hospice is inflation, and the portfolio should be invested primarily in equities to mitigate this risk over the long term. The trustees understand that when investments are concentrated primarily in equities, the capital value of the portfolio will fluctuate.
- The trustees are able to tolerate volatility of the capital value to the long-term general fund portfolio, as long as the hospice is able to meet its short term spending commitments through their income or liquid capital assets. The trustees understand that the main portfolio might lose up to 30% of its value over 12 months due to market volatility (based on the initial strategic asset allocation and historical data for the respective investment instruments). Such a loss is generally expected to be recovered over time through the investment cycle. Trustees will require the investment managers to control volatility of the main portfolio, which should not exceed 70% rate of volatility of the global equity market (measured as FTSE All World Index).

Additionally £452k is held as investment land as at 31 March 2020, this is included at valuation dated March 2020.

Restricted funds are held in accordance with the accounting policy which is set out on page 24.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **a) Constitution**

The charity and the group is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 1 May 1980.

Prospect Hospice Limited (the charity) is a registered charity, and is constituted as a charitable company limited by guarantee and does not have a share capital.

## **Prospect Hospice Limited**

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The charity has a wholly owned trading subsidiary, Prospect Hospice Trading Limited, which is a retailer of new goods and operates the café within the hospice. The subsidiary company produced a trading profit of £2k in the year which it has donated to the charity.

#### **b) Method of appointment or election of trustees**

The management of the charity and the group is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association.

The charity's board of trustees regularly reviews the mix of its skills, and if any needs are identified then applicants with relevant skills and backgrounds who are eligible to meet the required time commitment are sought and recruited. The board also anticipate forthcoming gaps in its skills mix that will arise through the rotation and retirement of longstanding trustees.

The board of trustees constitutes a broad cross section of people with healthcare and business skills and experience, reflecting the work of the hospice.

The board interviews applicants for trustee vacancies, and their suitability is evaluated against a pre-agreed set of criteria, set by a nominations committee of existing trustees.

On appointment, trustees are invited to attend induction training alongside new recruits to the hospice's staff and volunteer group.

All trustees are offered a tailored induction programme to aid with familiarisation of the charity and their responsibilities as trustees.

#### **c) Pay policy for staff**

During the year the hospice undertook a pay project which incorporated a comprehensive job evaluation and pay benchmarking review. Following approval by the board of trustees a new pay structure for all staff is planned to be implemented in the second half of the 2020/21 financial year. Until that new structure is in place the current policy which was implemented in 2014 is unchanged. The key elements of the current policy are:

Employees are paid at market rate within a tolerance of plus/minus 5%. This tolerance creates a salary range.

Each year Prospect Hospice will benchmark developments in pay with comparator organisations in order to make recommendations to the board of trustees regarding market rate pay and cost of living increases (if appropriate).

The grade and scope of job roles will be determined through a job evaluation process and the application of Prospect Hospice's in-house job evaluation procedures.

Any organisation wide and exceptional pay awards are granted at the discretion of the trustees.

Prospect Hospice will monitor its pay practice to ensure that it complies with equal pay for work of equal value legislation and the best principles of equity. All remuneration activity will be monitored to ensure that no gender or other bias arises in practice and that a fair approach on remuneration is achieved across the organisation.

## Prospect Hospice Limited

### Report of the trustees

#### For the year ended 31 March 2020

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##### **d) Organisational structure and decision making**

Responsibility for the charity's overall strategy, the monitoring of its progress, the management of risk and legal compliance rests with the board of trustees, which meets every 3 months.

In addition, committees reporting to the full board on Patient Services, Finance and Income Generation, Audit and Risk, and People and Resources also meet on a regular basis.

The board of trustees makes all corporate policy, strategy and budget decisions, with day-to-day responsibility for the running of the organisation delegated by the board to the Chief Executive.

##### **e) Risk management**

The trustees have assessed the major risks to which the charity and the group is exposed, in particular those related to the operations and finances of the charity and the group, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Under the risk management policy, potential risks to the organisation are identified and reviewed regularly.

Clinical governance is given significant attention to ensure that the hospice complies with all relevant legislation and best practice.

External consultants are engaged to provide increased support on risk management and health and safety matters as and when required.

The Audit Committee reviews all aspects of risk and reports to the board of trustees on a regular basis.

##### **f) Fundraising**

The Charities (Protection and Social Investment) Act 2016 came into effect in November 2016. It states new requirements for annual statements about fundraising and these are covered below.

##### ***The charity's approach to fundraising activity, and in particular whether a professional fundraiser or commercial participator was used:-***

Prospect Hospice's approach to fundraising is to ensure that any direct fundraising expenditure incurred will maximise a return on investment whilst maintaining excellent relationships with supporters, reflecting best practice within the sector and protecting the vulnerable.

During the year we employed one professional canvassing agency for door to door canvassing for our hospice lottery. We did not employ any telephone marketing agencies.

##### ***Details of any voluntary fundraising schemes or standards, which the charity or anyone fundraising on its behalf has agreed to:-***

Prospect Hospice is a member of the Fundraising Regulator. We pay the voluntary levy and agree to maintain compliance to the regulations.

We have a supporter promise on our website.

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#### ***Whether and how the charity monitored fundraising activities carried out on its behalf:-***

Fundraising activities are monitored by the Finance and Income Generation Committee made up of trustees which reports to the board of trustees. Any contracts relating to Professional Fundraisers are scrutinised by the Director in charge of fundraising and reported by exception where necessary to the Committee.

#### ***How many complaints the charity or anyone acting on its behalf has received about fundraising for the charity:-***

We have a complaints procedure and all complaints are recorded. In 2019/20 we received 13 complaints out of a total of 21,811 donations made by individuals and organisations that supported Prospect Hospice during the year.

Complaints are monitored by the Executive Team and the Finance and Income Generation Committee to identify trends, address complaints and ensure best practice is followed.

#### ***What the charity has done to protect vulnerable people and others from unreasonable intrusion on a person's privacy, unreasonable persistent approaches or undue pressure to give in the course of, or in connection with fundraising for the charity:-***

Prospect Hospice has a clear Fundraising and Vulnerable Adults Policy, which our fundraisers adhere to. As part of this procedure, anyone identified as a vulnerable person will immediately be marked as not contactable on our database. We will only work with Professional Fundraisers who have their own clear Vulnerable Adults policy and who train their operators in how to deal with vulnerable adults. All complaints are reviewed and addressed in line with our complaints procedure.

#### ***What the charity has done to ensure its fundraising activities comply with new Data Protection legislation (GDPR).***

Prospect Hospice Income Generation team set up a working party to ensure the fundraising database and all data policies followed within the fundraising department are fully compliant with the new European GDPR regulations, introduced in May 2018. This includes robust measures on how we contact supporters and how a supporter can change the way they hear from us.

### **PLANS FOR FUTURE PERIODS**

Securing our future and being financially sustainable is the key objective for the hospice. Planning for this had already begun before the Covid-19 pandemic with the board approving a financial plan that would see us start the turnaround of the financial deficit during 2020/21. This would set us on track to achieve a balanced budget position for 2021/22 and be in a position to start rebuilding our reserves. This would be delivered through: service redesign to ensure we had affordable sustainable services; procurement cost savings; together with robust growth strategies for our voluntary income streams.

As with every organisation, and especially charities, Covid-19 had a severe impact on the end of 2019/20, and our expectation is that its effects will be felt throughout 2020/21 and beyond. However, it has also provoked new and innovative ways of working that can have a positive impact on how we operate and how we can continue to improve our care and support services.

## **Prospect Hospice Limited**

### **Report of the trustees**

#### **For the year ended 31 March 2020**

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Uncertainty of income will be the major challenge for us to overcome over the next 12 months and we will be continually re-evaluating and re-assessing how we go about raising income to ensure our continued sustainability. Our retail and fundraising activity stopped in March 2020 and at the time of writing we do not have a timeframe for when we will return to normal, though our expectation is that during the summer we will begin a phased opening of our shops and distribution centres. For our fundraising mass-gathering events the picture is less clear. Given this, in May 2020 we launched a £2m emergency appeal to raise much needed funds to ensure the hospice can continue to provide our vital care across our community to people at the end of their lives, and to support those important to them. We have also been revisiting our fundraising and retail strategies. The first part of 2020/21 will focus on finalising this work and implementing a set of actions utilising new and existing technology to improve income generation through areas such as virtual fundraising, online shopping and alternative ways to increase our donations.

#### **Caring for our patients**

The Covid-19 pandemic did have a positive impact on how we worked at the end of the year. As we redeployed our clinical workforce into the community to ensure people were able to remain in their own homes, on a scale we have never before attempted, we saw the benefit this brought through opportunities for new ways of working.

Prospect Hospice is Swindon and North-East Wiltshire's end-of-life care specialist and we will not lose sight of this. Our inpatient unit is a vital part of our care, and it will continue to be needed in providing support for patients experiencing acute clinical episodes. However, we are now looking at how we can remodel our community support and how we can bring together a number of clinical disciplines that define why we are the local end-of-life care specialist, but along with a greater focus within the community setting.

Rolling out our community hub model is a key part of our future plans. These community hubs will be based in, and become part of, a range of our initiatives, supporting and working with local people, health care providers, community groups and many others. Our aim is that we become one with the local community, more than we ever have before. Where our hubs exist, the community will see us regularly and get to know us, understanding how we can support and help people with an end-of-life care need. We will become an integral part of a patients 'total care' from a clinical perspective and ensure our services can enhance their wellbeing.

Caring for our patients and giving them the assurance they need is often best achieved when we can be with them. But, Covid-19 has forced us to accommodate the support of some patients without being physically in the same room. This type of care has increased reassurance to patients and family members in an instant, sometimes in the middle of the night and often at a moment's notice. This type of support will form a central part of our technological development programme and overall care package as we move forward, and enable us to offer care more quickly to a greater number of people.

#### **Volunteers**

Our new volunteering strategy highlights that volunteering is an additional mechanism for engagement with our local community. The strategy suggests alternatives to the traditional 'command and control' model of hospice volunteering by proposing a range of different but complementary models, some of which would still be considered as 'volunteering' but others which would cross over into community engagement and fundraising. This will involve a three-tier model comprising:

## **Prospect Hospice Limited**

### **Report of the trustees**

#### **For the year ended 31 March 2020**

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- Intensively managed hospice-based and retail activities;
- Hospice-led community activities, some of which would be managed in partnership with health and social-care agencies (e.g. Support in the Community, Fundraising, Ambassadors etc.). In some cases, this would involve light-touch management from hospice staff; and
- Independent activity in the community facilitated by the provision of information and guidance. This activity would not require any direct management from hospice staff (e.g. Fundraising, 'Good Neighbour' schemes etc.).

#### **Governance**

As already mentioned, this coming year will see the hospice rollout and embed our Board Assurance Framework (BAF) across the organisation, including reporting on risk, incidents and accidents, medicines management and data protection. As part of our new reporting structure we will be utilising new technology to increase the effectiveness of our assurance throughout every part of the organisation.

#### **Technology developments**

We have identified that one of our key projects for this coming year will be to invest in a new patient record system; one that can share real-time patient data, increasing our ability to deliver the highest-quality patient care. This will be a big financial investment for Prospect Hospice, but one that will ultimately improve patient care at the hospice and across our new community hubs. This initiative is being part-funded by the CCG.

#### **Mobile working**

Like other organisations, Covid-19 has required many of our staff to be home-based because of the need to social distance and additionally, from the hospice's perspective, to ensure we reduced the contact our non-patient facing staff had with clinical staff and patients. We did this with incredible speed and with remarkable effectiveness, given the limited amount of warning we had. This year we will build on the investment we have already made to increase both the effectiveness and efficiency of our remote-working capability, giving staff greater flexibility and future-proofing the hospice from any future resurgence of Covid-19.

#### **Our staff, volunteers and supporters**

This year we have had a number of wonderful highs, but has also been very challenging, particularly in the actions that we have to take around Covid-19. However, as always, our staff have been absolutely fantastic, rising to the challenge whatever it might be.

I know this has been said before, but without our volunteers and supporters, giving us their time, skills and donations, we simply would not be able to provide the best possible care and support for the families of Swindon and North-East Wiltshire.

The board would like to thank each and every one of you for helping us to care for our patients and those important to them at the most difficult time in their lives. Thank You.

#### **TRUSTEES' RESPONSIBILITIES STATEMENT**

The trustees (who are also directors of the 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, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).



## **Prospect Hospice Limited**

### **Report of the trustees**

#### **For the year ended 31 March 2020**

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The trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the group and the incoming resources and application of resources, including the net income or expenditure, of the charity and the group for the year. In preparing those financial statements the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Disclosure of information to auditor**

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- So far as that trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- That trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any information needed by the charitable group's auditor in connection with preparing their report and to establish that the charitable group's auditors are aware of that information.

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

#### **Auditors**

The auditors, Godfrey Wilson, have indicated their willingness to continue in office. The trustees will propose a motion re-appointing the auditors at the Annual General Meeting.

This report, including the strategic report, was approved by the board of trustees on 18 June 2020 and signed on their behalf by:



David Barrant - Chair

## **Independent auditors' report**

### **To the members of**

#### **Prospect Hospice Limited**

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##### **Opinion**

We have audited the financial statements of Prospect Hospice Limited (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 March 2020 which comprise the consolidated statement of financial activities, consolidated and parent balance sheets, consolidated statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and the 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 and parent charity's affairs as at 31 March 2020 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 twelve 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 group and parent charity financial statements and our auditor's report thereon. Our opinion on the group and parent charity 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.

## **Independent auditors' report**

### **To the members of**

#### **Prospect Hospice Limited**

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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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent charity and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us;
- the parent charity financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

#### **Responsibilities of the trustees**

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, 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 they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Independent auditors' report**

**To the members of**

**Prospect Hospice Limited**

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### **Our 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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



Date: 14 July 2020 .

**Alison Godfrey FCA**  
**(Senior Statutory Auditor)**

For and on behalf of:

**GODFREY WILSON LIMITED**

Chartered accountants and statutory auditors  
5th Floor Mariner House  
62 Prince Street  
Bristol  
BS1 4QD

**Prospect Hospice Limited**

**Consolidated statement of financial activities** *(incorporating an income and expenditure account)*

**For the year ended 31 March 2020**

				<b>2020</b>	2019
	Note	Restricted £000	Unrestricted £000	<b>Total £000</b>	Total £000
<b>Income from:</b>					
Donations and legacies	3	177	2,301	<b>2,478</b>	2,701
Charitable activities	4	2,149	10	<b>2,159</b>	2,135
Other trading activities	5	-	2,561	<b>2,561</b>	2,709
Investments	6	-	63	<b>63</b>	104
<b>Total income</b>		<b>2,326</b>	<b>4,935</b>	<b>7,261</b>	7,649
<b>Expenditure on:</b>					
Raising funds:					
Voluntary income		-	642	<b>642</b>	590
Fundraising trading		-	2,246	<b>2,246</b>	2,076
Investment management		-	13	<b>13</b>	18
Charitable activities		2,389	3,834	<b>6,223</b>	6,348
<b>Total expenditure</b>	8	<b>2,389</b>	<b>6,735</b>	<b>9,124</b>	9,032
<b>Net expenditure before investment gains</b>		(63)	(1,800)	<b>(1,863)</b>	(1,383)
Net gains on investments		-	242	<b>242</b>	231
<b>Net movement in funds</b>	9	(63)	(1,558)	<b>(1,621)</b>	(1,152)
<b>Reconciliation of funds:</b>					
Total funds brought forward		1,708	6,827	<b>8,535</b>	9,687
<b>Total funds carried forward</b>		<b>1,645</b>	<b>5,269</b>	<b>6,914</b>	8,535

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 23 to the accounts.

**Prospect Hospice Limited**

**Consolidated balance sheets**

**As at 31 March 2020**

	Note	The group 2020 £000	The group 2019 £000	The charity 2020 £000	The charity 2019 £000
<b>Fixed assets</b>					
Tangible assets	12	2,878	3,143	2,878	3,143
Investment property	13	452	153	452	153
Investments	14, 15, 16	3,364	4,533	3,364	4,533
		<u>6,694</u>	<u>7,829</u>	<u>6,694</u>	<u>7,829</u>
<b>Current assets</b>					
Stocks	17	71	93	53	54
Debtors	18	957	353	1,005	398
Cash at bank and in hand		696	1,093	665	1,086
		<u>1,724</u>	<u>1,539</u>	<u>1,723</u>	<u>1,538</u>
<b>Liabilities</b>					
Creditors: amounts falling due within 1 year	19	1,504	833	1,503	832
<b>Net current assets</b>		<u>220</u>	<u>706</u>	<u>220</u>	<u>706</u>
<b>Net assets</b>	22	<u>6,914</u>	<u>8,535</u>	<u>6,914</u>	<u>8,535</u>
<b>Funds</b>	23				
Restricted funds		1,645	1,708	1,645	1,708
Unrestricted funds:					
Designated funds		-	3,196	-	3,196
General funds		5,269	3,631	5,269	3,631
<b>Total charity funds</b>		<u>6,914</u>	<u>8,535</u>	<u>6,914</u>	<u>8,535</u>

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 18 June 2020 and signed on their behalf by

David Barrant - Chair

**Prospect Hospice Limited****Consolidated statement of cash flows****For the year ended 31 March 2020**

	<b>2020</b>	2019
	<b>£000</b>	£000
<b>Net cash provided by / (used in) operating activities</b>		
Net movement in funds	<b>(1,621)</b>	(1,152)
<i>Adjustments for:</i>		
Depreciation charges	<b>277</b>	229
Non-cash adjustment to fixed assets	-	2
(Gains) / losses on investments	<b>(242)</b>	(231)
Dividends, interest and rents from investments	<b>(63)</b>	(104)
Investment management fees	<b>13</b>	18
Decrease / (increase) in stock	<b>22</b>	(8)
Decrease / (increase) in debtors	<b>(604)</b>	95
Increase / (decrease) in creditors	<b>671</b>	80
<b>Net cash provided by / (used in) operating activities</b>	<b><u>(1,547)</u></b>	<b><u>(1,071)</u></b>
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	<b>63</b>	104
Purchase of tangible fixed assets	<b>(12)</b>	(191)
Proceeds from the sale of investments	<b>3,441</b>	1,576
(Increase) / decrease in cash held in investment portfolio	<b>(310)</b>	120
Purchase of investments	<b>(2,032)</b>	(298)
<b>Net cash provided by / (used in) investing activities</b>	<b><u>1,150</u></b>	<b><u>1,311</u></b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>	<b>(397)</b>	240
Cash and cash equivalents at the beginning of the year	<b><u>1,093</u></b>	<b><u>853</u></b>
<b>Cash and cash equivalents at the end of the year</b>	<b><u><u>696</u></u></b>	<b><u><u>1,093</u></u></b>

**Analysis of changes in net debt**

The charity has not provided an analysis of changes in net debt as it does not have any long term financing arrangements.

## **Prospect Hospice Limited**

### **Notes to the financial statements**

**For the year ended 31 March 2020**

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#### **1. Accounting policies**

##### **a) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in 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.

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

The charity's functional and presentational currency is the pound sterling and the accounts are presented in round thousands.

##### **b) Group accounts**

These financial statements consolidate the results of the charitable company and its wholly-owned (controlled) subsidiary on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

##### **c) Going concern basis of accounting**

The accounts have been prepared on the assumption that the charity is able to continue as a going concern and are satisfied that there are sufficient unrestricted funds that are held as cash or cash equivalents. The trustees have taken into account the additional financial risk presented as a result of the Covid-19 global pandemic and are satisfied that the plans in place to mitigate this risk, including contingency planning and possible long term borrowing, are sufficient.

##### **d) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from the government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.



## **Prospect Hospice Limited**

### **Notes to the financial statements**

**For the year ended 31 March 2020**

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#### **1. Accounting policies (continued)**

##### **d) Income (continued)**

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executors 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 charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of future events or lottery draws is deferred until the event takes place or the lottery draw is run and criteria for income recognition are met. Income from contracts received in advance of service delivery is deferred to the period to which it relates.

##### **e) Donated services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item, is probable and the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

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

Donated goods for resale are recognised as income at their fair value upon receipt, which is deemed to be the expected proceeds from sale less the expected costs of sale. Any difference in the resale value is charged or credited to the statement of financial activities during the year.

##### **f) Interest receivable**

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

##### **g) Funds accounting**

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity. 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. The net book value of buildings, and significant improvements to buildings, which are funded by restricted monies are treated as restricted.

## Prospect Hospice Limited

### Notes to the financial statements

For the year ended 31 March 2020

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#### 1. Accounting policies (continued)

##### h) Expenditure and irrecoverable VAT

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

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

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

Costs of charitable activities include those items that can be directly attributed to the activities and include a proportion of support costs.

In implementing the hospice strategic plan, where alongside continued direct delivery of high quality patient services, we seek to positively influence the care provided by other organisations and individuals, we need to understand where we are allocating and spending our budget against these aims. The hospice has continued to set out the allocation of costs by strategic aim, accounting for time taken by staff in direct care roles on education and influencing.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional, statutory and regulatory requirements.

##### i) Allocation of support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources. Facilities costs including reception and housekeeping are allocated by space occupied and catering costs are allocated based on meals produced. All other costs are allocated based on headcount.

##### j) Tangible fixed assets

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Hospice buildings	straight line over the remaining useful life to 2045
Leasehold improvements	10 years' straight line for hospice improvements, or 3 years' straight line for shop improvements
Equipment for care and support	10 years' straight line, or 3 years depending on nature of equipment
Other equipment and vehicles	10 years' straight line, or 3 years depending on nature of equipment

Items of equipment are capitalised where the purchase price exceeds £500.

##### k) Investment property

Investment land is included in the balance sheet at its fair value. No depreciation is charged. Gains or losses on investment land are shown on the statement of financial activities (SOFA).

## **Prospect Hospice Limited**

### **Notes to the financial statements**

**For the year ended 31 March 2020**

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#### **1. Accounting policies (continued)**

##### **l) Investments**

Investments held at the year end are valued at the current market value at that date. Investment income from dividends is included in incoming resources while realised and unrealised losses and gains on investments are shown separately on the statement of financial activities (SOFA). Realised gains and losses are calculated on investment disposals during the year as the difference between the opening market value and the proceeds received on sale. Unrealised gains and losses are calculated on investment holdings at the year end as the difference between the closing market value and the opening market value or purchase value during the year.

##### **m) Stock**

Stock is included at the lower of cost or net realisable value after making due allowance for obsolete and slow-moving stocks. Donated items of stock are recognised at fair value, derived from an estimation based on holding 2 weeks' worth of non-giftaided sales.

##### **n) Debtors**

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

##### **o) Cash at bank and in hand**

Cash at bank and cash 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.

##### **p) Creditors**

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

##### **q) Financial instruments**

The charity 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.

##### **r) Pension costs**

The charity participates in an NHS defined benefit scheme, and a Royal London (formerly Scottish Life) defined contribution scheme. Only ex NHS employees are eligible to join the NHS scheme. There are no further liabilities other than that already recognised in the SOFA.

##### **s) Accounting estimates and judgements**

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

## Prospect Hospice Limited

### Notes to the financial statements

#### For the year ended 31 March 2020

#### 1. Accounting policies (continued)

##### s) Accounting estimates and judgements

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

The key sources of estimation or uncertainty that have a significant effect on the amounts recognised in the financial statements include depreciation - see note 1(j) above - and accrued expenditure, which is included within creditors - see note 1(p) above.

#### 2. Prior period comparatives

	Restricted £000	Unrestricted £000	2019 Total £000
<b>Income from:</b>			
Donations and legacies	143	2,558	<b>2,701</b>
Charitable activities	2,111	24	<b>2,135</b>
Other trading activities	-	2,709	<b>2,709</b>
Investments	-	104	<b>104</b>
<b>Total income</b>	<b>2,254</b>	<b>5,395</b>	<b>7,649</b>
<b>Expenditure on:</b>			
Raising funds:			
Voluntary income	-	590	<b>590</b>
Fundraising trading	5	2,071	<b>2,076</b>
Investment management	-	18	<b>18</b>
Charitable activities	2,386	3,962	<b>6,348</b>
<b>Total expenditure</b>	<b>2,391</b>	<b>6,641</b>	<b>9,032</b>
<b>Net expenditure before investment gains</b>	<b>(137)</b>	<b>(1,246)</b>	<b>(1,383)</b>
Net gains on investments	-	231	<b>231</b>
<b>Net movement in funds</b>	<b>(137)</b>	<b>(1,015)</b>	<b>(1,152)</b>

**Prospect Hospice Limited**

**Notes to the financial statements**

**For the year ended 31 March 2020**

**3. Income from donations and legacies**

	Restricted £000	Unrestricted £000	2020 Total £000
Donations	-	381	381
Prospect fundraising events	88	87	175
Community fundraising	-	231	231
Boxes income	-	85	85
Legacies	-	1,251	1,251
Trusts income	89	32	121
In memorium	-	234	234
<b>Total donations and legacies</b>	<b>177</b>	<b>2,301</b>	<b>2,478</b>

**Prior period comparative**

	Restricted £000	Unrestricted £000	2019 Total £000
Donations	24	424	448
Prospect fundraising events	43	143	186
Community fundraising	-	236	236
Boxes income	-	94	94
Legacies	-	1,389	1,389
Trusts income	75	36	111
In memorium	1	236	237
<b>Total donations and legacies</b>	<b>143</b>	<b>2,558</b>	<b>2,701</b>

**4. Income from charitable activities**

	Restricted £000	Unrestricted £000	2020 Total £000
Swindon CCG	1,288	-	1,288
Wiltshire CCG	324	-	324
Great Western Hospitals NHS Foundations Trust	386	-	386
Health England (GPST1 doctors funding)	135	-	135
Swindon Borough Council	16	-	16
Education and training income	-	3	3
Other	-	7	7
<b>Total charitable activities</b>	<b>2,149</b>	<b>10</b>	<b>2,159</b>

## Prospect Hospice Limited

### Notes to the financial statements

For the year ended 31 March 2020

#### 4. Income from charitable activities (continued)

##### Prior period comparative

	Restricted £000	Unrestricted £000	2019 Total £000
Swindon CCG	1,223	-	1,223
Wiltshire CCG	306	-	306
Great Western Hospitals NHS Foundations Trust	394	-	394
Health England (GPST1 doctors funding)	147	-	147
Swindon Borough Council	16	-	16
Education and training income	-	3	3
Other	25	21	46
<b>Total charitable activities</b>	<b>2,111</b>	<b>24</b>	<b>2,135</b>

#### 5. Income from other trading activities

	Restricted £000	Unrestricted £000	<b>2020 Total £000</b>	2019 Total £000
Shops and retail	-	1,998	<b>1,998</b>	2,124
Lottery income	-	510	<b>510</b>	534
Catering income	-	53	<b>53</b>	51
<b>Total other trading activities</b>	<b>-</b>	<b>2,561</b>	<b>2,561</b>	<b>2,709</b>

*All other trading activity income was unrestricted in the prior year.*

#### 6. Investment income

	Restricted £000	Unrestricted £000	<b>2020 Total £000</b>	2019 Total £000
Income from investment portfolio	-	61	<b>61</b>	103
Income from cash held at UK banks	-	1	<b>1</b>	1
<b>Total investment income</b>	<b>-</b>	<b>62</b>	<b>62</b>	<b>104</b>

*All investment income was unrestricted in the prior year.*

#### 7. Government grants

The charitable company receives funding from the government in the form of a standard NHS contract from the local Clinical Commissioning Group. Details of amounts received are in note 4 to the accounts. There are no unfulfilled conditions or contingencies attaching to these funds.

**Prospect Hospice Limited**

**Notes to the financial statements**

**For the year ended 31 March 2020**

**8. Expenditure**

	Direct costs £000	Support costs £000	2020 Total £000
<b>Raising funds</b>			
Costs of generating voluntary income	425	217	642
<b>Fundraising trading</b>			
Costs of goods sold in shops and café	63	2	65
Lottery prizes and overheads	165	12	177
Retail costs	1,395	609	2,004
	1,623	623	2,246
<b>Investment management</b>			
Investment management fees	13	-	13
<b>Charitable activities</b>			
In-patient unit	1,919	695	2,614
Community care	1,339	437	1,776
Care at Great Western Hospital	165	58	223
Influencing and education	939	448	1,387
Governance costs	223	-	223
	4,585	1,638	6,223
<b>Total expenditure</b>	6,646	2,478	9,124

**Prospect Hospice Limited**

**Notes to the financial statements**

**For the year ended 31 March 2020**

<b>8. Expenditure (continued)</b>			
<b>Prior year comparative</b>	<b>Direct costs £000</b>	<b>Support costs £000</b>	<b>2019 Total £000</b>
<b>Raising funds</b>			
Costs of generating voluntary income	392	198	590
<b>Fundraising trading</b>			
Costs of goods sold in shops and café	126	3	129
Lottery prizes and overheads	169	15	184
Retail costs	1,325	438	1,763
	1,620	456	2,076
<b>Investment management</b>			
Investment management fees	18	-	18
<b>Charitable activities</b>			
In-patient unit	1,903	750	2,653
Community care	1,428	428	1,856
Care at Great Western Hospital	115	35	150
Influencing and education	903	471	1,374
Governance costs	315	-	315
	4,664	1,684	6,348
<b>Total expenditure</b>	<b>6,694</b>	<b>2,338</b>	<b>9,032</b>



# Prospect Hospice Limited

## Notes to the financial statements

For the year ended 31 March 2020

### 9. Net movement in funds

This is stated after charging:

	2020 £000	2019 £000
Depreciation	277	229
Operating lease payments	342	320
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	Nil	Nil
Auditors' remuneration:		
▪ Statutory audit (including VAT)	10	9
▪ Other services	-	1
	<u>          </u>	<u>          </u>

### 10. Staff costs and numbers

Staff costs were as follows:

	2020 £000	2019 £000
Salaries and wages	5,691	5,603
Social security costs	404	413
Pension costs	347	380
	<u>6,442</u>	<u>6,396</u>

Included within salaries and wages above are termination and redundancy payments of £55k (2019: £nil).

	2020 No.	2019 No.
Average number of employees	<u>206</u>	<u>211</u>

Full time equivalents:

	2020 No.	2019 No.
Medical	3	2
In-patient nurses	25	35
Community care	39	46
Care at Great Western Hospital	5	4
Influencing and education	1	5
Catering and housekeeping	6	5
Income generation	47	42
Facilities and reception	2	2
Admin and support	21	15
Management	7	6
	<u>156</u>	<u>162</u>

## Prospect Hospice Limited

### Notes to the financial statements

#### For the year ended 31 March 2020

#### 10. Staff costs and numbers (continued)

During the year, bank staff employed by the hospice are used to cover short term absences, vacancies and training. When bank staff are not available external agency staff are then used. Total payments for bank staff made through the payroll in the year were £314k (2019: £319k).

At 31 March 2020 there were 43 members of the NHS pension scheme (2019: 50), and 138 members of the Royal London Group Personal pension plan (2019: 137).

The number of higher paid employees was:

	<b>2020 No.</b>	2019 No.
£60,001 - £70,000	<b>3</b>	4
£70,001 - £80,000	<b>1</b>	2
£80,001 - £90,000	<b>1</b>	-
	<b>5</b>	6

The total emoluments, including termination, redundancy and other restructuring fixed term contractual payments, paid to key management personnel (5.7 FTE) for the year was £587k (2019: 6.3 FTE £596k). Pension contributions for these employees amounted to £22k (2019: £32k).

#### 11. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

#### 12. Tangible fixed assets: group and charity

	Hospice land and buildings £000	Leasehold improvements £000	Equipment for care and support £000	Other equipment and vehicles £000	<b>Total £000</b>
<b>Cost</b>					
At 1 April 2019	4,237	217	421	971	<b>5,846</b>
Additions	<u>5</u>	<u>-</u>	<u>2</u>	<u>5</u>	<u><b>12</b></u>
At 31 March 2020	<u>4,242</u>	<u>217</u>	<u>423</u>	<u>976</u>	<u><b>5,858</b></u>
<b>Depreciation</b>					
At 1 April 2019	1,488	169	314	732	<b>2,703</b>
Charge for the year	<u>106</u>	<u>13</u>	<u>48</u>	<u>110</u>	<u><b>277</b></u>
At 31 March 2020	<u>1,594</u>	<u>182</u>	<u>362</u>	<u>842</u>	<u><b>2,980</b></u>
<b>Net book value</b>					
<b>At 31 March 2020</b>	<u><b>2,648</b></u>	<u><b>35</b></u>	<u><b>61</b></u>	<u><b>134</b></u>	<u><b>2,878</b></u>
At 31 March 2019	<u>2,749</u>	<u>48</u>	<u>107</u>	<u>239</u>	<u>3,143</u>

Included in hospice land and buildings is freehold land at a cost of £307k which is not depreciated.

**Prospect Hospice Limited**

**Notes to the financial statements**

**For the year ended 31 March 2020**

**13. Investment property: group and charity**

	<b>2020</b>	2019
	<b>£000</b>	£000
Market value at 1 April 2019	<b>153</b>	153
Unrealised gain on revaluation	<b>299</b>	-
<b>Market value at 31 March 2020</b>	<b>452</b>	153
<b>Historic cost</b>	<b>153</b>	153

The investment land shown relates to a share of land that was given in a legacy. The ownership of the land has been transferred into the names of the three beneficiaries of which Prospect Hospice is one. The latest valuation of the land was carried out on 31 March 2020 by Chesters Commercial. This concluded there was a material change in valuation on a proportion of the land arising from its potential for development. The remaining proportion of land is held at arable value. The trustees consider this a fair estimate of land value as at 31 March 2020.

**14. Investments: group and charity**

	<b>2020</b>	2019
	<b>£000</b>	£000
Market value at 1 April 2019	<b>4,533</b>	5,718
Additions	<b>2,032</b>	298
Disposals proceeds	<b>(3,441)</b>	(1,576)
Realised and unrealised gains / (losses)	<b>(57)</b>	231
Investment management fees	<b>(13)</b>	(18)
Cash movement	<b>310</b>	(120)
<b>Market value at 31 March 2020</b>	<b>3,364</b>	4,533
<b>Historic cost</b>	<b>2,464</b>	3,988

Group investments comprise:

	UK	Overseas	<b>2020 Total</b>	2019 Total
	£000	£000	<b>£000</b>	£000
Listed investments	<u>3,364</u>	<u>-</u>	<u><b>3,364</b></u>	<u>4,533</u>

During the year the charity transferred all investments to a new Vanguard 60% Equity fund and to the existing CCLA Common Investment Fund.

## Prospect Hospice Limited

### Notes to the financial statements

For the year ended 31 March 2020

#### 15. Subsidiary undertakings

##### *Prospect Hospice Trading Limited*

Prospect Hospice Trading Limited is a wholly owned subsidiary of Prospect Hospice Limited with an issued share capital of two ordinary shares of £1 each. It trades in the purchase and sale of 'new goods' within our retail operations and operates a cafe within the hospice. This company makes a donation to the charity of its taxable profits under the gift aid scheme.

	2020 £000	2019 £000
Turnover	93	126
Cost of sales	<u>(61)</u>	<u>(65)</u>
Gross profit	32	61
Administrative expenses	<u>(30)</u>	<u>(35)</u>
Profit on ordinary activities before taxation	2	26
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>
<b>Profit for the financial year after taxation</b>	<b><u>2</u></b>	<b><u>26</u></b>
<i>Changes in equity</i>		
Total retained profit brought forward	-	-
Total comprehensive income for the year	2	26
Gift aid distribution to parent charity	<u>(2)</u>	<u>(26)</u>
<b>Total retained profit carried forward</b>	<b><u>-</u></b>	<b><u>-</u></b>

The aggregate of the assets, liabilities and funds was:

	2020 £000	2019 £000
Assets	53	49
Liabilities	<u>(53)</u>	<u>(49)</u>
<b>Funds</b>	<b><u>-</u></b>	<b><u>-</u></b>

#### 16. Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2020 £000	2019 £000
Gross income	7,198	7,582
Results for the year	<u>(1,622)</u>	<u>(1,152)</u>

**Prospect Hospice Limited**

**Notes to the financial statements**

**For the year ended 31 March 2020**

**17. Stock**

	<b>The group</b>		<b>The charity</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£000</b>	£000	<b>£000</b>	£000
Goods for resale	<u>71</u>	<u>93</u>	<u>53</u>	<u>54</u>

**18. Debtors**

	<b>The group</b>		<b>The charity</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£000</b>	£000	<b>£000</b>	£000
Trade debtors	740	68	740	68
Amounts owed by group undertakings	-	-	51	48
Tax recoverable	76	100	73	97
Legacies receivable	-	5	-	5
Prepayments and accrued income	<u>141</u>	<u>180</u>	<u>141</u>	<u>180</u>
	<u>957</u>	<u>353</u>	<u>1,005</u>	<u>398</u>

**19. Creditors: amounts due within 1 year**

	<b>The group</b>		<b>The charity</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£000</b>	£000	<b>£000</b>	£000
Trade creditors	48	114	48	114
Accruals	489	509	488	508
Other taxation and social security	103	92	103	92
Other creditors	44	51	44	51
Deferred income (see note 20)	<u>820</u>	<u>67</u>	<u>820</u>	<u>67</u>
	<u>1,504</u>	<u>833</u>	<u>1,503</u>	<u>832</u>

**20. Deferred income**

	<b>The group</b>		<b>The charity</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£000</b>	£000	<b>£000</b>	£000
At 1 April 2019	67	74	67	74
Deferred during the year	820	67	820	67
Released during the year	<u>(67)</u>	<u>(74)</u>	<u>(67)</u>	<u>(74)</u>
At 31 March 2020	<u>820</u>	<u>67</u>	<u>820</u>	<u>67</u>

Deferred income relates to contract income received in advance of provision of services, fundraising income collected in advance of events taking place and lottery income collected in advance of the draw.

**Prospect Hospice Limited**

**Notes to the financial statements**

**For the year ended 31 March 2020**

**21. Financial instruments measured at fair value**

	<b>The group</b>		<b>The charity</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Financial assets measured at fair value	<b>3,816</b>	<b>4,686</b>	<b>3,816</b>	<b>4,686</b>

**22. Analysis of group net assets between funds**

	<b>Restricted funds £000</b>	<b>Designated funds £000</b>	<b>General funds £000</b>	<b>Total funds £000</b>
Tangible fixed assets	1,558	-	1,320	<b>2,878</b>
Investment property	-	-	452	<b>452</b>
Fixed asset investments	-	-	3,364	<b>3,364</b>
Current assets	87	-	1,637	<b>1,724</b>
Current liabilities	-	-	(1,504)	<b>(1,504)</b>
<b>Net assets at 31 March 2020</b>	<b>1,645</b>	<b>-</b>	<b>5,269</b>	<b>6,914</b>
<b>Prior year comparative</b>				
Tangible fixed assets	1,700	1,117	326	<b>3,143</b>
Investment property	-	-	153	<b>153</b>
Fixed asset investments	-	-	4,533	<b>4,533</b>
Current assets	8	2,079	(548)	<b>1,539</b>
Current liabilities	-	-	(833)	<b>(833)</b>
<b>Net assets at 31 March 2019</b>	<b>1,708</b>	<b>3,196</b>	<b>3,631</b>	<b>8,535</b>

**Prospect Hospice Limited**

**Notes to the financial statements**

**For the year ended 31 March 2020**

**23. Movements in funds**

	At 1 April 2019 £000	Income £000	Expenditure £000	Transfers between funds £000	Gains / (losses) £000	At 31 March 2020 £000
<b>Restricted funds</b>						
Building funds	1,570	-	(106)	-	-	<b>1,464</b>
Costs of equipment	130	-	(36)	-	-	<b>94</b>
Running costs	8	2,326	(2,247)	-	-	<b>87</b>
Others	-	-	-	-	-	-
<b>Total restricted funds</b>	<b>1,708</b>	<b>2,326</b>	<b>(2,389)</b>	<b>-</b>	<b>-</b>	<b>1,645</b>
<b>Unrestricted funds</b>						
<i>Designated funds:</i>						
Fixed assets	1,117	-	-	(1,117)	-	-
Legacies	650	-	-	(650)	-	-
Committed expenditure	1,199	-	(389)	(810)	-	-
Shops refurbishment	230	-	(26)	(204)	-	-
<i>Total designated funds</i>	<b>3,196</b>	<b>-</b>	<b>(415)</b>	<b>(2,781)</b>	<b>-</b>	<b>-</b>
General funds	3,631	4,935	(6,320)	2,781	242	<b>5,269</b>
<b>Total unrestricted funds</b>	<b>6,827</b>	<b>4,935</b>	<b>(6,735)</b>	<b>-</b>	<b>242</b>	<b>5,269</b>
<b>Total funds</b>	<b>8,535</b>	<b>7,261</b>	<b>(9,124)</b>	<b>-</b>	<b>242</b>	<b>6,914</b>

**Restricted funds**

*Building funds*

This relates to cash received from the capital appeal to build the hospice in Wroughton and cash received from the Department of Health in 2007, 2010 and 2014 for building works at the hospice. Also included in this fund are building costs for the new outreach centre at Savernake Hospital. The building costs related to this income have been incurred in previous years. The expenditure cost for this year is the depreciation of the related assets.

Other restricted funds relate to grants, donations and legacies which are received for specific purposes. These are held as restricted funds until spent, most of these funds are utilised in the year of receipt.

## **Prospect Hospice Limited**

### **Notes to the financial statements**

#### **For the year ended 31 March 2020**

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#### **23. Movements in funds (continued)**

##### **Designated funds**

At 31 March 2020 the value of designated funds was £nil (2019: £3.2m).

As part of the charity's annual financial review and future planning process, the trustees also consider reserves levels and policy alongside investment strategy to ensure that both are aligned to the charity's current and future needs.

To enable the hospice to be fit for the future a programme of organisational change began in early 2019 and will continue through into 2020 and 2021. This is alongside new strategies to rebuild and grow voluntary income and the likely changes in statutory funding sources as a consequence of a new commissioning environment. The charity also has plans to redesign its services to enable it to be fit for the future, therefore previously committed expenditure is now being revisited as part of the services review.

To be able to direct resources as needed during this period of change, unused balances of all previously designated funds have been transferred to general funds. As all income streams have now become more volatile and unpredictable and with plans for service redesign, the funds will be freely available to be utilised at trustees' discretion in addressing the needs of the charity in the short and medium term.

##### **Transfers between funds**

Of the total costs of charitable activities of £6.2m, £0.4m related to costs from previously designated funds. The remaining balance of the committed expenditure designated fund together with all other designated funds unused balances were transferred to general funds. Therefore the total designated funds balance at 31 March 2020 is £nil (2019 £3.2m).

##### **General funds**

The charity aims to keep at least 6 months of future operating costs as reserves to ensure a reliable and continuous service over the longer term. This enables us to absorb setbacks and take advantage of change and opportunity. The year end figure, excluding the balance held in fixed assets, represents approximately 6 months' worth of future operating expenditure.



## Prospect Hospice Limited

### Notes to the financial statements

For the year ended 31 March 2020

#### 23. Movements in funds (continued)

Prior year comparative

	At 1 April 2018 £000	Income £000	Expenditure £000	Transfers between funds £000	Gains / (losses) £000	At 31 March 2019 £000
<b>Restricted funds</b>						
Building funds	1,680	-	(110)	-	-	<b>1,570</b>
Costs of equipment	124	21	(15)	-	-	<b>130</b>
Running costs	40	2,229	(2,261)	-	-	<b>8</b>
Others	1	4	(5)	-	-	<b>-</b>
<b>Total restricted funds</b>	<b>1,845</b>	<b>2,254</b>	<b>(2,391)</b>	<b>-</b>	<b>-</b>	<b>1,708</b>
<b>Unrestricted funds</b>						
<i>Designated funds:</i>						
Fixed assets	1,220	-	-	(103)	-	<b>1,117</b>
Legacies	650	-	-	-	-	<b>650</b>
Committed expenditure	1,588	-	-	(389)	-	<b>1,199</b>
Shops refurbishment	242	-	-	(12)	-	<b>230</b>
<i>Total designated funds</i>	<b>3,700</b>	<b>-</b>	<b>-</b>	<b>(504)</b>	<b>-</b>	<b>3,196</b>
General funds	4,142	5,395	(6,641)	504	231	<b>3,631</b>
<b>Total unrestricted funds</b>	<b>7,842</b>	<b>5,395</b>	<b>(6,641)</b>	<b>-</b>	<b>231</b>	<b>6,827</b>
<b>Total funds</b>	<b>9,687</b>	<b>7,649</b>	<b>(9,032)</b>	<b>-</b>	<b>231</b>	<b>8,535</b>

#### 24. Pension commitments

The charity has active members in an NHS defined benefit scheme and a Royal London (formerly Scottish Life Group) Personal Pension Plan (RL). Only ex NHS employees are eligible to join the NHS scheme. All other employees are entitled to join the RL plan. The pension charge represents contributions payable by the charity to these funds.

##### *RL Scheme*

The assets of the RL scheme are held separately from those of the charity in a separately administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £173k (2019: £191k).

##### *NHS Scheme*

The NHS scheme is a multi-employer defined benefit pension scheme. As the charity is unable to identify its share of the assets and liabilities of the scheme on a consistent and reliable basis, the scheme is treated by the charity as if it were a defined benefit contribution scheme, in accordance with FRS 102. The pension cost charge represents contributions payable by the charity to the fund and amounted to £161k (2019: £178k).

## Prospect Hospice Limited

### Notes to the financial statements

#### For the year ended 31 March 2020

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#### 25. Operating lease commitments

The group and charity had operating leases at the year end with total future minimum lease payments as follows:

	<b>The group</b>		<b>The charity</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£000</b>	£000	<b>£000</b>	£000
Amount falling due:				
Within 1 year	<b>273</b>	285	<b>273</b>	285
Within 1 - 5 years	<b>529</b>	488	<b>529</b>	488
Over 5 years	<b>43</b>	10	<b>43</b>	10
	<b>845</b>	783	<b>845</b>	783

#### 26. Contingent assets

There are some legacies which have been notified to the charity at 31 March 2020 for which the amount receivable cannot be ascertained. These financial statements include payments received on account but not any estimates for future amounts receivable. Indications are that the estimated value of these potential legacies is in the region of £184k (2019: £348k).

#### 27. Post balance sheet events

The global Covid-19 pandemic has presented the UK's hospices with severe challenges throughout March 2020 and in to the post balance sheet period. Whilst the charity has continued to deliver frontline services, the charity's fundraising activities are significantly limited. All retail shops were closed in March 2020 in line with the government's lockdown. All fundraising events due to take place over the Summer have been cancelled or postponed. Where the financial implications of these events were known at the balance sheet date, appropriate adjustments have been made in these financial statements. These include accrued expenditure for personal protective equipment and a stock provision for new goods. The charity has benefited from grant funding in the period from April 2020 amounting to £962k via Hospice UK and local Councils. Further detail is provided in the trustees annual report.

#### 28. Related party transactions

No members of the board of trustees received any remuneration for their services or received any reimbursement of expenses (2019: nil).

Other than the transactions with its subsidiary, and fundraising donations which are disclosed above, there were no other related party transactions during the year.