

Company no. 01494909
Charity no. 280093

Prospect Hospice Limited
Report and Audited Financial Statements
31 March 2021

Prospect Hospice Limited

Reference and administrative details

For the year ended 31 March 2021

Company number	01494909	
Charity number	280093	
Registered office and operational address	Moormead Road Wroughton Swindon Wiltshire SN4 9BY	
Patrons	Jonathan Wilkes Helen Browning Sarah Troughton	
Trustees	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 John Gilbert Caroline Hallatt Sarah Jones Joseph Lewis Douglas Looman Jennifer Seavor Penny Tidbury Lindsay Whittam	
		resigned 28 September 2020
		appointed 28 September 2020
		appointed 28 September 2020
Chief executive officer	Irene Watkins	
Senior leadership team	Helen Baxter Carolyn Bell Warren Finney Jo Hollingsworth	Director of Finance Director of Services Director of Community Development Director of People
Medical director	Sheila Popert	appointed 1 April 2020
Bankers	HSBC plc Unit 6 The Lock Canal Walk Swindon SN1 1LD	

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For the year ended 31 March 2021

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 2021

The trustees present their annual report together with the audited financial statements of Prospect Hospice Limited for the year 1 April 2020 to 31 March 2021. 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.
- 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.

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For the year ended 31 March 2021

- 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.
- Education and training on end-of-life care and support for health and social care professionals.

Highlights in the year

2020 was the hospice's 40th anniversary year, and a series of special events and fundraising activities had been lined up to celebrate this milestone, starting with the visit by hospice patron HRH the Duchess of Cornwall back in January.

In January 2020, the hospice was also celebrating getting back onto a more solid footing, with a new executive team established and new board governance procedures that had been introduced to give trustees a much higher level of assurance. In addition, the planning that had been done would have seen the hospice return to a balanced budget by the start of the 2021/22 financial year.

But this was all overtaken by global events.

The Covid-19 pandemic struck towards the end of the 2019/20 financial year and by the start of the 2020/21 financial year the first national lockdown was in place. The pandemic has been the dominant feature of this past year and, for the hospice, it has made for a particularly tough environment given that approximately 75% of funding comes from public donations generated through events and fundraising activity and income from retail operations. All normal fundraising events had to be cancelled and our shops were shut for a total of seven months as a consequence of the government lockdowns.

These events created a precarious financial position and, at the same time, required changes to working practices across the hospice. New procedures were quickly put in place to protect patients and their families, as well staff and volunteers, including limiting contact wherever it was practical. Initially the hospice was not allowed to make use of the NHS procurement services for PPE, but we successfully sought out alternative sources to ensure we had sufficient supplies. This sometimes required a lot of creativity, including some volunteers sewing together gowns for clinical staff.

It is a testament to the dedication and resilience of staff and volunteers that the hospice has managed to continue to provide uninterrupted services to the community throughout this time and the trustees are incredibly proud of everyone who played their part in this.

The previous two years have been extremely challenging for staff, volunteers and trustees to address the 'requires improvement rating' given to the hospice in 2018 by the CQC and they have worked hard to address the issues raised. This work resulted in the removal of the CQC warning notice following a re-inspection in November 2020, however, this was not a full inspection and the rating could not be changed.

Unfortunately the pandemic stopped all CQC face to face visits, which prevented them re-rating our services. A full inspection was carried out at the end of July 2021, and everyone is looking forward to the result of that inspection.

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For the year ended 31 March 2021

Apart from the massive effort from everyone to cope with the pandemic, other notable accomplishments during the year included:

- The foundation work commenced for a new approach to community-based service provision.
- A new pay framework for staff was developed and implemented.
- An equality, diversity and inclusion initiative was introduced.
- A new board assurance framework is now in use.
- Commencement of the project to upgrade to a new integrated patient record system, which will be implemented during 21/22.
- The CEO of the hospice was appointed as co-chair in the BSW alliance for end-of-life care.

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

a. REVIEW OF ACTIVITIES

The pandemic, and the associated pressure on the finances of the hospice, brought with it an urgent need to restructure services. This work was completed during the year and the hospice is now a much more efficient organisation as a result. During this process the executive team and the trustees were aware of the impact that decisions would have on the lives of staff made redundant and therefore sought to re-assign people to other roles wherever possible, resulting in only seven staff redundancies. The financial recovery of voluntary income streams as a direct result of the pandemic is expected to take at least 12 to 18 months.

Supporting patients and families

Throughout the year, despite the challenges posed by the pandemic restrictions and lockdowns, the support for patients and families has continued without interruption. During the year there were 2,996 referrals to the hospice and the patient services teams undertook 89,817 patient and carer related consultations.

The hospice has had an average active caseload of around 635 patients at any one time over the last year. Whether care and support services are being delivered at the hospice in Wroughton or in the community, such as in a patient's own home, the care provided has made a difference to patients and those that matter to them. This was expressed by patients and families from their feedback, including:

Malcolm

"We were introduced to Prospect Hospice and that was the day everything changed for us. Before then we felt that everyone we met had been treating the illness. Finally, we felt they were treating Angie, the person.

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"This was a place for making memories and the team arranged for us to have use of the beautiful garden room for an afternoon. The whole family came, including our nine grandchildren. We ordered pizza and watched a film. The children were each given a unique patchwork blanket to snuggle under and, to our delight, they were allowed to keep them to remember this special time.

"During her month in the hospice, Angie received second to none medical care. I never left her side until she died on 3 February earlier this year. She was just 59.

"I was struggling and felt I had nowhere to turn. Fortunately, Louise from the Prospect Hospice bereavement team stepped in to provide very much needed support in coping with grief throughout my tough time self-isolating. Although we've not been able to meet in person, I really do not know what I'd have done without her.

"Prospect Hospice was there for my dear wife and family even during the pandemic. I can never thank them enough for their all-encompassing support."

Chris

"Prospect Hospice is the most reliable service helping me through this. They have been an ever-present support for me and my family, just knowing that they are there.

"I started going to day therapy, and took part in sessions that helped me manage my breathing better, and classes about how I could exercise and a session on nutrition and how that could help me live life with my condition. I felt energised. I made friends with people who knew what I was going through and we were able to help and advise each other.

"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. They're like an old friend – and you really know who your friends are when you're ill."

Claire

"Dad was a very proud man, and the thing that was most important to him was keeping his dignity. Every single one of the staff were lovely with him, and made sure that he was able to remain dignified throughout the time he was there. It really is an amazing place, and the people there were like family to him, helping him stay calm and still feel good about himself."

Clare

"Prospect Hospice was incredibly caring and supportive of Claire and the family, and the staff there were determined the time she had left would be as lovely, and normal, as possible.

"When it was her husband Paul's birthday they brought out banners and cake in Claire's room to help them celebrate.

"It was never any problem how long visitors stayed, and in the last few days before Claire died we were able to take her out into the hospice's lovely garden and enjoy the sunshine together.

"The atmosphere was as far from a hospital as you can get, and we are so very lucky in this area that if we or our loved ones ever need end-of-life care, we've got this fantastic service and no one has to pay a penny for any of the care received."

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Sharon

"It was absolutely amazing in there – it didn't feel like an end-of-life facility at all. It felt more like a five-star private hospital, but with really specialist care. It didn't feel gloomy or sad, but a really nice place for Claire to be.

"She could be wheeled out into the lovely garden there – Paul even brought their cat in to see her. My husband Brendan, Claire's brother, used to have to visit pretty late in the evening, around 9.30pm, but that was never an issue at all. All those things might seem like small things, but they were actually really important and made Claire's last days as good as they could be.

"It was hard for everyone – she was only 44 when she died and their sons were just 15 and 18 at the time – so the fact that Claire and the family were so well cared about really helped.

"We are all so, so lucky to have Prospect Hospice in Swindon. It's not only free for everyone, but the standard of care and the consideration patients and their families get is fantastic. Not every area in the country has a community hospice like we have, so we should never take it for granted."

Investing in staff

The ASPIRE values that were introduced last year have helped the hospice deal with the challenges of the pandemic and the subsequent restructuring. Staff are proud of these values, which were created by them (not management) and against which everyone in the hospice is measured, up to and including the board. The staff forum has continued its great work in other areas, helping to resolve day to day matters for staff to support change and inclusive team working.

The trustees and executive team have not stood still with the continued development of the organisation either. A new pay structure has been put in place which brings clinical staff much closer to NHS pay scales. This will remove the disadvantage that the hospice has had when competing for nurses in the local area. The positive staff survey in the autumn highlights how far the culture among staff has changed in the last three years and the restructure has meant that there is also much more opportunity for collaborative working.

As the ASPIRE values embed themselves and mature, the executive team has initiated an equality, diversity and inclusion programme, with one of the trustees acting as a sponsor and getting directly involved in the definition of the programme. This work seeks to ensure that the hospice represents all parts of our community, and that everyone's contribution to the running of services is valued.

Innovation and adaptation

Prospect Without Walls (PWW) is a new way of the hospice working in, and engaging with the local community, and that kicked off this year. The planning and structural work has all been done, and full benefits will start to be seen now that everything is starting to open up again. The hospice will continue to connect with the community through shops and events and through giving care where needed, but the intention of PWW is to engage more directly with more of the community. Through PWW the hospice will run courses, provide therapy and run events that will all seek to help people directly, as well as educate people on what the hospice does and the services it provides.

The NHS commissioning structure has changed this year with the amalgamation of the BaNES (Bath and North East Somerset), Swindon and Wiltshire CCGs into the single BSW ICS (Integrated Care System) End of life care is an area of care where BSW wants a consolidated approach that delivers the same level of care to the whole population of BSW.

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A body has been set up to oversee this on behalf of BSW, and the chief executives of Prospect Hospice, Dorothy House and Salisbury Hospice are joint chairs of this group. As such, the hospice is well positioned to be able have a strong voice and to influence future service delivery for the population of Swindon and NE Wiltshire.

One major area of improvement in the board has been the engagement of trustees at all levels of the organisation through a buddying programme, although it had to be scaled back because face-to-face visits were curtailed for most of the year. A new board framework was also put in place to provide more assurance and this has helped the board to focus attention on the most important issues. The framework enables information to flow upwards and downwards through the organisation and to be reviewed by trustees at specialist committees and board meetings.

The pandemic has seen a reduction in the number of hours that volunteers have been able to work. Some have been self-isolating, whilst those who volunteer in shops have been unable to work while shops were closed. It was also important to keep the number of people coming into the hospice to an absolute minimum in order to reduce the risk of infection. The trustees and executive team recognise the tremendous value that volunteers bring and as infection rates fall across the country, the hospice will be making sure that they feel it is safe for them to return when they are ready.

Investing in new technology

As with most organisations above a certain size, the hospice has to make ongoing investments in technology. The journey to switch our patient management system from Crosscare to SystmOne began this year. This system will enable direct links with all GP surgeries in the area.

Another new system being implemented is Vantage. This is being trialled across the retail operation prior to roll out across all the hospice's service departments. This is an essential part of improving the management of risk, enable real-time reporting, and will ultimately be used in every department and provide trustees with an additional tool for monitoring how effectively the hospice is mitigating those risks.

a. GOING CONCERN

The trustees are satisfied that the charity is able to continue as a going concern and the accounts have been prepared on this basis. In assessing going concern the trustees have taken into account the following:

- **Net assets supported by general reserve fund levels**

The net current asset value at the balance sheet date was £582k, however within fixed assets is the investment portfolio of £3,565k, of which £50k is held as cash and the remaining balance can be liquidated to cash if necessary at short notice.

- **2021/22 budget and long term financial plans**

The Covid-19 pandemic has had a significant impact on the income generation activities of the hospice since March 2020 creating a level of uncertainty not previously experienced. The uncertainty for the economic timeline of recovery both at a macro and micro level has been a key driver of the financial scenarios developed for 21/22 and beyond.

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Through the financial modelling it became clear that the next 12 -18 months would continue to be very challenging. The hospice delivered its cost reduction programme in 20/21 reducing operating costs from £9.1m to £7.4m, with the new annual cost base for 21/22 of £7.5m. At this level of expenditure the hospice would have achieved its plans of being back at a balanced budget for the start of 21/22. However given the impact on income recovery as a direct consequence of the pandemic with income from normal sources for 21/22 being estimated at £5.8m versus normal income level of £7.5m and no further government assistance, the hospice has budgeted a financial deficit of £1.7m (£1.5m cash) for 21/22.

To fund this deficit whilst protecting reserves and to enable income streams to recover, the hospice decided to seek financial borrowing for the sum of £1.5m through the CBILS scheme. This funding was secured in June 2021 from HSBC and was received in mid July 2021. The term is 6 years, but repaid over 5 years as there are no repayments in the first 12 months. The interest on the loan from month 13 is at 3.99%. The loan is a legal mortgage with HSBC and under the terms of the mortgage the bank has a fixed and floating charge over the hospice assets. There is a legal charge over the value of the hospice land based on the historical cost of the land as at the balance sheet date 31 March 2021.

In securing this finance the hospice had to provide the bank with detailed financial forecasts including cash-flow for a 5 year period from 21/22 as part of the bank due diligence processes.

As stated above, the next 12 - 18 months is critical in rebuilding our income streams. With the relaxing of lockdown restrictions the first 6 months will be key to establishing the speed of the recovery to enable the hospice to take the necessary financial and operational actions to ensure that the hospice remains financially sustainable in both the short and longer term.

In the first quarter of the financial year post the lifting of lockdown restrictions on the 12th April, retail and fundraising income is ahead of the budget by £200k and costs are down on budget by £65k. The legacy pipeline has grown to £900k, which is £350k higher than the legacy income target for the year.

Detailed discussion of financial performance including forward looking rolling forecasts and any changes in the financial outlook are undertaken at the Finance & Income Generation Committee on a quarterly basis and escalated where necessary to the full board of trustees.

▪ Cashflow

The long term financial modelling for cashflow has taken into account the loan finance repayments from 22/23. The receipt of the cash from the loan finance in July 2021 will bridge the 21/22 deficit driven by the shortfall in income as a consequence of the pandemic. It will also ease the pressures from cash timing variances particularly relating to legacy income which is notoriously difficult to predict.

Cashflow is closely monitored by the finance team on a daily, weekly and monthly basis. A rolling 18 month forecast for income and expenditure and cashflow is also updated regularly. Any cause for concern can be highlighted and flagged for discussion and corrective measures to be taken.

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▪ Fixed assets

In addition to the fixed asset investments that can be easily liquidated into cash the hospice is also fortunate to own its land and buildings and also has investment land. This has enabled the hospice to secure the CBILS loan as outlined above. There are no material capital investments the hospice is planning to undertake at this time.

b. PRINCIPAL RISK 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.
- 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 21 is a net income of £373k compared to a net cost of £1,621k in the previous year. This result depicts the continued pressures on all streams of voluntary income impacted by the Covid-19 global pandemic offset by the special government Covid-19 support grants. There was also a net gain on investments of £651k in the year. The community has continued to support the hospice as much as was possible in an exceptionally tough year.

Incoming resources

As set out on page 21, total incoming resources, including income from charitable activities, was £7,125k for the year (£7,261k in 2019/20).

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 £1,297k over the previous year. Expenditure in generating fundraising income was down on the previous year as a direct consequence of the lower fundraising income.

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. The trustees will keep the level of reserves under continuous review. If the level of free reserves fall 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 2021 general reserves were £5.8m. Of this total £1.3m relates to unrestricted fixed assets. General funds have increased during the year by £0.5m.

The reserves policy also allows for the designation of funds at the trustees discretion. As at 31 March 2021 designated funds were unchanged from 2019/20.

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For the year ended 31 March 2021

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 2021 the investment portfolio had a market value of £3.6m (2020 £3.4m). 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 2021, this valuation is unchanged from March 2020.

Restricted funds are held in accordance with the accounting policy which is set out on page 25 .

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.

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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 loss of £1k in the year.

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

Following approval by the board of trustees a new pay structure for all staff was planned to be implemented in the second half of the 2020/21 financial year. This was partially delayed due to the pandemic but will be implemented from 1 April 2021. Employees are paid at market rate within a tolerance of plus/minus 5% of the median quartile. This tolerance creates a competitive salary range.

The grade and scope of job roles is 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.

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 & Income Generation, Audit & Risk, and People & Resources also meet on a regular basis.

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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 Act (Protection and Social Investment) 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.

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.

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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 2020/21 we received 13 complaints out of a total of 19,622 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 the financial future of the hospice is the highest priority. This means not only getting the shops re-opened and restarting big fundraising events (when it is safe to do so), but also to continue to grow and diversify existing and new income opportunities, some of which were being researched and trialled during the pandemic.

The hospice has been fortunate to have had a good level of retained reserves, and these have helped to address the shortfall between income and expenditure, which is their purpose. However, the hospice has been running a financial deficit since 2018/19 financial year and it is essential that it returns to a balanced and sustainable budget within as short a timeframe as possible. The target is to achieve this by 2022/23 but this is highly dependent upon voluntary income streams returning to pre Covid-19 levels.

The hospice cannot survive without the support of the community and initiatives like Prospect Without Walls (PWW) will bring the organisation closer to them. Last year the plans had to slow down due to the pandemic but everyone is excited about the new programme and looking forward to new engagement activities.

Prospect Hospice Limited

Report of the trustees

For the year ended 31 March 2021

The hospice's current strategy comes to an end in 2022 and the pandemic has only increased the need for a fresh look at the purpose of the hospice and how it best serves the community. Trustees recently held a strategy session to begin this next phase and work will continue throughout the coming year. Staff, volunteers and members of the community will all be consulted on how they think the hospice needs to develop over the coming three years and beyond.

The new BSW structure has formed quickly and it will be a big area of focus for trustees and the executive team in the coming year, not least to ensure that the hospice can satisfy commissioners in the services delivered and the outcomes achieved, but also in the coordination with neighbouring hospices to provide the same level of care across the area. Thanks to the strong position of influence held within BSW for end-of-life care, the board is hopeful that the hospice continues to have control over its destiny with commissioners.

The trustees and executive team are grateful for the CQC for prioritising a full inspection in July 2021, and we hope that it will confirm the massive amount of change that the hospice has gone through over the past three years. A change to the rating will be the formal sign that the charity is now a well-led, healthy, effective and efficient organisation, but also an organisation that provides its services in a caring and compassionate way.

There will be further strengthening of the board this year with the appointment of trustees who have a wide range of governance experience. All trustees are volunteers and their workload has increased dramatically over the past three years, especially in work done outside of board and committee meetings. They have all risen to the challenge and helped to guide and support the executive team in what they have achieved for the organisation and are thanked for all of their dedication, insight and support.

Finally, in the coming year, the chair of the board, David Barrand, will be standing down after giving over ten years devoted service to the hospice. David is proud to have served as chair through what has been a challenging period of time. His fellow trustees and the executive team thank him on behalf of everyone at the hospice for his service and contribution. The hospice has come a long way in the past three years and coped with difficult and unprecedented circumstances but there is a lot more still to be done, especially in the area of board development. David's successor, Robin Bailey, will have the opportunity to devote more time to the strategy and to ensuring that the hospice is financially and operationally fit to face the next forty years.

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).

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:

Prospect Hospice Limited

Report of the trustees

For the year ended 31 March 2021

- 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:

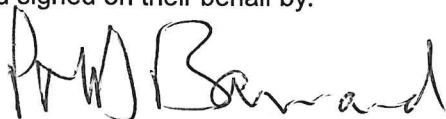
- So far as that trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- That trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any information needed by the charitable group's auditor in connection 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 12 August 2021 and signed on their behalf by:



David Barrand - Chair

Independent auditors' report

To the members of

Prospect Hospice Limited

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 2021 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 2021 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 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

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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' report) have 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

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.

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.

Independent auditors' report

To the members of

Prospect Hospice Limited

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The procedures we carried out and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

(1) We obtained an understanding of the legal and regulatory framework that the charity operates in, and assessed the risk of non-compliance with applicable laws and regulations. Throughout the audit, we remained alert to possible indications of non-compliance.

(2) We reviewed the charity's policies and procedures in relation to:

- Identifying, evaluating and complying with laws and regulations, and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risk of fraud, and whether they were aware of any actual, suspected or alleged fraud; and
- Designing and implementing internal controls to mitigate the risk of non-compliance with laws and regulations, including fraud.

(3) We inspected the minutes of trustee meetings.

(4) We enquired about any non-routine communication with regulators and reviewed any reports made to them.

(5) We reviewed the financial statement disclosures and assessed their compliance with applicable laws and regulations.

(6) We performed analytical procedures to identify any unusual or unexpected transactions or balances that may indicate a risk of material fraud or error.

(7) We assessed the risk of fraud through management override of controls and carried out procedures to address this risk. Our procedures included:

- Testing the appropriateness of journal entries;
- Assessing judgements and accounting estimates for potential bias;
- Reviewing related party transactions; and
- Testing transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. Irregularities that arise due to fraud can be even harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Independent auditors' report

To the members of

Prospect Hospice Limited

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: 23 August 2021

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 2021

				2021	2020
	Note	Restricted £000	Unrestricted £000	Total £000	Total £000
Income from:					
Donations and legacies	3	114	1,249	1,363	2,478
Charitable activities	4	3,732	910	4,642	2,159
Other trading activities	5	-	1,103	1,103	2,561
Investments	6	-	17	17	63
Total income		3,846	3,279	7,125	7,261
Expenditure on:					
Raising funds:					
Voluntary income		-	560	560	642
Fundraising trading		-	1,903	1,903	2,246
Investment management		-	14	14	13
Charitable activities		3,986	940	4,926	6,223
Total expenditure	8	3,986	3,417	7,403	9,124
Net expenditure before investment gains		(140)	(138)	(278)	(1,863)
Net gains on investments		-	651	651	242
Net movement in funds	9	(140)	513	373	(1,621)
Reconciliation of funds:					
Total funds brought forward		1,645	5,269	6,914	8,535
Total funds carried forward		1,505	5,782	7,287	6,914

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 2021

	Note	The group 2021 £000	The group 2020 £000	The charity 2021 £000	The charity 2020 £000
Fixed assets					
Tangible assets	12	2,688	2,878	2,688	2,878
Investment property	13	452	452	452	452
Investments	14, 15, 16	3,565	3,364	3,565	3,364
		<u>6,705</u>	<u>6,694</u>	<u>6,705</u>	<u>6,694</u>
Current assets					
Stocks	17	54	71	54	53
Debtors	18	861	957	942	1,005
Cash at bank and in hand		670	696	587	665
		<u>1,585</u>	<u>1,724</u>	<u>1,583</u>	<u>1,723</u>
Liabilities					
Creditors: amounts falling due within 1 year	19	1,003	1,504	1,001	1,503
		<u>582</u>	<u>220</u>	<u>582</u>	<u>220</u>
Net current assets					
		<u>582</u>	<u>220</u>	<u>582</u>	<u>220</u>
Net assets					
	22	<u>7,287</u>	<u>6,914</u>	<u>7,287</u>	<u>6,914</u>
Funds					
	23				
Restricted funds		1,505	1,645	1,505	1,645
Unrestricted funds:					
General funds		5,782	5,269	5,782	5,269
		<u>7,287</u>	<u>6,914</u>	<u>7,287</u>	<u>6,914</u>
Total charity funds					
		<u>7,287</u>	<u>6,914</u>	<u>7,287</u>	<u>6,914</u>

Approved by the trustees on 12 August 2021 and signed on their behalf by



David Barrand - Chair

Prospect Hospice Limited

Consolidated statement of cash flows

For the year ended 31 March 2021

	2021	2020
	£000	£000
Net cash provided by / (used in) operating activities		
Net movement in funds	373	(1,621)
<i>Adjustments for:</i>		
Depreciation charges	206	277
(Gains) / losses on investments	(651)	(242)
Dividends, interest and rents from investments	(17)	(63)
Investment management fees	-	13
Decrease / (increase) in stock	17	22
Decrease / (increase) in debtors	96	(604)
Increase / (decrease) in creditors	(501)	671
Net cash provided by / (used in) operating activities	(477)	(1,547)
Cash flows from investing activities:		
Dividends, interest and rents from investments	17	63
Purchase of tangible fixed assets	(16)	(12)
Proceeds from the sale of investments	-	3,441
(Increase) / decrease in cash held in investment portfolio	450	(310)
Purchase of investments	-	(2,032)
Net cash provided by / (used in) investing activities	451	1,150
Increase / (decrease) in cash and cash equivalents in the year	(26)	(397)
Cash and cash equivalents at the beginning of the year	696	1,093
Cash and cash equivalents at the end of the year	670	696

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 2021

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 2019) - (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. 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 the receipt in July 2021 of loan financing of £1.5m, are sufficient. Further detail is provided in the trustees' annual report.

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 2021

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 2021

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 2021

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 2021

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 legacy income, which is included within debtors - see note 1(d) above.

2. Prior period comparatives

	Restricted £000	Unrestricted £000	2020 Total £000
Income from:			
Donations and legacies	177	2,301	2,478
Charitable activities	2,149	10	2,159
Other trading activities	-	2,561	2,561
Investments	-	63	63
Total income	2,326	4,935	7,261
Expenditure on:			
Raising funds:			
Voluntary income	-	642	642
Fundraising trading	-	2,246	2,246
Investment management	-	13	13
Charitable activities	2,389	3,834	6,223
Total expenditure	2,389	6,735	9,124
Net expenditure before investment gains	(63)	(1,800)	(1,863)
Net gains on investments	-	242	242
Net movement in funds	(63)	(1,558)	(1,621)

Prospect Hospice Limited

Notes to the financial statements

For the year ended 31 March 2021

3. Income from donations and legacies

	Restricted £000	Unrestricted £000	2021 Total £000
Donations	-	555	555
Prospect fundraising events	46	7	53
Community fundraising	-	213	213
Boxes income	-	32	32
Legacies	-	166	166
Trusts income	68	70	138
In memorium	-	206	206
Total donations and legacies	114	1,249	1,363

Prior period comparative

	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
Total donations and legacies	177	2,301	2,478

4. Income from charitable activities

	Restricted £000	Unrestricted £000	2021 Total £000
COVID funding	1,650	895	2,545
Swindon CCG	1,254	-	1,254
Wiltshire CCG	305	-	305
Great Western Hospitals NHS Foundations Trust	323	-	323
Health England (GPST1 doctors funding)	184	-	184
Swindon Borough Council	16	-	16
Education and training income	-	4	4
Other	-	11	11
Total charitable activities	3,732	910	4,642

Prospect Hospice Limited

Notes to the financial statements

For the year ended 31 March 2021

4. Income from charitable activities (continued)

Prior period comparative

	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
Total charitable activities	2,149	10	2,159

5. Income from other trading activities

	Restricted £000	Unrestricted £000	2021 Total £000	2020 Total £000
Shops and retail	-	596	596	1,998
Lottery income	-	498	498	510
Catering income	-	9	9	53
Total other trading activities	-	1,103	1,103	2,561

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

6. Investment income

	Restricted £000	Unrestricted £000	2021 Total £000	2020 Total £000
Income from investment portfolio	-	17	17	62
Income from cash held at UK banks	-	-	-	1
Total investment income	-	17	17	63

All investment income was unrestricted in the prior year.

Prospect Hospice Limited

Notes to the financial statements

For the year ended 31 March 2021

7. Government grants

The charitable company receives funding from the government in the form of a standard NHS contract (short form) from the local Clinical Commissioning Group (Swindon and Wiltshire). Covid funding was also received from NHS England via Hospice UK. This emergency grant funding was for the purpose of making available bed capacity (and in phase 2 utilisation) and providing community support for people with complex needs. Details of the amounts received are in note 4 to the accounts. There are no unfulfilled conditions or contingencies attaching to these funds.

8. Expenditure

	Direct costs £000	Support costs £000	2021 Total £000
Raising funds			
Costs of generating voluntary income	343	217	560
Fundraising trading			
Costs of goods sold in shops and café	39	-	39
Lottery prizes and overheads	114	11	125
Retail costs	1,180	559	1,739
	1,333	570	1,903
Investment management			
Investment management fees	14	-	14
Charitable activities			
In-patient unit	1,499	550	2,049
Community care	1,191	339	1,530
Care at Great Western Hospital	96	39	135
Influencing and education	777	319	1,096
Governance costs	116	-	116
	3,679	1,247	4,926
Total expenditure	5,369	2,034	7,403

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Notes to the financial statements

For the year ended 31 March 2021

8. Expenditure (continued)			
Prior year comparative	Direct costs £000	Support costs £000	2020 Total £000
Raising funds			
Costs of generating voluntary income	425	217	642
Fundraising trading			
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
Investment management			
Investment management fees	13	-	13
Charitable activities			
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
Total expenditure	6,646	2,478	9,124

Prospect Hospice Limited

Notes to the financial statements

For the year ended 31 March 2021

9. Net movement in funds

This is stated after charging:

	2021 £000	2020 £000
Depreciation	206	277
Operating lease payments	309	342
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	Nil	Nil
Auditors' remuneration:		
▪ Statutory audit (including VAT)	12	10

10. Staff costs and numbers

Staff costs were as follows:

	2021 £000	2020 £000
Salaries and wages	4,864	5,691
Social security costs	412	404
Pension costs	335	347
	5,611	6,442

Included within salaries and wages above are termination and redundancy payments of £14k (2020: £55k).

	2021 No.	2020 No.
Average number of employees	185	206

Full time equivalents:

	2021 No.	2020 No.
Medical	6	3
In-patient nurses	17	25
Community care	29	39
Care at Great Western Hospital	3	5
Influencing and education	1	1
Catering and housekeeping	6	6
Income generation	49	47
Facilities and reception	2	2
Admin and support	21	21
Management	7	7
	141	156

Prospect Hospice Limited

Notes to the financial statements

For the year ended 31 March 2021

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 was £351k (2020: £314k).

At 31 March 2020 there were 31 members of the NHS pension scheme (2020: 43), and 131 members of the Royal London Group Personal pension plan (2020: 138).

The number of higher paid employees was:

	2021 No.	2020 No.
£60,001 - £70,000	2	3
£70,001 - £80,000	2	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£190,001 - £200,000	1	-
	6	5

The total emoluments, including termination, redundancy and other restructuring fixed term contractual payments, paid to key management personnel (6.0 FTE) for the year was £470k (2020: 5.7 FTE £587k). Pension contributions for these employees amounted to £23k (2020: £22k).

11. Taxation

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

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Notes to the financial statements

For the year ended 31 March 2021

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	Total £000
Cost					
At 1 April 2020	4,242	217	423	976	5,858
Additions	6	-	5	5	16
At 31 March 2021	<u>4,248</u>	<u>217</u>	<u>428</u>	<u>981</u>	<u>5,874</u>
Depreciation					
At 1 April 2020	1,594	182	362	842	2,980
Charge for the year	101	7	34	64	206
At 31 March 2021	<u>1,695</u>	<u>189</u>	<u>396</u>	<u>906</u>	<u>3,186</u>
Net book value At 31 March 2021	<u>2,553</u>	<u>28</u>	<u>32</u>	<u>75</u>	<u>2,688</u>
At 31 March 2020	<u>2,648</u>	<u>35</u>	<u>61</u>	<u>134</u>	<u>2,878</u>

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

13. Investment property: group and charity

	2021 £000	2020 £000
Market value at 1 April 2020	452	153
Unrealised gain on revaluation	<u>-</u>	<u>299</u>
Market value at 31 March 2021	<u>452</u>	<u>452</u>
Historic cost	<u>153</u>	<u>153</u>

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 2021 by Chesters Commercial. This concluded there was no material change in valuation. The remaining proportion of land is held at arable value. The trustees consider this a fair estimate of land value as at 31 March 2021.

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Notes to the financial statements

For the year ended 31 March 2021

14. Investments: group and charity

	2021	2020
	£000	£000
Market value at 1 April 2020	3,364	4,533
Additions	-	2,032
Disposals proceeds	-	(3,441)
Realised and unrealised gains / (losses)	651	(57)
Investment management fees	-	(13)
Cash movement	(450)	310
Market value at 31 March 2021	<u>3,565</u>	<u>3,364</u>
Historic cost	<u>2,464</u>	<u>2,464</u>

Group investments comprise:

	UK	Overseas	2021 Total	2020 Total
	£000	£000	£000	£000
Listed investments	<u>3,565</u>	<u>-</u>	<u>3,565</u>	<u>3,364</u>

All listed investments are held in Vanguard 60% Equity fund and CCLA Common Investment Fund.

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Notes to the financial statements

For the year ended 31 March 2021

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.

	2021 £000	2020 £000
Turnover	39	93
Cost of sales	<u>(38)</u>	<u>(61)</u>
Gross profit	1	32
Administrative expenses	<u>(2)</u>	<u>(30)</u>
Profit / (loss) on ordinary activities before taxation	(1)	2
Tax on profit / (loss) on ordinary activities	<u>-</u>	<u>-</u>
Profit for the financial year after taxation	<u><u>(1)</u></u>	<u><u>2</u></u>
<i>Changes in equity</i>		
Total retained profit brought forward	-	-
Total comprehensive income for the year	(1)	2
Gift aid distribution to parent charity	<u>-</u>	<u>(2)</u>
Total retained losses carried forward	<u><u>(1)</u></u>	<u><u>-</u></u>

The aggregate of the assets, liabilities and funds was:

	2021 £000	2020 £000
Assets	85	53
Liabilities	<u>(86)</u>	<u>(53)</u>
Funds	<u><u>(1)</u></u>	<u><u>-</u></u>

16. Parent charity

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

	2021 £000	2020 £000
Gross income	7,087	7,198
Results for the year	<u><u>373</u></u>	<u><u>(1,622)</u></u>

Prospect Hospice Limited

Notes to the financial statements

For the year ended 31 March 2021

17. Stock

	The group		The charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Goods for resale	<u>54</u>	<u>71</u>	<u>54</u>	<u>53</u>

18. Debtors

	The group		The charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade debtors	350	740	350	740
Amounts owed by group undertakings	-	-	84	51
Tax recoverable	45	76	42	73
Prepayments and accrued income	<u>466</u>	<u>141</u>	<u>466</u>	<u>141</u>
	<u>861</u>	<u>957</u>	<u>942</u>	<u>1,005</u>

19. Creditors: amounts due within 1 year

	The group		The charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade creditors	1	48	1	48
Accruals	302	489	300	488
Other taxation and social security	103	103	103	103
Other creditors	19	44	19	44
Deferred income (see note 20)	<u>578</u>	<u>820</u>	<u>578</u>	<u>820</u>
	<u>1,003</u>	<u>1,504</u>	<u>1,001</u>	<u>1,503</u>

20. Deferred income

	The group		The charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
At 1 April 2020	820	67	820	67
Deferred during the year	578	820	578	820
Released during the year	<u>(820)</u>	<u>(67)</u>	<u>(820)</u>	<u>(67)</u>
At 31 March 2021	<u>578</u>	<u>820</u>	<u>578</u>	<u>820</u>

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

Prospect Hospice Limited

Notes to the financial statements

For the year ended 31 March 2021

21. Financial instruments measured at fair value

	The group		The charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Financial assets measured at fair value	<u>4,017</u>	<u>3,816</u>	<u>4,017</u>	<u>3,816</u>

22. Analysis of group net assets between funds

	Restricted funds £000	General funds £000	Total funds £000
Tangible fixed assets	1,416	1,272	2,688
Investment property	-	452	452
Fixed asset investments	-	3,565	3,565
Current assets	89	1,496	1,585
Current liabilities	-	(1,003)	(1,003)
Net assets at 31 March 2021	<u>1,505</u>	<u>5,782</u>	<u>7,287</u>

	Restricted funds £000	General funds £000	Total funds £000
Prior year comparative			
Tangible fixed assets	1,558	1,320	2,878
Investment property	-	452	452
Fixed asset investments	-	3,364	3,364
Current assets	87	1,637	1,724
Current liabilities	-	(1,504)	(1,504)
Net assets at 31 March 2020	<u>1,645</u>	<u>5,269</u>	<u>6,914</u>

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Notes to the financial statements

For the year ended 31 March 2021

23. Movements in funds

	At 1 April 2020 £000	Income £000	Expenditure £000	Gains / (losses) £000	At 31 March 2021 £000
Restricted funds					
Building funds	1,464	-	(106)	-	1,358
Costs of equipment	94	-	(36)	-	58
Running costs	87	3,846	(3,844)	-	89
Total restricted funds	1,645	3,846	(3,986)	-	1,505
Unrestricted funds					
General funds	5,269	3,279	(3,417)	651	5,782
Total unrestricted funds	5,269	3,279	(3,417)	651	5,782
Total funds	6,914	7,125	(7,403)	651	7,287

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.

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 6.5 months' worth of future operating expenditure.

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Notes to the financial statements

For the year ended 31 March 2021

23. Movements in funds (continued)

Prior year comparative

	At 1 April 2019 £000	Income £000	Expenditure £000	Transfers between funds £000	Gains / (losses) £000	At 31 March 2020 £000
Restricted funds						
Building funds	1,570	-	(106)	-	-	1,464
Costs of equipment	130	-	(36)	-	-	94
Running costs	8	2,326	(2,247)	-	-	87
Total restricted funds	1,708	2,326	(2,389)	-	-	1,645
Unrestricted funds						
<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>	3,196	-	(415)	(2,781)	-	-
General funds	3,631	4,935	(6,320)	2,781	242	5,269
Total unrestricted funds	6,827	4,935	(6,735)	-	242	5,269
Total funds	8,535	7,261	(9,124)	-	242	6,914

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 £179k (2020: £173k).

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 £146k (2020: £161k).

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Notes to the financial statements

For the year ended 31 March 2021

25. Operating lease commitments

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

	The group		The charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amount falling due:				
Within 1 year	196	273	196	273
Within 1 - 5 years	341	529	341	529
Over 5 years	41	43	41	43
	578	845	578	845

26. Contingent assets

There are some legacies which have been notified to the charity at 31 March 2021 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 £760k (2020: £184k).

27. Related party transactions

No members of the board of trustees received any remuneration for their services or received any reimbursement of expenses (2020: nil).

Other than the transactions with its subsidiary, there were no other related party transactions during the year.

28. Post balance sheet events

In June 2021, Prospect Hospice received £1.5m in loan financing from HSBC under the CBILS scheme (Coronavirus Business Interruption Loan Scheme). The term is 6 years, but the loan is repaid over 5 years as there are no repayments in the first 12 months. The interest on the loan from month 13 is at 3.99%. The bank has a fixed and floating charge over the hospice assets. There is a legal charge over the value of the hospice land based on the historical cost of the land as at the balance sheet date 31 March 2021.