

Thames hospice

ANNUAL REPORT AND ACCOUNTS

for the year ended 31 March 2017

Registered Company No: 5316964

Registered Charity No. 1108298



**The Queen's Award
for Voluntary Service**

The MBE for volunteer groups

THAMES HOSPICE
ANNUAL REPORT
for the year ended 31 March 2017

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Trustees' Report

The Trustees are pleased to present their annual report together with the Financial Statements for the year ended 31 March 2017, which are also prepared to meet the requirements for a Directors' Report and Accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (Charities SORP (FRS102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

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Who we are

Thames Hospice is the local charity supporting people living with life limiting illness in East Berkshire and South Buckinghamshire.

A holistic approach

We provide expert nursing and medical care, with emotional and practical support for adults who have illnesses from which they are not expected to recover. We also offer a wide range of therapies to support our patients' physical, psychological, social and spiritual needs. Our care and support extends to family, friends and carers.

Always here

Our vital services are free of charge for all those who access them, and are available wherever they are needed: in our Hospice and our Day Therapies Unit both at Pine Lodge and in our patients' own homes, 365 days a year.

Expert care

Our highly qualified and trained teams of nurses, doctors, consultants, therapists and healthcare assistants, provide expert clinical and complementary care to our patients.

Our services are free to those who need them

All our services are free to our patients and their families, friends and carers. We are grateful for the generous support of our fundraisers and donors who help us to generate around 80% of the income we need to run our Hospice. We receive approximately 20% of our income from the NHS.



Our Vision

Quality of life to the end of life for everyone

Our Mission

To provide and support the best palliative and end of life care to our community, giving dignity and comfort to those facing life limiting illnesses.

Our Values

- | | |
|----------------------|---|
| Compassion | We treat everyone with kindness and compassion, providing a secure and caring environment. |
| Excellence | We are committed to delivering and demonstrating excellence and quality in everything we do. |
| Collaboration | We recognise the best quality of care is achieved when we work as a team, leveraging the skills and experience of individuals as well as our healthcare and community partners. |
| Integrity | We always act with integrity and strive to demonstrate the highest ethical standards of behaviour. |
| Respect | We believe in treating everyone with dignity and respect. |
| Ambition | Our desire and determination to succeed in meeting the growing needs of our local community. |
| Commitment | We are dedicated to providing the best palliative and end of life care to all who need us now and in the future. |

Introduction by our Chief Executive and Chair of Trustees



Debbie Raven
Chief Executive



Martin Jervis
Chair of Trustees

On behalf of everyone at Thames Hospice, it is our pleasure to introduce the annual report for 2016/17.

We are extremely privileged to be the main provider of Palliative and End of Life Care for East Berkshire and South Buckinghamshire, serving a community of over 500,000 residents. People who use our services and their families tell us that we provide excellent care and our staff and volunteers are often praised for their compassion and kindness in times of need. We pride ourselves on being there when people need us but, with demand constantly growing, we are finding it increasingly hard to deliver on our Vision: “quality of life, to the end of life, for everyone”. To address this, we have focussed on accelerating our expansion plans, not only to provide more services for our community, but also to raise the funds to support and sustain them.

To meet the increasing demand, we are going to build a new Hospice which will not only be larger, providing an additional 11 beds, taking us to a total of 28, but will also enable us to expand our day centre, community services, and psychological and therapy support, and in addition offer much-needed education facilities. Education is imperative, and allows us to share our expertise and vision with our colleagues, and other carers, enabling them to provide care of the highest quality. Not everyone at the end of their life will be cared for solely by our staff, but everyone deserves quality of life, to the end of life, so the Hospice has a key role to play in supporting others to ensure that.

We are delighted to have been asked to provide additional services for patients this year which will help more people to stay at home if that is their wish. In May we will be launching a new Rapid Response nursing service designed to support people at home by offering them a 24 hour advice line and a nursing team who will respond quickly, day and night. This is a brand new service and much needed in our community by our patients and their families and carers.

It has also been a busy year from an income generation perspective, as we have opened a further 2 stores, bringing our number of shops up to 17, as well as launching a new event for next year, the Bubble Rush! We have high hopes for this event, which will be the only Bubble Rush in Berkshire, and we’re sure will attract a huge cohort of supporters.

Finally, we’re delighted to report that despite the challenges, we have finished the financial year in a strong position which enables us to start 2017/18 with optimism – it’s going to be a very important and ambitious year.

Strategic Report

Why we are here

Our new Five Year Strategy, implemented in 2016/17 states our strategic aims:

- To be the leaders of palliative and end of life care in our community, providing a patient centred, seamless service focussed on quality and equity
- To be the charity of choice in our local community, generating income and raising awareness to deliver our mission.
- To ensure the financial viability and sustainability of the charity so that we can continue to deliver our mission.
- To lead the design and delivery of sustainable organisational resource planning to support our mission.



Public Benefit

The trustees have complied with the duty in the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission. Thames Hospice exists for the public benefit for the advancement of health and to provide relief to those in need by reason of ill health. The charity's objects are the relief of sickness, in particular of those persons suffering from cancer or other life-limiting illness and the support of carers, families, friends and dependents during and after such illness, in such ways as the charity sees fit.

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Ensuring our work delivers our aims

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set. We review our aims, objectives and activities throughout the year and at the end of each year. Our aims and objectives are set out in the Strategic Operating Plan, and progress is reported through the relevant sub-committees to the Board on a quarterly basis.

These regular reviews look at the success of each activity and the benefits they have brought to the group of people we are set up to help. These reviews also help us to ensure that our aims, objectives and activities remain focused on our stated purpose.

How our work delivers public benefit

Our main objectives for the year and those we have helped are described below. All of our charitable activities focus on the relief of sickness, pain and suffering, in particular those suffering from advanced cancer or other life-limiting illness, along with the support of carers, families, friends and dependents during and after such illness. All of these charitable activities deliver public benefit, and all services provided to patients and their families are provided free of charge at the point of delivery.

Referrals are accepted from a variety of sources and our services are allocated according to clinical need. Care is currently delivered in the following ways:

- 17 bedded In Patient Unit at Thames Hospice, Pine Lodge, Windsor.
- Day Therapy Unit for outpatients and inpatients alike operating two days each week at Pine Lodge.
- Physiotherapy, occupational therapy, lymphoedema treatment and counselling services at Pine Lodge.
- 24/7 Hospice at Home team.
- Psychological and spiritual support.



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Impact statement

As mentioned in the Chief Executive and Chair's introduction, Thames Hospice is about to embark on an expansion programme that will enable us to provide our services to a greater number in our community. We know that the demand for our services is rising and our plans to expand are motivated by the desire to meet that demand and to improve the services that we provide.

The public benefit of Thames Hospice is clearly evident in the numbers of people we help at no charge to the patients and the feedback we receive from both patients and their loved ones. During 2016/17 we admitted 354 patients to our inpatient unit, provided 1810 hours of care in patients' homes and delivered over 4500 sessions of day therapies, counselling and other complementary therapies to patients and their loved ones. To increase and improve these services will impact upon the local community in a very positive way and the improved funding of those services will secure this position and a sustainable future for the Hospice.

Key achievements in 2016/17

This year has been a successful one for Thames Hospice with the charity continuing to deliver exceptional clinical services to the community and maintaining the high occupancy rate of the previous year. Feedback has been consistently positive and complimentary from patients and their families, demonstrating our ability to deliver our gold standard of care in challenging circumstances.

Our priorities for the year 2016/17 were based on Year One objectives in our new Five Year Strategy as detailed on Page 5.

Some of the main objectives and how we performed are noted below:

- To advance plans for our expansion to a 28 bed hospice with combined Community Palliative Care Scheme and complementary therapies.
 - *With the help of our architects, KKE we developed the design and submitted an ultimately successful planning application to build our new facility.*
 - *We also moved our community therapy unit services to Windsor after closing our Ascot site.*
- Develop and action a recruitment and retention plan for nursing staff; this has been identified as a major challenge for all healthcare organisations.
 - *The plans for nurse recruitment are now in place and next year will see them fully operational. This will remain a challenge for us, in common with all care organisations for some years as demand far outstrips supply of qualified nursing staff.*
- Optimise fundraising income whilst remaining confident of retaining excellent fundraising governance.
 - *The Fundraising team have exceeded their target for income generation during the year excluding legacy income which is low this year. They have also been working to ensure that our policies and procedures adhere to best practice at all times. We are well placed to comply with new fundraising regulations once they are finalised.*

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- Develop and implement the initial phases of our capital appeal to help fund our expansion plans.
 - *The launching of our capital appeal has been planned for 2017/18 and we are working with individuals, companies and trusts with a view to fulfilling the funding requirement.*
- Expand our number of retail units by at least another two, ensuring we can recruit the required volunteers to help staff the shops.
 - *We have opened two new shops during the year in Farnham Common and Old Amersham, all successfully up and running.*
- Maintain financial stability, effective governance and appropriate risk management.
 - *Despite a poor legacy income figure this year, we have returned a strong financial result. All legal and statutory requirements have been met and best practice governance followed.*
 - *We greatly improved our IT provision and security, investing in new equipment and software and changing our third party IT support company.*
- Further develop our future financial plans including the planned expansion in conjunction with reserves, investment and cash management.
 - *Our ten year financial plans have been updated and refined during the year. We continue to monitor cash, reserves and investment as our plans develop.*
- Carry out staff and volunteer surveys to encourage feedback and recommend and monitor progress on changes as appropriate.
 - *Staff and volunteer surveys were carried out during the year. The feedback received was largely positive and any areas requiring review have been addressed.*
- Continue the development of resource planning with respect to staff and volunteers to ensure we can maintain the required levels of personnel to support our continued expansion plans.
 - *Staff recruitment and retention are a focal point for the organisation and will continue to be particularly with regard to nurse recruitment. This area is central to our planned expansion.*

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Key objectives for 2017/ 18

We are now into Year Two of our Five Year Strategy (2016 to 2021). As in the previous year we have compiled an Operating Plan for the coming year. Each department sets out objectives and targets to achieve during the year which align with the agreed Strategy. This Plan is reviewed quarterly by the relevant committee and by the Board. Some key targets and challenges for the coming year, in line with the four strategic aims on page 5 are:

- To continue to develop our designs and financial planning for our new combined 28 bed hospice and day care centre;
- To action and monitor plans to maximise our recruitment and retention of critical clinical roles, a nationally challenging issue;
- To set up and launch the new 24/7 telephone support line and rapid response team to help our patients in the community;
- To implement all regulatory requirements of the new fundraising regulatory body and ensure we are able to optimise our fundraising income within the new rules;
- To launch our capital appeal for the new Thames Hospice;
- To continue to expand our number of retail units, sourcing the best local sites for our stores;
- To manage and monitor our finances in the current year whilst also developing our plans for the future, working within our governance and risk management frameworks.

Associated risk

We identify and monitor risk through our risk management process (see Page 19). Our annual setting of objectives and operating plan feed into the process enabling us to identify the major risks associated with our current and future work programme. The above key targets carry associated risks, the most significant of which are:

- Our expansion plans relating to the new hospice and to the introduction of new services such as the 24/7 provision generate huge opportunities for the charity but also carry multiple risks. For example, there are reputational risks relating to moving site. There are financial risks of over stretching our

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current resources and also of not being able to secure adequate longer term funding to fulfil the plans and achieve sustainability.

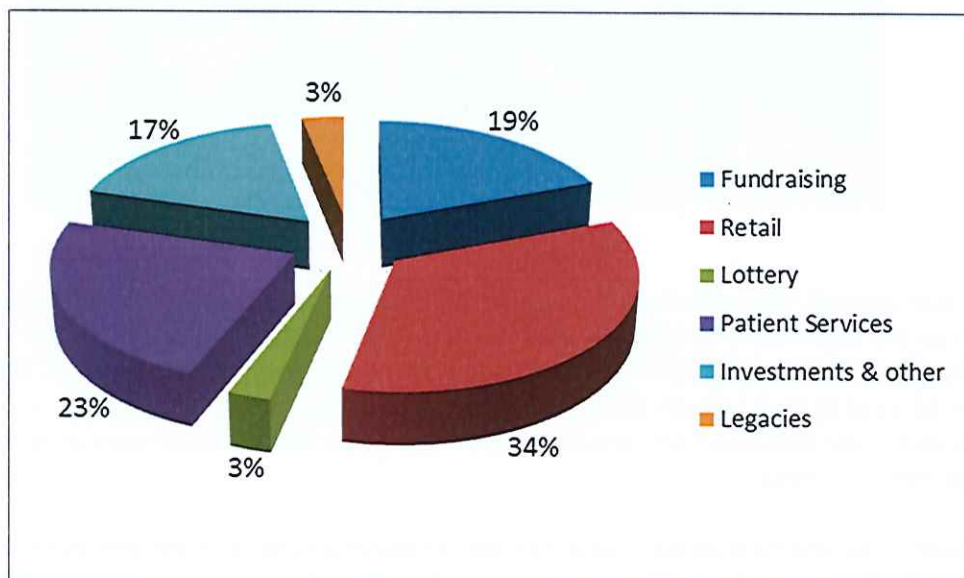
- There are risks associated with the current national shortage of nursing staff. This has potential implications already for staffing our services but is magnified when we consider the staff requirement relating to our expanded hospice.
- We receive only about a fifth of our income from NHS grants and contracts so are reliant upon our fundraising and retail activities to bridge the gap. Our resulting income generation targets carry multiple risks, for example:
 - The proposed additional requirements of the new fundraising regulator may affect our fundraising operations at a time when the capital appeal is about to be launched.
 - Our retail expansion relies heavily on our ability to recruit volunteers to work in our shops and this has been a challenge in many areas.

We constantly seek to mitigate risk by, for example, good relationships with our Care Commissioning Groups (CCGs), developing our fundraising promise and putting recruitment plans in place. The risks are reviewed quarterly along with our progress against our Operating Plan objectives and targets.

Financial Review

Review of the year 2016/17

Thames Hospice generates income from a variety of sources including donations, legacies, sales of new and donated goods, investments and NHS grants. The split of income for the year may be represented as follows:



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Raising Funds: Fundraising and Retail

We are, as always indebted to our generous donors and supporters for their continued commitment to the hospice. Without them, we simply could not continue to provide the free of charge care our patients and their loved ones need.

This year, donations and legacies income fell by over a million pounds to £3,205k from £4,280k. This was almost entirely due to the effect of our poorest year for legacies in more than a decade. We received only £217k in 2016/17 compared with £1,230k in 2015/16. This is a concern for the charity and we are addressing how we might improve this in the coming years although this is the most unpredictable income line. Our yearly average for legacies is still just over a million so we have budgeted for this next year in the hope that we can achieve a better result in 2017/18.

In other fundraising areas, we have seen steadier results with events performing particularly well increasing from £106k in 2015/16 to £160k in 2016/17. We are planning a major new event for 2017/18, the Bubble Rush which we hope will boost this income further.



Our retail division opened two new shops this year and, although the full year effect will not be felt until 2017/18, we can see the trend in the income generated in 2016/17. The retail result for the year comprised sales of donated goods of £1,563k (2016: £1,347k) and sales of new goods of £158k (2016: £42k). This represents an increase of over 20% on 2015/16 which is a fantastic result for retail whose introduction of more new goods for sale combined with the opening of new shops and refurbishment programme of the older ones is proving really successful.

The costs in both retail and fundraising rose in line with expectation and with the overall expansion of activities. We have been investing in our income generation activities in order to create a structure and lay the foundations for a very challenging period for the charity as we move towards our planned expansion and capital build. The direct costs of retail and fundraising were £2,772k (2016: £2,355k) and with central services support costs allocated they were £3,661k (2016: £3,200k).

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Charitable Activities: Patient and Family Services

Core grant funding from the NHS amounted to £1,283k in the year (2016: £1,337k) and Continuing Health receipts were £206k (2016: £164k), so remaining fairly static as we would expect.

The costs of running our patient services teams only increased a small amount despite running at almost full capacity and increasing the day therapies services after the move from Ascot. A contributing factor has been the high level of vacancies amongst our nursing staff as nurse recruitment has proved very challenging; this is a nationwide issue and we are taking steps to address it where we can. The direct costs of running our patient services totalled £2,508k (2016: £2,442k) and £3,296k with their central services support costs allocation added (2016: £3,313k).

Central Services Income

Investment income for the year increased to £499k (2016: £432k). This reflects the increase in value of the portfolio over recent years where surplus funds have been invested for the future and we are seeing the benefit through the income line. Realised losses on the sales of investments totalled £2k (2016: £34k) but unrealised gains accrued to the investment portfolio were £1,100k (2016: loss £481k), reflecting UK and world trends. Investment management fees remained steady and in line with last year at £41k (2016: £44k).

During the year we received a sum of compensation of £825k for surrendering the lease on our Ascot property, Paul Bevan House. We have moved the services onto our Pine Lodge site and will use the net receipt after asset write offs of £600k to help us build the new Paul Bevan Centre at our planned new hospice. The net amount of £600k has been designated by the trustees solely for this purpose.

Central Services Expenditure

Expenditure in central services was well controlled this year totalling £1,677k (2016: £1,716k) and we made some substantial savings in some areas such as insurance. In others we made some investments in the future such as improving our IT services and security which were considered priorities by the trustees and senior management team (SMT). The allocation of central services costs was 53% to Raising Funds and 47% to Charitable Activities (2016: 49% and 51% respectively). The apportionment of central services costs reflects

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the increased spend on Raising Funds as we invest in future income generation through new shops, additional fundraisers and the initial costs of our forthcoming capital appeal. See Note 8.

Reserves

At the year end the total funds in the charity stood at £20,050k (2016: £19,230k). Of this, Restricted funds totalled £62k (2016: £103k), Designated funds £10,635k (2016: £10,100k) and General funds £9,353k (2016: £9,027k). The funds are analysed further in Notes 18 and 19 to the accounts.

Reserves policy

In order to maintain our level of service to our patients and their loved ones, our aim is to achieve sustainable funding for Thames Hospice and to ensure that our reserves give sufficient resilience to allow for fluctuations in income. It is recognised by the trustees that the charity may generate a surplus or deficit in any one year depending on the unpredictable nature of some funding streams and general economic conditions. The trustees have therefore determined to maintain a reserve position that would enable the charity to continue operations during deficit years, and in surplus years, invest additional funds generated in our investment portfolio.

The charity determines its future reserve requirements by producing ten year projections of income and expenditure and reviewing the charity risk register on a quarterly basis and whenever a change in operations might necessitate. The trustees have decided to set the level of reserves by reviewing these projections and ensuring that any potential deficit years would be covered by our free reserves. Free reserves are defined as our total reserve net of restricted funds, fixed assets and any reserves designated for specific purposes by the trustees. Surplus reserves generated are set aside for future projects of a capital or revenue nature. Such designations for future projects are agreed by the Board prior to the financial year end as required by the Charities Statement of Recommended Practice.

The reserves policy is reviewed annually by the Finance and Investment Committee and any recommendations for change presented to the Board for approval. The Committee will review the sufficiency of free reserve at each year end.

The trustees have reviewed the policy in place for 2016/17 and have determined that it is fit for purpose and that reserves are adequate in accordance with the provisions of the policy. The large designation relates to the project to build a new hospice and expand the services it provides; initially £10 million, this has been increased by designating the net funds received from the surrender of our Ascot property during the year. The ten year financial projections for the charity, including the planned expansion and new build hopefully completing in 2020, show that we would need to ensure we keep approximately £5 million in a free reserve to cover potential annual deficits caused by income fluctuation. This amount would ensure the sustainability of the charity as long as there are no major material variances to the forecast expenditure or changes to our major income streams. The reserves may be classified as follows:

	£m
Fixed assets	4.5
Designated reserve for capital project	10.6
Free reserves	<u>4.9</u>
Total reserves	<u>20.0</u>

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The free reserve currently sits just below the target of £5 million. The trustees have approved this given it is within an acceptable range of the target but would hope to add to this reserve when possible.

Investment policy

We have continued to use Investec Wealth & Investment Limited as our investment manager throughout the financial year, remunerated by a management fee. Investec actively manage our portfolio in line with the investment policy set by the trustees and report back to the Board on the performance of the portfolio on a quarterly basis. We are retaining the conservative approach to our investment holdings as we approach the time when we will need to draw down significant sums to help fund the new hospice. Investec will be helping us to manage the cash requirements over the course of the capital project, providing professional guidance and ensuring drawdowns are managed appropriately and effectively.

Main portfolio:

The investment policy is such that the main portfolio will be managed within a "moderate" risk and within pre-determined asset allocation ranges. Total investment in equities should never exceed 55%. No initial investment should exceed 7.5% of the total value of funds and the total sum of all equity holdings in excess of 5% must not equal or exceed 40% of the fund's value at any time. Trustees have prohibited direct investment in derivatives and any tobacco related investments.

At 31 March 2017 the policy, benchmark and actual asset allocation stood at:

	Policy	Benchmark	Actual
Fixed Interest	25-45%	34%	31.7%
UK Equities	30-50%	40%	42.8%
Overseas Equities	5-15%	10%	12.4%
Property	4-8%	6%	5.6%
Infrastructure	0-8%	5%	5.1%
Cash	0-20%	5%	2.4%

The total return performance for the year was 14.0%, slightly lower than the benchmark of 14.4%. This result reflects a much more positive twelve month period than might have been expected given the effects of both UK and worldwide political change and uncertainty. Net realised and unrealised gains on our investments in the year were £1,098k (2016: loss £515k). This has significantly benefitted the overall result for the Hospice which was showing a deficit prior to investment gains, due in large part to the poor income from legacies this year. Investment income rose during the year to £499k (2016: £432k) which also boosted results.

A feature of the 2016/17 results for investments has been how well the portfolio has performed in spite of the projected volatility of the markets. The expected disruption to both global and UK markets in the wake of the Brexit referendum and US election did not occur and markets generally have maintained healthy growth during the year. In particular UK equities showed resilience; a major factor being the international nature of the FTSE 100 which sees about three quarters of its earnings sourced outside the UK. Looking to the future, Investec remain confident that the robust framework underpinning our investment strategy will enable us to mitigate some of the risk associated with further uncertainties in the UK and wider political and economic scenes.

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Bond portfolio:

The bond portfolio mix is restricted to fixed interest and cash as its purpose is to provide stable cash based funds from which we can draw down at short notice if required.

At 31 March 2017 the policy, benchmark and actual asset allocation stood at:

	Policy	Benchmark	Actual
Fixed Interest	80-90%	90%	80.8%
Cash	0-20%	10%	19.2%

Review of Thames Hospice Retail Limited

Thames Hospice Retail Limited is a wholly owned trading subsidiary of Thames Hospice.

During the financial year, the company acted as agent for the sale of donated goods made under the HMRC gift aid scheme and a variety of new goods were also sold through the company. This year the range of new goods was expanded to include accessories to complement our donated clothing and accessory sales and some homewares and toiletries in addition to the Christmas card sales of previous years.

The company's results for the 2016/17 financial year show a small profit of £1k and an equivalent gift aided distribution made to Thames Hospice for the year (2016: loss £1k). The directors are comfortable that the Retail Company is a going concern and the directors will keep under review the sales and margins generated by the new goods and stock management as transaction volumes increase.

Structure, governance & management

Group Structure

Governing Document

The charity is a Company Limited by Guarantee, registered in England. The Company was formerly known as Thames Hospicecare, with a change of name being approved by Companies House on 13 September 2013. The Company operates under a Memorandum and Articles, amendments to which were approved by the trustees on 4 September 2014.

Group Structure

In 2005 the charity was formed following the merger of Thames Valley Hospice and the Paul Bevan Cancer Foundation. The merged charity, Thames Hospicecare, rebranded to become Thames Hospice in September 2013.

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Thames Hospice Retail Limited

The issued share capital of this company is held by the charity. This company is used to process sales of new goods sold through the charity's retail outlets and to account for commission on gift aided goods donated to the charity for resale through the charity's retail outlets.

Thames Valley Hospice and Paul Bevan Cancer Foundation

These charities remain as "shell" charities in order that they may still legally receive legacies and other general donations. The trustees of both shell charities have resolved to make a grant of any monies they receive for Thames Valley Hospice and the Paul Bevan Cancer Foundation to the benefit of Thames Hospice.

Related and other connected parties

The charity is supported by its subsidiary retail company. Charitable Trusts, fundraising support groups and individuals also raise money for the Hospice via charity events, individual donations and legacies.

NHS – The charity has a close relationship with the NHS which provides essential funding towards the operating costs of the charity. In the financial year ended 31 March 2017 the NHS granted the charity £1,489k which represented 22% of its total incoming resources (2016: £1,484k represented 22% of income).

Specifically, the charity had an activity based Service Level agreement with NHS Buckinghamshire, a Continuing Healthcare agreement with East Berkshire and was also in receipt of a grant from NHS Berkshire, now split between three commissioning groups.

Thames Valley Hospice Charitable Trust (TVHCT) – This Trust exists to provide funds at its discretion, in support of Thames Hospice. The TVHCT did not share any trustees with Thames Hospice during the financial year.

Shell charities – Thames Valley Hospice and Paul Bevan Cancer Foundation – see above.

Governance

Recruitment and Appointment of Directors and Trustees of Thames Hospice

The directors of the Company also act as trustees of the Charity. Trustees are appointed for an initial period of 4 years, after which they may apply for re-election to serve a second period of 4 years. The second term of appointment may be extended for a further 12 months on an exceptional basis. The directors appoint a Chair from within their number, who can also serve two periods of 4 years with the option for an exceptional extension of 12 months.

When a trustee retires every effort is made to replace him/her with a person of qualities and experience which will be relevant to the requirements of the charity. There is an open recruitment and selection process for all trustee vacancies which are advertised externally. Applications are reviewed by a Nominations Committee, comprising three trustees including the Chair of the Board, who consider and recommend applications to the Board. New trustees are then appointed by a majority decision of the Board. The Board of Trustees are detailed on page 44.

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Trustee Induction and Training

Trustees undergo formal induction by spending time in the Hospice at the In Patient Unit, meeting individually with the Senior Management Team and attending meetings of the Committees of the Board. The Board identifies and meets the individual training and development needs of its trustees and has in place a framework for evaluating board performance. Trustees benefit from continual training as required, most recently attending a briefing on trustee responsibilities (based on CC3), interpreting accounts, investments and insurance.

Organisation

The Board of Trustees governs the charity and meets quarterly with the Chief Executive and Company Secretary in attendance. Other members of the Senior Management Team (SMT) are invited to join the Board on a rotational basis or if their input is required for a particular agenda item. The Board meets at least four times per year, but any trustee or the Company Secretary can call an extraordinary meeting by following due process.

Board meetings are informed by five sub-committees of the Board, each chaired by a trustee and whose membership comprises trustees and relevant members of the Senior Management Team. The Chief Executive attends all committee meetings. The sub-committees operating during the course of the year were: the Finance & Investment; Patient Care & Quality; HR, Income Generation & Marketing and Project Twenty Five (regarding the new hospice build project) Committees. An additional Committee, the Nominations Committee, is also convened from time to time during the year as required, to deal with trustee recruitment and the terms and conditions for the Chief Executive and other members of the Senior Management Team.

Management

The management of the charity is delegated to the Chief Executive and the SMT who meet weekly. The members of the SMT are detailed on page 45.

Key management personnel

The trustees consider the Board of Trustees and the SMT as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee remuneration or expenses were paid in the year (2016: £nil). Details of related party transactions are disclosed in Note 23 to the accounts.

Trustees are required to disclose all relevant interests and register them with the Head of Governance and Quality prior to each quarterly Board meeting where they are reviewed and noted. In accordance with the Thames Hospice Articles of Association, the remainder of the trustees are responsible for assessing whether a trustee's interest gives rise to a conflict of interest and whether that conflict may require their exclusion from voting on a subject although they may still be permitted to take part in the discussions.

Reward policy

The pay of the charity's SMT is agreed by the Nominations Committee. The pay of all other employees is reviewed by the SMT and annual pay awards approved by the Board of Trustees. Remuneration for new staff

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is benchmarked with similar roles and similar organisations by the HR Director and the remuneration for all posts kept under review in order to ensure the levels are fair and supportable. Our policy reflects the needs of the organisation, enabling us to recruit the most suitable staff and run the hospice effectively.

The Thames Hospice Reward Policy aims to ensure that reward and recognition practice underpins and supports our vision, mission, organisational values and strategic objectives while remaining legally compliant and reflective of recognised best practice. We are committed to ensuring that our salaries remain competitive in the labour market.

Thames Hospice does not recognise any formal external pay schemes and salaries are set independently in accordance with appropriate benchmarking. For medical, clinical and other patient facing roles we track but are not curtailed by NHS pay bandings. For all other roles we aim to pay at least the median salary rate as published in the annual Hospice Rewards Salary Survey taking into account affordability and any other mitigating circumstances. We use Hospice HR Networks and other available published salary surveys to facilitate our approach to setting salaries to roles.

Strategy and planning

An annual Operating Plan, in the wider context of our five year Strategic Plan, is prepared by the Chief Executive and SMT prior to the beginning of the financial year and is discussed and approved by the trustees, providing an opportunity for their strategic input. Performance against the agreed aims and objectives for the year is monitored quarterly by each governing Trustee Committee and by the full Board.

Budgets are produced annually and presented to the Finance Committee and then the full Board for approval. Performance against budget is then reviewed monthly through the management accounts process. Full year reforecasts are completed after the second and third quarters each year to ensure we are mapping our progress towards a final year result.

Fundraising

Thames Hospice relies on the support of our local community to help us raise the vital funds we need to continue to provide our care free of charge for those in need. We are committed to delivering the highest standards in fundraising and in response to the greater need for transparency and formal regulation, Thames Hospice has published its own Fundraising Promise. This is available on our website. We take our responsibilities in this area seriously and strive at all times to meet best practice standards and to adhere to all voluntary codes of conduct. We are members of the Institute of Fundraising (IOF) and the new regulatory body The Fundraising Regulator (FR).

Thames Hospice has developed a set of metrics based on the Institute of Fundraising Code of Fundraising Practice. The metrics have two functions:

- To confirm Thames Hospice is compliant with the standards expected of fundraisers and
- To measure and report against specific elements of fundraising practice at Thames Hospice.

The trustees review these metrics at each quarterly Board meeting to ensure the hospice is carrying out all fundraising activities according to the Code and complying with the underlying principles of openness, honesty and respectfulness.

We employ a third party to carry out face to face lottery canvassing. They are also instructed according to IOF and FR codes and regulations and we ensure that they are acting with respect to members of the public and

THAMES HOSPICE

TRUSTEES' REPORT

for the year ended 31 March 2017

safeguarding potentially vulnerable persons. We also employ a company to call lottery players whose membership has expired to ask if they will renew; they have been similarly instructed and are appropriately monitored. All other fundraising is carried out by the Thames Hospice staff team who are trained and managed according to IOF and FR rules and best practice.

Thames Hospice has a Fundraising Complaints Policy which is available on our website. We take any complaints received very seriously and they are reviewed and acted upon by the Director of Fundraising and his team; they are also reviewed by the Board. During the year the Fundraising team received 6 complaints which were all dealt with in-house; none were reportable to the regulator.

Controls

Supporting the governance and management of Thames Hospice we have a comprehensive set of policies and procedures which are published and reviewed on a regular basis and controlled by our Head of Governance and Quality. Policy review is set at an appropriate number of years but will be overridden by changes in processes or external requirements which necessitate a change in policy. All staff are trained in information governance as part of their mandatory training which also includes health and safety and fire awareness. Each SMT member is responsible for the policies in their area and ensuring that all their staff and volunteers attend the correct training.

In addition to the suite of policies we have a series of management tools that we use to ensure control over the running of the hospice, including a comprehensive health and safety action plan, governance committee, incident and accident reporting, and our risk register.

Risk Management

The charity uses a formal review process to analyse and manage the risks to which the charity is exposed in the course of its activities, both strategic and operational, through a risk register and embedding risk identification into the annual planning process.

All significant risks are identified, along with the likelihood of such risks occurring and the predicted level of impact, together with mitigation measures. These are reviewed quarterly by the Senior Management Team with key risks accelerated to the sub-committees of the Board and the Board itself.

We continually review risk management and governance within all areas to ensure that identified risks are addressed and the learning is continuous. New projects are also assessed specifically for the associated risk as project plans are made.

Complaints

Thames Hospice has a complaints policy published on our website. Any reports of unsatisfactory treatment or behaviour are taken extremely seriously and referred initially to our Head of Governance and Quality for further investigation and action. The exception to this is if the complaint is due to Fundraising and in this instance the complaint will be investigated first by the Director of Fundraising. The complaints policy is audited as part of our annual audit programme run by our Governance team.

During the year we received 2 clinical complaints, 6 fundraising and 15 retail. All were considered by our Head of Governance and Quality and Director of Fundraising and dealt with in house. None were reportable to the appropriate regulators.

THAMES HOSPICE

TRUSTEES' REPORT

for the year ended 31 March 2017

Incidents and Accidents

All incidents and accidents are reported to our Head of Governance and Quality and reviewed monthly by the Incidents and Accidents review panel comprising the Chief Executive, the Director of Patient and Family Services, the Director of Retail and the HR Director. Associated actions are identified and monitored with reports going to the appropriate committees and Board. Thames Hospice also employs an external Health and Safety advisor to provide training and guidance in this area.

Environmental policy

Thames Hospice strives at all times to consider the environmental impact of what we do and minimise any negative effect that we might have. Staff have recycle bins located in offices and kitchens and they are encouraged to recycle wherever possible. Retail vans are routed to use the lowest mileage possible when collecting and delivering. Suppliers are expected to demonstrate similar principles.

Our staff and volunteers

We know that our most important and valuable resource is our people. Whether they are paid staff or volunteers we value their support and commitment equally and we recognise that without them Thames Hospice would not be the charity that it is. We support, manage, develop and utilise the talents of our staff and volunteers, so that they are empowered and committed to delivering our strategic aims.

HR objectives include comprehensive training and development programmes to deliver a variety of staff training, both clinical and non-clinical. We run a series of mandatory training such as health & safety and governance training but also offer training on areas such as stress at work, managing volunteers and building effective and respectful relationships at work. Delivery against our objectives is overseen by the HR Committee and reported to the Board.

We also provide a comprehensive communication programme for staff including a staff forum where they can provide feedback or ask questions through their representatives. We hold SMT roadshows where the SMT will brief staff on how we are performing and what to expect in the future; staff have the opportunity to raise queries and comment on the plans and results they are shown. Other forms of information sharing and discussion are staff newsletters, Schwartz sessions (multi disciplinary discussion groups), invitations to tea with SMT and tea with trustees.

Valuing our volunteers

The charity benefits from the support of over 500 volunteers who undertake a range of activities on behalf of Thames Hospice, including working in our retail shops, driving patients to and from day therapy appointments, sorting our donated stock and staffing our reception desks. Qualified counsellors also volunteer in the Hospice, providing professional counselling support to patients and families.

THAMES HOSPICE

TRUSTEES' REPORT

for the year ended 31 March 2017



As at 31 March 2017 we had 523 volunteers working in a variety of roles in the charity. To date we have presented 104 volunteers with long service certificates for 10, 20 or 30 years service and 130 volunteers with certificates for 5 years service. Our Head of Volunteering has responsibility for these awards and organises events such as our volunteer week tea event at Dorney Lake where we celebrate the importance of the work that our volunteers do. A programme of induction and ongoing training is also in place to enable our volunteers to carry out their roles safely and effectively and to ensure they gain the most out of their experience with us.

We fully acknowledge the role of volunteers and how valuable they are to the charity. We estimate that they worked nearly 78,000 hours in the last year, equivalent to nearly £670k in staff costs. Their contribution to the charity is immense and we are most grateful to them for their hard work and commitment to Thames Hospice.

Diversity and equal opportunities

The Hospice is committed to an equal opportunities approach in everything it does. This means that we seek to ensure anyone connected with Thames Hospice, from patients and families to donors, supporters, volunteers and staff, are treated fairly and appropriately. All staff and volunteers undertake mandatory equality and diversity training to ensure that these principles are embedded in our culture.

Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure of the charitable group for that period. In preparing these financial statements the trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe the methods and principles in the Charities SORP (FRS 102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

THAMES HOSPICE
TRUSTEES' REPORT
for the year ended 31 March 2017

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume the charitable company will continue in business.

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

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

Statement as to disclosure of information to the auditor

So far as the trustees are aware, there is no relevant audit information of which the charity's auditor is unaware, and each trustee has confirmed that they have taken all the steps they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditors

The auditors, Saffery Champness LLP, have indicated their willingness to continue in office.

The Trustees' Report and incorporated Strategic Report were approved by the Board of Trustees on 7 September 2017 and were signed on its behalf by Ken Coppock, Trustee.

Signed:



Date: 7 September 2017

THAMES HOSPICE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES

for the year ended 31 March 2017

We have audited the financial statements of Thames Hospice for the year ended 31 March 2017 set out on pages 25 to 43. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under the Charities Act 2011 and the Companies Act 2006 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

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

THAMES HOSPICE
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES
for the year ended 31 March 2017

-
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

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



.....
Liz Hazell (Senior Statutory Auditor)
For and on behalf of

Saffery Champness LLP 71 Queen Victoria Street
Chartered Accountants London EC4V 4BE

Statutory Auditors

Date: 14 September 2017.

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THAMES HOSPICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account) for the year ended 31 March 2017

	Note	Un- restricted Funds £000	Restricted Funds £000	Total 2017 £000	Un- restricted Funds £000	Restricted Funds £000	Total 2016 £000
Income from:							
Donations and legacies	2	3,152	53	3,205	4,182	98	4,280
Charitable activities	3	250	-	250	250	-	250
Other trading activities	4	2,064	-	2,064	1,622	-	1,622
Investment income	5	500	-	500	436	-	436
Other income	6	660	-	660	24	-	24
Total Income		6,626	53	6,679	6,514	98	6,612
Expenditure on:							
Raising funds	7	3,661	-	3,661	3,200	-	3,200
Charitable Activities	7	3,263	33	3,296	3,290	23	3,313
Total Expenditure		6,924	33	6,957	6,490	23	6,513
Net (expenditure)/income before investment gains/(losses)		(298)	20	(278)	24	75	99
Net gains/(losses) on investments		1,098	-	1,098	(515)	-	(515)
Net income/(expenditure)		800	20	820	(491)	75	(416)
Transfers between funds		61	(61)	-	51	(51)	-
Net Movement in Funds	10	861	(41)	820	(440)	24	(416)
Reconciliation of Funds:							
Total funds brought forward	18	19,127	103	19,230	19,567	79	19,646
Total funds carried forward		19,988	62	20,050	19,127	103	19,230

The Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended are derived from continuing activities. The notes on pages 28 to 43 form part of these financial statements.

THAMES HOSPICE
BALANCE SHEETS
as at 31 March 2017


Registered Company No: 5316964

	Note	Group 2017 £000	Charity 2017 £000	Group 2016 £000	Charity 2016 £000
Fixed assets					
Tangible assets	13	4,485	4,485	4,539	4,539
Investments	14	13,646	13,646	12,603	12,603
		18,131	18,131	17,142	17,142
Current assets					
Stocks	15	38	-	3	-
Debtors	16	1,113	1,148	1,005	1,006
Cash at bank and in hand		1,432	1,431	1,646	1,645
		2,583	2,579	2,654	2,651
Creditors: amounts falling due within one year	17	(664)	(663)	(566)	(565)
Net current assets		1,919	1,916	2,088	2,086
Total assets less current liabilities		20,050	20,047	19,230	19,228
Net assets		20,050	20,047	19,230	19,228
Restricted funds					
Restricted funds	18	62	62	103	103
Unrestricted funds	18	19,988	19,985	19,127	19,125
Total Funds		20,050	20,047	19,230	19,228

As permitted by Section 408 Companies Act 2006 the parent charity has not presented its own SOFA. The charity's surplus for the year was £819k (2016: deficit of £415k).

The Financial Statements on pages 25 to 43 were approved and authorised for issue by the Board of Trustees on 7 September 2017 and were signed on its behalf by Ken Coppock, Trustee.

Signed:

 7 September 2017

THAMES HOSPICE
CONSOLIDATED CASHFLOW STATEMENT
for the year ended 31 March 2017

		2017	2016
	Note	£000	£000
Net cash provided by continuing operating activities	20	(767)	1,437
Cashflows from Investing Activities:			
Investment income		500	436
Surrender of Paul Bevan Ascot lease		606	-
Purchase of tangible fixed assets		(608)	(217)
Purchase of investments		(1,782)	(3,615)
Sale of investments		1,837	1,344
Net cash used in investing activities		553	(2,052)
Change in cash & cash equivalents in the year		(214)	(615)
Cash & cash equivalents at the beginning of the year		1,646	2,260
Change in cash & cash equivalents due to exchange rate movements		-	1
Cash & cash equivalents at the end of the year	21	1,432	1,646

THAMES HOSPICE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

1 Accounting policies

Basis of preparation

The Financial Statements are prepared under the historical cost convention with the exception of investments which have been included at fair value.

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Thames Hospice meets the definition of a public benefit entity under FRS102.

The financial statements have been prepared on a going concern basis. There are no material uncertainties about the charity's ability to continue.

The group statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its wholly owned subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

Fund accounting

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

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

Restricted funds are funds which are to be used in accordance with specific restrictions or which have been raised by the charity for particular purposes.

Income

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Donations and legacies income is received by way of grants, donations, legacies and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Legacies are recognised when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. Where the conditions for recognition are not met, the charity maintains a legacy pipeline. However, as these are not readily quantifiable they are not disclosed in these accounts.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services by volunteers has not been included in these accounts.

THAMES HOSPICE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

- Goods donated for resale through the charity's shops are included as incoming resources within Other Trading Activities when they are sold.
- Investment income is included when receivable.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Costs of raising funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes including the charity's shops.
- Charitable activities expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Central support services costs comprise those costs associated with Finance, HR, IT, governance and support such as maintenance, housekeeping and utilities.
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly.
- The charity makes an accrual for outstanding holiday pay at the end of the financial year.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation of fixed assets is charged by annual instalments commencing in the year of acquisition at rates estimated to write off their cost less any residual value over their expected useful lives which are as follows:

- | | |
|--------------------------|-------------------|
| • Freehold property | 20-50 years |
| • Leasehold buildings | over lease period |
| • Leasehold improvements | over lease period |
| • Plant and machinery | 5-10 years |
| • Office equipment | 5 years |
| • Fixtures and fittings | 5 years |
| • Computer equipment | 3 years |
| • Motor vehicles | 4 years |

Assets in the course of construction are not depreciated. Assets costing less than £1,000 are written off in the Statement of Financial Activities in the period of acquisition.

Investments

Investments are stated at fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Stocks

Stocks of goods for resale are primarily donated goods to the charity and therefore have no value in the accounts until they are sold. Thames Hospice does not have a stock recording system for donated goods. New goods purchased for resale by the subsidiary company are valued at the lower of cost and net realisable value.

THAMES HOSPICE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

Pensions Costs

The Charity makes defined contribution payments into pension schemes on behalf of its employees. Contributions payable for the year are charged to the Statement of Financial Activities.

The Charity also participates in the NHS Superannuation Scheme, which provides benefits based upon final pensionable pay. The assets of the scheme are held separately from those of the Hospice and are independently administered. The fund is valued every 5 years by the Government Actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs, which are not significant, are charged to the Hospice's Statement of Financial Activities in the period to which the salaries on which they are payable relate.

Operating leases

Rentals applicable to operating leases are charged in the Statement of Financial Activities over the period in which the cost is incurred.

Financial Instruments

Financial instruments (see also Note 21) are valued as follows:

Bank and cash balances – amount held at the balance sheet date

Debtors and creditors – settlement amount after discounts and payments in advance

Investments – market value at the balance sheet date

Critical Estimates and Judgements

In the process of applying the Charity's accounting policies, management has made judgements, some of which have a significant effect on the amounts recognised in the financial statements. The key material assumption this year relates to the capitalisation of fees relating to the new hospice build. We have assumed that planning permission will be granted and have therefore capitalised all fees as Assets Under Construction. They have not been depreciated. Should planning permission be denied, fees relating specifically to the proposed location will need to be written off although design fees will not as the basic design would be retained for use on another site.

2 Donations and Legacies

	Un- restricted Funds £000	Restricted Funds £000	2017 £000	Un- restricted Funds £000	Restricted Funds £000	2016 £000
Community fundraising and committed giving	597	-	597	574	-	574
Donations and appeals	1,055	53	1,108	1,011	98	1,109
Legacies	217	-	217	1,260	-	1,260
Core grant funding	1,283	-	1,283	1,337	-	1,337
	3,152	53	3,205	4,182	98	4,280

THAMES HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

Legacies include amounts bequeathed to Thames Valley Hospice passed on to Thames Hospice with the approval of the respective trustees.

3 Income from Charitable Activities

	Unrestricted funds 2017 £000	Unrestricted funds 2016 £000
Education and training	21	63
External service provision	10	13
Continuing health	207	164
Catering	12	10
	250	250

4 Income from Other Trading Activities

	Unrestricted funds 2017 £000	Unrestricted funds 2016 £000
Events	160	106
Lottery income	170	113
Sales of donated goods	1,576	1,361
Sales of new goods	158	42
	2,064	1,622

5 Investment Income

	Unrestricted funds 2017 £000	Unrestricted funds 2016 £000
Income from investments	499	432
Bank interest receivable	1	4
	500	436

THAMES HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

6 Other Income

	Unrestricted funds 2017 £000	Unrestricted funds 2016 £000
Ascot (see note below)	606	-
Other income	54	24
	660	24

During the year we surrendered the lease we held on the land in Ascot where we ran the Paul Bevan Centre. This disposal resulted in a payment to us in settlement of the lease and a net gain of £606k after writing off all associated assets. The trustees have designated £600k as at the end of the year to be used in the building of a new Paul Bevan Centre which forms an integral part of the new hospice plans.

7 Costs of Raising Funds and Charitable Activities

	Staff related costs £000	Premises £000	Other £000	Total 2017 £000	Total 2016 £000
Costs of Raising Funds					
Direct costs	1,555	580	637	2,772	2,355
Central services support costs - Note 8	415	277	197	889	845
	1,970	857	834	3,661	3,200
Costs of Charitable Activities					
Direct costs	2,099	6	403	2,508	2,442
Central services support costs - Note 8	368	245	175	788	871
	2,467	251	578	3,296	3,313

THAMES HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

8 Central Services Support Costs

Our Central services support costs comprise the following:

	Unrestricted funds 2017	Unrestricted funds 2016
	£000	£000
Finance, including depreciation	635	646
Governance and Chief Executive costs	208	281
Information Technology	151	119
Human Resources	299	269
Support Services	384	401
	1,677	1,716

All costs are apportioned to either the costs of Raising Funds or Charitable Activities on the basis of the direct costs charged to each category. The result is shown in Note 7.

9 Employee information

The average number of persons employed by the group (including bank staff) during the period was as follows:-

	2017	2016
	No.	No.
Fundraising	13	12
Management and administration	17	19
Retail	63	49
Direct patient care	106	96
	199	176

The average full time equivalent numbers of persons employed by the group during the period was as follows:-

	2017	2016
	No.	No.
Fundraising	11	8
Management and administration	15	18
Retail	60	38
Direct patient care	59	57
	145	121

THAMES HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

The aggregate payroll costs of these persons were as follows:-

	2017	2016
	£000	£000
Wages and salaries	3,821	3,422
Social security costs	330	279
Pension contributions (see note 22)	211	188
	4,362	3,889

Staff costs include "bank nurses", whom the Hospice views as an essential staff resource. Also included are redundancy and termination payments of £9k relating to five members of staff whose employment was terminated during the year.

The number of employees whose emoluments exceeded £60,000 was:	2017	2016
	No.	No.
£60,001 - £70,000	1	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1

Pension contributions were made in respect of the above employees totalling £27k (2016: £34k). Two of the above staff are members of the SMT and one is on our medical team.

Our key management staff comprises our Board of Trustees, see page 44, and our Senior Management Team (SMT), see page 45. None of our trustees received any remuneration or expenses during the year (2016: nil). The aggregate staff costs of the SMT were £475k (2016: 482k) including national insurance and pension costs. Included in the SMT costs are some contractor costs relating to our Medical Director who is employed by Frimley Health Trust. These costs are included here but are outside the scope of the payroll costs disclosed above.

Based on full time equivalent salaries for permanent staff, the multiplier from median to highest salary is 3.80.

Although the trustees receive no remuneration for their services, Thames Hospice does procure Trustee Indemnity insurance on their behalf. The premium paid in the year was £1,375 (2016: £1,331).

10 Net Movement in Funds

	Group	Charity	Group	Charity
	2017	2017	2016	2016
	£000	£000	£000	£000
Net (expenditure)/income is stated after charging:				
Depreciation	(468)	(468)	372	372
Auditor's remuneration:				
- As auditor (excluding VAT)	28	28	22	22
- Other services (VAT and corporation tax advice)	1	-	1	-
Operating lease charges on retail units and printers	450	450	377	377

THAMES HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

11 Taxation

The Parent Company is a Registered Charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Thames Hospice Retail Limited is registered for VAT, and consequently all its income and expenditure is recorded net of VAT. Ordinarily, Thames Hospice Retail Limited gift aids all of its taxable profits to the charity, thereby resulting in no liability to corporation tax. For the year ended 31 March 2017 there was no profit chargeable to corporation tax within Thames Hospice Retail Limited therefore there was no tax charge for the year (2016: £nil).

12 Net Result of Trading Subsidiary

The Charity owns the whole of the ordinary share capital, consisting of 2 ordinary shares of £1 each, of Thames Hospice Retail Limited (Company number 2100844) which acts as agent under the HMRC gift aid scheme for goods donated to and sold by the charity. It also bought and sold a range of new goods, primarily accessories, small gifts and Christmas cards. Ordinarily, the subsidiary distributes any taxable profits under gift aid to the Charity each year. For the year ended 31 March 2017, it made a small profit of £1k which was distributed to Thames Hospice under gift aid rules (2016: £nil). Its trading results, as extracted from the audited Financial Statements, are summarised below:

	2017	2016
	£000	£000
Turnover	681	491
Cost of sales	(81)	(28)
Gross profit	600	463
Administrative expenses	(599)	(464)
Operating profit/(loss)	1	(1)
Interest payable/receivable	-	-
Profit/(loss) on ordinary activities before taxation	1	(1)
Tax on profit on ordinary activities – prior year tax rebate	-	1
Distributed to charity holding company	(1)	-
Retained in subsidiary	-	-

The assets and liabilities of the trading subsidiary were:

	2017	2016
	£000	£000
Current assets	46	9
Creditors: amounts falling due within one year	(43)	(7)
Total net assets	3	2
Aggregate share capital and reserves	3	2

THAMES HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

13 Tangible fixed assets

Group And Charity	Freehold property	Leasehold property	Plant & machinery	Office equipment	Fixtures & fittings	Computer equipment	Vehicles	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost									
1 April 2016	4,901	1,690	1,139	15	491	276	87	12	8,611
Additions	-	148	26	-	59	48	-	327	608
Disposals	-	(1,104)	(5)	-	(19)	-	-	-	(1,128)
31 March 2017	4,901	734	1,160	15	531	324	87	339	8,091
Depreciation									
1 April 2016	1,278	1,087	1,004	15	396	223	69	-	4,072
Charge for the year	107	127	47	-	39	40	9	-	369
Disposals	-	(818)	(5)	-	(12)	-	-	-	(835)
31 March 2017	1,385	396	1,046	15	423	263	78	-	3,606
Net book value									
31 March 2017	3,516	338	114	-	108	61	9	339	4,485
31 March 2016	3,623	603	135	-	95	53	18	12	4,539

Assets under construction added during the year relate to fees incurred (e.g. architect and engineering fees) in the planning of our new hospice. In accordance with our accounting policy, they have not been depreciated.

14 Investments

	Group 2017 £000	Charity 2017 £000	Group 2016 £000	Charity 2016 £000
Securities and cash	13,646	13,646	12,603	12,603
Investment in group undertaking (see Note 12)	-	0	-	0
	13,646	13,646	12,603	12,603

THAMES HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

	2017	2016
Group and Charity securities and cash	£000	£000
Assets brought forward at 1 April	12,603	10,848
Additions at cost	1,547	3,750
Movement in cash	235	(57)
Disposals	(1,837)	(1,423)
Unrealised investment gains/(losses)	1,100	(481)
Realised (losses) on disposals	(2)	(34)
Market value at 31 March	13,646	12,603

Investments comprise:-

	2017	2016
Group and Charity	£000	£000
Fixed interest securities:-		
- UK	4,055	4,913
Managed funds and unit trusts:-		
- UK	9,123	7,457
Cash on deposit	468	233
Market value at 31 March	13,646	12,603

15 Stocks

	Group	Charity	Group	Charity
	2017	2017	2016	2016
	£000	£000	£000	£000
Stock held for resale	38	-	3	-

THAMES HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

16 Debtors

	Group 2017 £000	Charity 2017 £000	Group 2016 £000	Charity 2016 £000
Amounts due from subsidiary undertaking	-	42	-	5
Other debtors	218	211	152	149
Prepayments and accrued income	895	895	853	852
	1,113	1,148	1,005	1,006

17 Creditors: amounts falling due within one year

	Group 2017 £000	Charity 2017 £000	Group 2016 £000	Charity 2016 £000
Trade creditors	120	120	170	170
Other taxation and social security	87	87	76	76
Accruals and deferred income	457	456	320	319
	664	663	566	565

Deferred income

Income is deferred to the extent that it relates to an event or activity that occurs in a subsequent accounting period.

	Group 2017 £000	Charity 2017 £000	Group 2016 £000	Charity 2016 £000
Brought forward	55	55	69	69
Deferred in the year	143	143	55	55
Released in the year	(43)	(43)	(69)	(69)
Carried forward at 1 April	155	155	55	55

THAMES HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

18 Funds

At 31 March 2017, funds are analysed as follows:

Unrestricted funds	Group 2017 £000	Charity 2017 £000	Group 2016 £000	Charity 2016 £000
At 1 April	19,127	19,125	19,567	19,565
Net movement in funds	861	860	(440)	(440)
At 31 March	19,988	19,985	19,127	19,125

The trustees have designated £10,635k of the group unrestricted funds for the future purposes detailed below:

	At 1 April 2016 £000	Incoming Resources £000	Outgoing Resources £000	Transfers £000	At 31 March 2017 £000
Project Twenty Five (PT5) Fund	10,000	600	-	-	10,600
IT Development Fund	100	-	(65)	-	35
	10,100	600	(65)	-	10,635

The designated funds have been reviewed by the Finance and Investment Committee and the following decisions taken and approved by Board:

The Board approved the designation of the £600k net receipt from Frimley Health Trust for the surrender of the lease on the property where Paul Bevan House was situated. This has been added to the Project Twenty Five Fund for the new hospice build and will be specifically used in the construction of the new Paul Bevan Centre.

The IT Development Fund has been partially used; projects continue into 2017/18 and the balance on this fund will be reviewed at the end of that year.

Restricted funds – Group & Charity

	2017 £000	2016 £000
At 1 April	103	79
Net movement in funds	41	24
At 31 March	62	103

THAMES HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

The net movement in restricted funds is analysed as follows:

	At 1 April 2016 £000	Incoming Resources £000	Outgoing Resources £000	Transfers £000	At 31 March 2017 £000
Patient Support Fund	15	-	(9)	-	6
Clinical Funds for equipment etc.	88	53	(24)	(61)	56
	103	53	(33)	(61)	62

The Patient Support Fund represents a donation made to support Day Therapy Unit patients. This will be used to help with patient transport costs.

The Clinical Funds represent donations for training, equipment and supplies. Much of this has been spent this year on capital equipment for the In Patient Unit and thus has been transferred to the general fund in order to account for this.

19 Analysis of Net Assets between Funds

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Unrestricted funds £000	Restricted funds £000	Total 2016 £000
Fixed assets	18,131	-	18,131	17,142	-	17,142
Current assets	2,521	62	2,583	2,551	103	2,654
Creditors falling due within one year	(664)	-	(664)	(566)	-	(566)
	19,988	62	20,050	19,127	103	19,230

THAMES HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

20 Reconciliation of Operating Profit to Net Cash provided by Continuing Operating Activities

	2017	2016
	£000	£000
Net income/(expenditure) for the year	820	(416)
Depreciation on tangible fixed assets	369	372
(Gains)/losses on investments	(1,098)	515
Investment income	(500)	(436)
Fixed asset write offs	-	5
(Profit)/loss on disposal of tangible fixed assets	(313)	-
(Increase)/decrease in stock	(35)	-
(Increase)/decrease in debtors	(106)	1,228
Increase/(decrease) in creditors	96	169
Net cash (utilised in)/provided by continuing operating activities	(767)	1,437

21 Financial Instruments

	Group	Charity	Group	Charity
	2017	2017	2016	2016
	£000	£000	£000	£000
Financial assets/(liabilities) measured at amortised cost:				
Cash at bank and in hand	1,432	1,431	1,646	1,645
Debtors	1,113	1,148	1,005	1,006
Creditors	(664)	(663)	(566)	(565)
	1,881	1,916	2,085	2,086
Financial assets included at fair value:				
Investments	13,646	13,646	12,603	12,603
Total financial assets/(liabilities)	15,527	15,562	14,688	14,689

THAMES HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

22 Financial Commitments

At 31 March 2017, Thames Hospice had financial commitments under non-cancellable operating leases as follows:

	2017	2016
	Land and Buildings	Land and buildings
	£000	£000
Due within one year	364	349
Due within two to five years	696	500
Due in more than five years	267	103
Total financial commitments	1,327	952

23 Related Party Transactions

The trustees of Thames Hospice do not receive any remuneration and have not claimed any expenses during the year. During the year 7 trustees donated a total of £6,951 (2016: £599) to the charity. The substantial increase in 2016/17 over last year is due to one of our trustees giving us his sponsorship money for participation in our China Trek which takes place in October 2017. In the accounts, all income relating to the trek has been deferred to 2017/18.

Thames Hospice Retail Limited

The charity has a wholly owned trading subsidiary, Thames Hospice Retail Limited. During the year there have been intercompany transactions between the two entities: Charged by the charity to the subsidiary - charges per the trading agreement in place for use of name and 3% of turnover, a proportion of the running costs of the charity retail division and an overhead recharge. The total of these transactions was £618k (2016: £474k). Charged by the subsidiary to the charity - commission on gift aided sales and a donor procurement charge. These totalled £523k (2016: £465k). At the year end a balance of £42k was owed by the subsidiary to the charity (2016: £5k). See also Note 16.

Thames Valley Hospice

Thames Valley Hospice is a charity under the control of the Thames Hospice trustees. All the assets, liabilities and operations of the charity were transferred to Thames Hospice with an effective date of 1 April 2005. The sole objective of the charity is to receive legacy income and other donations from future benefactors who have specified Thames Valley Hospice as a beneficiary in their wills. All legacies received by the charity are passed on to Thames Hospice. In the year ended 31 March 2017, legacies totalling £2,603 (2016: £84,439) were received and passed on.

There have been no other related party transactions during the year.

24 Pension Commitments

The charity employees participate in two schemes:-

THAMES HOSPICE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

Defined Contribution Scheme

Thames Hospice participates in a defined contribution pension plan with Scottish Widows. The total pension cost for the period for the charity charged to the Statement of Financial Activities in respect of this scheme was £114k (2016: £95k).

The NHS Superannuation Scheme

For qualifying Thames Hospice staff, participation in the NHS scheme provides benefits based upon final pensionable pay. However, the contributions paid by the charity in respect of the NHS Superannuation scheme are accounted for as if the scheme were a defined contribution scheme as the charity is unable to identify its share of the underlying assets and liabilities in the scheme.

The total pension cost for the period for the Thames Hospice was £97k (2016: £93k). The Government Actuary using the Projected Unit Method determines contributions charged to the Statement of Financial Activities.

The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies allowed under the direction of the Secretary of State in England and Wales. As a consequence it is not possible for Thames Hospice to identify its share of the assets and liabilities of the underlying scheme.

Accounting valuation:

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2015, updated to 31 March 2016 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

Full actuarial valuation:

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers. The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

25 Capital commitments

The Charity had not entered into any commitments for capital expenditure as at 31 March 2017 (2016: £nil).

26 Controlling Party

No one party has control of the Charity and its subsidiary.

THAMES HOSPICE

ADMINISTRATIVE DETAILS

for the year ended 31 March 2017

Legal and Administrative Information

Charity Name:	Thames Hospice
Charity Registration Number:	1108298
Company Registration Number:	5316964
Registered and Principal Office:	Pine Lodge Hatch Lane Windsor SL4 3RW
Independent Auditors:	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
Bankers:	CAF Bank (Charities Aid Foundation) 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4TA
Investment Managers:	Investec Wealth & Investment Management Ltd 30 Gresham Street London EC2V 7QN
Our Board of Trustees:	Mr Martin Jervis (Chair) Mr Christopher Aitken Mrs Jacinta Ashworth Mr Ken Coppock Mr Robert Dwyer Mr Richard Goss (until 7 September 2017) Mr Jonathan Jones (Deputy Chair) Mr Stephen Moore Ms Margaret Neal Mr Craig Linton Dr Neil Coleman (until 23 March 2017) Mrs Lesley Rudd (from 7 September 2017) Mr Bruce Montgomery (from 7 September 2017) Mr Andy Ka (from 7 September 2017) Mr Stephen Avery (from 7 September 2017)

THAMES HOSPICE
ADMINISTRATIVE DETAILS
for the year ended 31 March 2017

Our Senior Management Team:

Mrs Debbie Raven
Ms Ruth Bartholomew
Mrs Jackie Geeson
Dr Cecily Wright
Ms Jacquie Batchford
Mrs Julie Rowley
Mr Neil Harman

Chief Executive
Finance Director & Company Secretary
Director of Human Resources
Medical Director
Director of Patient & Family Services
Director of Retail
Director of Fundraising



Thames hospice