

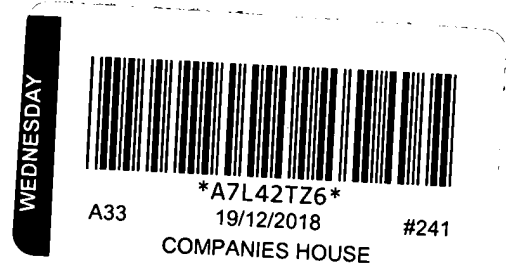


**FRIENDS OF MICHAEL SOBELL HOUSE
(A company limited by guarantee)**

(Trading as Michael Sobell Hospice Charity)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



FRIENDS OF MICHAEL SOBELL HOUSE

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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**FRIENDS OF MICHAEL SOBELL HOUSE
COMPANY AND CHARITY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018**

Friends of Michael Sobell House is a company limited by guarantee and a registered charity governed by its Memorandum & Articles of Association. The directors of the charity are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

Company registration number: 3677413

Charity registration number: 1079638

Registered Office: Michael Sobell House
Mount Vernon Hospital
Northwood
Middlesex
HA6 2RN

Trustees:	Rosalind Williams	Chair	1,2,3
	Rowena Dean	Treasurer	1
	Satish Kanabar		1,4
	Jean Seymour		2,3
	Jim Sutcliffe		1,4
	Daksha Dodhia		2
	Scott Seaman Digby		

David Brameld [resigned 21 February 2018]

Julie Hawkins [resigned 19 October 2017]

Joe Sandercock [resigned 19 October 2017]

- 1 Member of Finance Committee
- 2 Member of Governance Committee
- 3 Member of Patient Care Group
- 4 Member of the Banking & Investment Committee

Advisor: Eddie O Sullivan – member of the Banking & Investment Committee

Chief Executive: Lindsey Fealey [retired 31 December 2017]
Judi Byrne [from 22 January 2018]

Auditor: Mazars LLP
Chartered Accountants & Registered Auditors
The Pinnacle, 160 Midsummer Boulevard,
Milton Keynes, MK9 1FF

**FRIENDS OF MICHAEL SOBELL HOUSE
CHAIR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

Friends of Michael Sobell Hospice, and the NHS hospice service we support, are now in their 41st year. I would like to take this opportunity to thank everyone; staff, volunteers, trustees, supporters, corporate sponsors and everyone else past and present who have helped and supported the Charity over these years and especially this past year. So many people give hours and hours of their time for no financial return. So much work goes on behind the scenes which is never seen and yet without these people giving so much of themselves the charity would be in a very difficult position.

Both David Brameld and Richard Haynes stepped down this year as trustees for personal reasons. I would like to thank David brought great experience to the board, was a strong advocate for our retail operation and continues to support the charity as a volunteer taking the lead in running successful bookstalls in Amersham and Chesham markets. Julie Hawkins and Joe Sandercock both stepped down from the Board having served the charity for many years. We will miss their experience and skills. We also said good bye to Scott Seaman Digby as a Trustee. The Board of Trustees is very grateful to ex-trustee, Eddie O Sullivan who has continued to work with the charity as an external advisor on our Banking and Investment sub-committee.

I am delighted to report that the Hospice Lottery Partnership has contributed £179,250 to our charity and the other five Hospice partners. Our dedicated and hardworking staff has been led by Chief Executive, Lindsey Fealey until the start of 2018 when she retired, and Judi Byrne came into post. Our staff team and Trustee Board continue to ensure our funds are used wisely. But we recognise that these are difficult times and there is competition for those vital funds.

I would like to thank the hardworking fundraising and PR/Marketing teams for their work in raising both funds and in raising awareness of the Charity. Our priority is to broaden our income streams and further raise the public profile of the Charity. We want everyone in the area to know about how we support the hospice community and be proud of their contribution.

We have had another successful year of events. In June 2018, there was another well supported Ladies in the Night walk with 655 walkers. Thank you to everyone who took part, not only in raising necessary funds but in helping raise the awareness of the Charity in the area. Other successful events include the golf day held at Sandy Lodge Golf Club. We are indebted to all those committed golfers and the staff and members of the club for their continued support. We would like to thank everyone involved in these events and all the other bike rides, fayres, book stalls, coffee mornings etc which have taken place on our behalf.

Our Charitable funds support East and North Herts NHS Trust who provide and manage all of the inpatient and day hospice services. We have part funded some of the clinical posts in the inpatient unit and continue to assist with support costs as well as additional equipment and resources, replacing both well-used but worn items and supplying vital new equipment. We are also 100% fund the entire cost of the day hospice.

Finally, I would like to thank the many people involved in supporting and helping the work of the charity; all the volunteers who work in our office, shops and warehouse, the corporate supporters, the local schools, the volunteer groups and clubs and many, many more. We could not provide support to over 1,000 local people, their families and loved ones without your help. Your selfless and tireless dedication is so valuable to us. We really do appreciate everything you do and the time you generously give.

IMPORTANT POST YEAR-END EVENT

This report is a record of our activity and financial situation for the year to 31 March 2018. However, it would be remiss of me not to refer here to an event which has affected the charity after the year end.

- Following a review by East and North Herts. NHS Trust (ENH) Trust in May 2018 and associated with their Care Quality Commission (CQC) review, ENH made the decision to relocate the in-patient service of Michael Sobell Hospice to the main hospital block. We believed, at the time, that this decision was made in the best interests of the patients and their families and the care that is needed.
- The relocation came as a result of CQC concerns about the in-patient unit environment whilst a permanent solution is sought. The Hospice Day services remain in the newer annex of the building, and that service to patients continues to be fully funded by the Charity. The Charity also continues to fund and support patients in the relocated service on request from the clinical team.
- Understandably there has been considerable concern expressed in the wider community. The Board of Trustees have instigated a series of discussion events with a wide section of the community, including their political representatives and our staff and volunteers and with the various relevant NHS bodies (Hillingdon Clinical Commissioning Group, Hillingdon Hospital NHS Trust as well as ENH, Healthwatch), to consult with as many people as possible on a future model of palliative and end of life care, potential locations and funding. The Board of Trustees have set up a working group to consider all the options being presented and will provide regular updates as we progress.
- The charity has been asked to participate in a palliative and end of life care review alongside the NHS and commissioning bodies as they define services for Hillingdon in the future. The charity remains fully committed to supporting the provision of hospice beds in this local community.

As we go forward we will always put the care of local people in the community with palliative and end of life care needs at the center of our plans for the future. We very much appreciate the support shown for the hospice services delivered by the NHS. The Charity at this time will continue to update everyone through our website and news sources.



Rosalind Williams
Chair

The Trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 March 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

On April 1, 2000, Friends of Michael Sobell House took over the responsibilities of the League of Friends of Michael Sobell House in supporting the work of Michael Sobell Hospice.

Objectives and Activities for the Public Benefit

The key element of the charity's work is to provide ongoing funding to support palliative and end of lifecare for patients in our locality. Michael Sobell hospice is an NHS hospice and has been providing care for over 40 years for people in its catchment area. The charity was established to provide financial support from the start and has no responsibility for the running and management of the service. The charity raises the funds needed to provide a range of support for the services at Michael Sobell Hospice, providing relief and palliative care to patients, former patients and their families. Michael Sobell Hospice is the hospice and centre for palliative care at Mount Vernon Hospital. The hospice provides in-patient and day care and is a centre of excellence for specialist services, enhancing without discrimination the care of patients with life limiting illnesses and support for their families and carers.

The funds that the charity generates allows the NHS hospice to provide a broader range of services and higher level of care that would otherwise be possible using only NHS provision for this type of service.

In shaping our objectives for the year and planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'Public benefit: running a charity (PB2)'. The charity relies on a number of income streams including grants, retail outlets, events, and fundraising activity. In addition, we rely on donations, gifts in memory, regular giving, corporate support, legacies and grants. We endeavour, through a wide range of communication methods, to encourage our local communities to take part in our activities and to attend our events to support our intentions.

Volunteers at Michael Sobell Hospice Charity

Without the dedication of our volunteers, we could not offer the same level of care to patients, their families, carers and friends. At Michael Sobell Hospice Charity, there are over 200 volunteers lending a helping hand in a variety of ways including admin, fundraising & events and in our retail shops and warehouse. Our volunteers generally give a regular commitment, which can be flexible to fit around the person - anywhere between an hour a month, to several days a week.

Voluntary Services Officer, Victoria Mansell, coordinates the recruitment, training and placement of volunteers for the charity and keeps in regular contact with them. Without the time and commitment of our volunteers, the charity would be unable to operate effectively. They are critical to success across all areas of the organisation, helping us with income generation activities, working in our retail outlets and generally supporting our events and fundraising work.

Our shops and warehouse rely heavily on volunteers and without them our outlets would close. They are absolutely business critical. In the office, our volunteers work alongside the staff team providing a valuable resource with communications, finance, event preparation and administration.

Achievements and Performance

The activities undertaken in the year satisfy the objectives of the charity and demonstrate public benefit as required by the Charities Commission.

The hospice philosophy is based on the individual patient and those around them being of primary importance. The hospice service is completely free to those to need it, regardless of race or belief. The funds we have generated during the year have supported Michael Sobell Hospice and its patients and families in many ways:

- The charity granted £899,626 in the year to March 31st, 2018 to fund a range of services, activities and equipment
- We have funded clinical support, educational and administrative salaries within the hospice, including on-costs, ensuring high levels of professional medical and nursing care for patients, their families and carers.
- We have funded patient and family support including emotional care and practical support plus bereavement listening for families.
- We have continued to provide the total funding required for the Day Centre provision within the hospice where those suffering from a life limiting illness can attend on a non-residential basis. Here, they can receive support with their illness and clinical staff can review their care through day services provision e.g infusions. This means that more patients can receive treatments in the Day Centre rather than being admitted
- We have made funds available to purchase equipment and little extras to make the patients' stay at the hospice more comfortable.
- We have included patients and families in events to celebrate the lives of their loved ones.

In addition:

- We have held events that have included our local communities.
- We have provided opportunities for volunteering including schemes to help people return to the workplace.
- We have provided opportunities for students and young people to work with us and understand the charity and fundraising sector.
- Our refurbished shops are a reminder to the public that Michael Sobell Hospice is there for them when they or someone they know needs special care and they are our face on the high street
- We have continued to have constant dialogue with our NHS colleagues to ensure we are updated on the future of the hospice and the Mount Vernon site and the provision of end of life care to the local community as a whole. *[See the post year end statement on page 3]*

The results of our income generation activities are measured against the previous year and compared to external benchmarks and budgets determined by the staff and agreed with the Trustees.

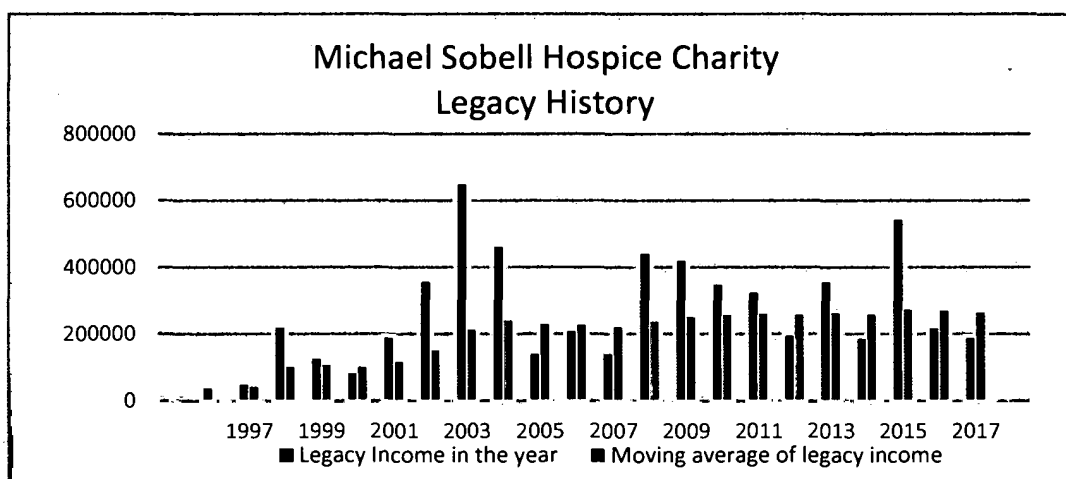
The Trustees also closely monitor the performance of the investment portfolio and obtain advice relating to investment matters. The charity has a Banking and Investment sub-committee of the Board for this purpose and an external advisor has a place on this committee.

FINANCIAL REVIEW

On average, hospices hold just under eight months of expenditure as cash in hand, and this total has been falling over recent years. Smaller hospices tend to have much higher cash holdings than larger hospices in comparison to their expenditure levels. The average small hospice holds about 10 months' worth of cash in hand, while the average large hospice holds about three and a half months' worth of cash. If investments as well as cash are taken into account, then the average hospice is holding around 13.5 months. Michael Sobell Hospice Charity holds around 10 months reserves.

As a hospice charity, we rely primarily on the generosity and participation of our local community to help us raise the funds needed to ensure the provision of equipment and the continuation of vital services to patients and those around them. We are always grateful to each and everyone one of our supporters, donors and volunteers for the part they play in providing these services.

One of our significant sources of income comes from legacies and bequests. Three years ago, in the financial year to March 2015, we reported that the charity had received a significant number of legacies totalling £541,066. The following year saw this stream drop to £216,171. In this financial year 2018, we have seen a further reduction in legacies.



For the first six months of the year, we had received only 10% of our usual level – this improved in the latter part of the year to a total of £189,420. However, the Board of Trustees took the hard decision in the early part of 2018 introduce some cost saving decisions in agreement with the NHS service provider and freeze charity staff vacancies to protect the charity's reserves and fixed costs. The difference in just three years illustrates how much this charity's income is affected by the level of bequests received. Bequests are such an important source of income for FoMSH but, this year, this unpredictable income stream has not achieved budget. Moving into the new financial year, the cost controls will be maintained for the time being and the structure of the charity reviewed.

44% of UK hospices reported losses in the financial year 2016 (Hospice UK: Hospice Accounts 2016)

We have been notified of additional bequests, which will be received in 2018/19 but are unable at this stage to put an estimate of value on these. Nationally, hospices in the UK received on average 20% of their total income from legacies in 2016 (Hospice UK: Analysis of Hospice Accounts) – FoMSH legacy income for the year is 13% of total income (2016:14.6%)

FRIENDS OF MICHAEL SOBELL HOUSE
TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

The total incoming resources taken into the accounts for the year, excluding any gain on investments, included the gross income from fundraising activities and amounts to £1,374,404 (2017: £1,406,066) a decrease of some £32k from the previous year. £27k of this could be accounted for by the downfall in legacies. The remainder is largely due to a fall in some traditional fundraising streams.

We have experienced some fundraising staffing difficulties during the year, which affected our income generation department's capacity. Many charities are finding that the traditional source of income from events is diminishing and people now give to charity in a different way. Social media and on-line gifting are increasing, and this depends significantly on marketing and communications. FoMSH is experiencing the same change in giving and we have plans to reconfigure the Income Generation staff team to reflect this shift and maximise new future income streams.

Donations and Gifts at £272,264 for the year show a 6.7% increase on the previous year (2017: £255,097). Overall, gross unrestricted income from income generation excluding legacies, lottery and retail saw a 4.3% increase and totalled £692,304 (2017: £664,009)

Trading income from our shops decreased by some £8k during the year and expenditure also increased, giving a marginal net contribution of some £4k (2016: £30k) before management charges are applied. Our shops have undergone renovation and repairs during the year and we anticipate further necessary health and safety improvements to be addressed in the next financial year.

The Hospice Lottery Partnership is maintaining good progress and each of the six partners received a very welcome £179,250 during the year (2017: £196,000). The charitable contribution to partners saw a planned reduction this year due to investment in a membership recruitment campaign and this will see significant dividends in the next financial year. The Hospice Lottery Partnership was established in 1999 and this year has celebrated raising a total of £10m for the partner hospices - a huge contribution to patient and family care. Partners have one of their trustees on the HLP Board. Nationally, the total reported lottery income for hospices was £68m in 2016. Given an average contribution of one pound per person per week, this suggests that over one million people are taking part in hospice lotteries in the UK each week. [Hospice UK: Analysis of Hospice Accounts 2016]

We are again most grateful for the support given to the charity by the Sobell Bridge Club which was founded in 1992 and has raised over three quarters of a million pounds in total since then, with a contribution of £40,000 in the year (2017: £34,000). Light up a Life raised £8,584 (2017: £6,801), the MSH Golf Day, kindly hosted by the Sandy Lodge Golf Club, raised £32,381 (2017: £22,768) which after costs netted £27,601 and the MSH Bike Ride netted £18,810 (2017: £11,963).

The Ladies in the Night Walk is our largest event of the year and not only do all staff get involved, but a huge number of volunteers give their time to this project. This year we raised an incredible £87,870 (2017: £92,062) a surplus of £69,075 after costs, with 655 walkers taking part. The total raised since its inception in 2010 has exceeded half a million pounds. A car treasure hunt and family day was held during the year and raised £3,002. The Santa Dash brought in £2,450 and a sponsored walk raised £5,465 – all these events were organised by the MSH team. Our thanks as well to the MSH volunteer gardeners who organise the annual Plant Sale and raised £3,579 from their sale in 2017.

We ran a number of appeals during the year through our newsletter, direct and seasonal marketing campaigns. Together, these appeals raised £14,971.

We are well supported by a wide range of local community organisations, clubs, groups, schools, colleges and individuals. Our fundraising and marketing teams support these groups often providing banners, posters, leaflets and promotion as well as attending and speaking at many events.

Community and externally organised events raised £170,829 (£153,042). We are again indebted to our community in supporting the Charity throughout the year. Some examples of the support include David Brown's Halloween Musical Quiz Night which raised £832, Mehfil Evening of Music & Poetry raised £2000 and the Uxbridge Masonic Lodge 7066 donated £500. The Badgers Ladies Darts Team gave a wonderful £1000 and the ITV Chase Celebrity Shawn Wallace Quiz Evening generated £3,525. Hillside Junior School Christmas production raised £130 and Natalie Harvey friends & family held a Cannonball Run event which raised £7,600. Our thanks and appreciation to everyone involved in these and the many other events run on our behalf.

Fundraising income from all the activities, large or small, is appreciatively acknowledged and our sincere thanks go to all our supporters and the organisers of the events. We would like to thank all those individuals and businesses for their donations and fundraising efforts on our behalf.

My thanks go to the Board of Trustees, themselves volunteers for the charity, for their support and guidance throughout the year. We have a skill mix on the Board, which ensures that the business and governance of the charity is scrutinised, reviewed and supported well. Mazars have been our auditors for the last 4 years and I would offer my thanks to them not just for the audit process but also for their accessible support and advice throughout the year.

We have some wonderful office volunteers and staff who undertake the tasks of maintaining our computer systems and our financial records as well as processing and acknowledging cash and cheque income. They are an enthusiastic and committed team, and the Trustee Board thanks them all for their continuing support.

Significant events

The charity budgeted for a deficit in the year whilst it examined its income generation structure but due to a lower level of legacies and some other income shortfalls, we have exceeded the budgeted deficit. The trustees consider that the charity's reserves are strong enough to cover this short-term situation but recognise that the short to medium term strategy for the charity has to outline a move back into a surplus financial situation. Hospice UK reported that 44% of UK hospices recorded deficits in 2016 and a quarter suffered negative movements in reserves. *[Hospice UK: Analysis of Hospice Accounts 2016]*

As reported on page 6, for the first six months of the year, we had received only 10% of our usual level of legacies and were predicting a significant deficit. The Board of Trustees took the hard decision at this point to introduce some robust cost saving decisions and freeze staff vacancies to protect the charity's reserves and fixed costs. The financial position improved during the last few months of the year but at the end of the year the charity had not replaced a full staff compliment. In the light of the post year significant event, the staffing structure will be addressed in the latter part of 2018, once we have a clear direction for the NHS hospice building and services.

See also the Post Year End Statement on page 3

Investment policy and objectives

The Charity's investments are managed by the Banking and Investment Committee, a Board sub-committee, which meets regularly to review the investment objectives and monitor the charity's funds and report directly to the Board.

The overall objective is to invest the reserve assets of the charity prudently so that funds are available if the reserves are needed to support expenditure. Also, to the extent possible within that constraint, to earn as much income and capital gain as possible with due and proper consideration for future needs and the maintenance of, and if possible, the enhancement of the value of the invested funds while they are retained.

The Trustees have agreed to hold about one half of the assets of the charity in equity investments and about one third in a series of fixed term cash deposits that mature at regular intervals over the following 12 months. The Trustees have decided to delegate the management of the quoted investment to authorised Investment Fund Managers.

During the year the charity moved approximately £200,000 from its quoted investments to its bank deposits to

ensure sufficient liquidity over the next few years.

The Charities Aid Foundation (CAF) has been appointed to manage part of the charity's quoted investment funds. At present, these investments comprise entirely of "Open-ended Collective Investment Scheme" (OECI) shares. CAF funds are managed by Octopus Investments and they are regulated by the Financial Conduct Authority.

The Charities Official Investment Fund (COIF) has been appointed to manage part of the charity's quoted investment funds. COIF funds are managed by Churches, Charities and Local Authorities (CCLA) Fund Managers and they are regulated by the Financial Conduct Authority.

A further investment is held in an index tracking Exchange Traded Fund that invests in large high dividend UK stocks. These funds are managed by Blackrock Asset Management Ireland and they are regulated by the Central Bank of Ireland.

The Investment performance of the Charity's investments is monitored regularly by the Banking & Investment Committee. This committee has been established to monitor and maximise the return on investments for the charity. Members of the committee are Trustees or appointed advisors. Any adverse movement in the investments will be reflected in the monthly management accounts. The Investment Committee reports to the board at their scheduled meetings or at any time if deemed necessary.

An investment in the Hospice Lottery Partnership falls outside this investment policy and is detailed in note 1 of the accounts.

Risks and uncertainties

The charity Trustees have considered the major risks to which the charity is exposed and satisfied themselves that systems or procedures are established to manage those risks. Major risks are those that have a major impact and a probable or highly probable likelihood of occurring.

If they occurred, they would have a major impact on some or all of the following areas:

- Governance;
- Reputation;
- Finances;
- Compliance with law or regulation.

Any of these major risks and their potential impacts could change the way Trustees, supporters or beneficiaries might deal with the charity. The Risk Register is a tool, which enables the charity to understand its comprehensive risk profile and identifying each major risk to which the charity is potentially exposed. The Register is reviewed and updated by the Board of Trustees annually.

Principal funding sources

Unrestricted reserves not invested in buildings (but including unexpended legacies) held at the end of the reporting period of £1.4m, equate to approximately 10 months of expenditure. On average, independent adult hospices in the UK hold the equivalent of 8 months of expenditure in free reserves. However, the range is wide with 25% of hospices holding less than 6 months and 10 adult hospices with negative free reserves which means that they are using the value of their fixed assets to enable them to remain solvent. [source: Hospice UK: Hospice Accounts 2017]

Reserves policy

Given the high proportion of 'non-recurring' income received in recent years by way of bequests, the Trustees consider it prudent to try and retain sufficient reserves to enable the charity to continue to provide services at the present level for a period of twelve months should it become wholly reliant on income generated by fundraising activities. To achieve this, a reserve of approximately £1.6m would be required to allow for ongoing annual expenses. This will afford the Trustees sufficient time to implement a review of the level of support for MSH and to revise the fundraising strategy. The Trustees will continue to strive to return to a 12-month level of reserves.

Plans for future periods

The charity will restructure the staff team to reflect the change in income generation streams and maximise its fundraising potential.

The charity will recruit additional trustees to the Board in line with its skills requirement profile.

The charity will prioritise its profiling in the local community through marketing and public media opportunities.

The charity is in continual dialogue with NHS colleagues regarding the hospice unit and the wider hospital site, with regard to future hospital and hospice building plans and will take account of any plans into its strategy deliberations. The charity needs to be in a position to work with the NHS on the future provision of end of life care services generally.

(See post year end statement on page 3)

Structure, Governance and Management

Governing Document

Friends of Michael Sobell House is a company limited by guarantee governed by its Memorandum and Articles of Association dated 7 November 1998. It is registered as a charity with the Charity Commission.

Appointment of Trustees

Most people have some skills, knowledge or experience that they can bring to a charity. In addition, Trustees should have a strong personal commitment to the charity's aims and objectives. It is also essential that there are no legal or other barriers to a Trustee's appointment.

To optimise our effectiveness, we recruit a diverse board with a broad range of skills, knowledge and experience. When preparing to recruit new Trustees we seek to increase or at least maintain the diversity of our Trustee board, whilst ensuring we have the correct skillset for continuity.

As well as achieving a balance in skills and experience, we also aim to achieve greater diversity by reaching out into communities that are not presently represented.

Responsibility for the recruitment of new Trustees rests with the Governance Committee and ultimately the Board. There is an open and efficient process, which always acts in the best interests of the charity. Before appointing a new Trustee, the Trustee board ensures that the appointment meets the requirements of the charity's governing document and the law. Before appointing a Trustee, the Trustee board obtains a declaration from the prospective Trustee that they are not disqualified. Two trustees complete their terms of office this year and the Governance Committee is recruiting into these future vacancies.

Trustee induction and training

New Trustees undergo an orientation programme to brief them on their legal obligations under charity and company law, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction period, they meet the other members of the Trustee board and the staff team. Trustees are encouraged to attend appropriate external events to increase their knowledge and understanding of the role and the wider charity sector.

Organisation

The board of Trustees, which can have up to 15 members, administers the charity. The board normally meets five times in a year and there are sub-committees covering finance, governance, investments and patient care and support. The Chief Executive is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and service delivery.

Related parties and co-operation with other organisations

None of our Trustees received remuneration or other benefit from their work with the charity. Any connection between a Trustee or senior manager of the charity with a contractor or supplier or professional services must be disclosed to the full board of Trustees in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.

Pay policy for senior staff

The directors are the charity's Trustees. The senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis. All directors give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in note 10 to the accounts. The pay of the senior staff is reviewed annually and benchmarked against pay levels in other comparable charities, the voluntary sector and similar roles.

Directors and Trustees

The directors of the charitable company (the charity) are its Trustees for the purpose of charity law. The Trustees and officers serving during the year and since the year-end were as follows:

Chair:	Rosalind Williams
Directors:	Rowena Dean
	Daksha Dodhia
	John Hensley [co-opted April 2018]
	Satish Kanabar
	Jean Seymour
	Jim Sutcliffe
	David Brameld [resigned 21 February 2018]
	Julie Hawkins [resigned 19 October 2017]
	Joe Sandercock [resigned 19 October 2017]

Key management personnel in 2017/18:

Chief Executive:	Judi Byrne [Lindsey Fealey to December 2017]
Accounts and Administration Manager:	Glyn Halliday
Head of Income Generation	Caroline Caisley [from October 2017 to February 2018]

Trustees' responsibilities in relation to the financial statements

The charity Trustees (who are also the directors of Friends of Michael Sobell House for the purposes of company law) are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the charity Trustees to prepare financial statements for each year, which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity 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 charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity hence 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.

Friends of Michael Sobell House charity is an associate member of Hospice UK, the national charity for hospice care, supporting over 200 hospices in the UK.

Statement as to disclosure to our auditor

In so far as the Trustees are aware at the time of approving our Trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the Trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

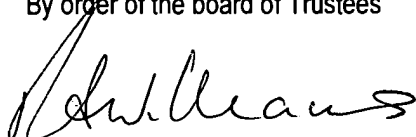
FRIENDS OF MICHAEL SOBELL HOUSE
TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Appointment of auditor

A resolution will be proposed at the Annual General Meeting that Mazars LLP be reappointed as auditor to the charity for the ensuing year.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the board of Trustees

A handwritten signature in black ink, appearing to read 'Rosalind Williams', is written over the text 'By order of the board of Trustees'.

Rosalind Williams
Chair

Date: 12 December 2018

Independent auditor's report to the members of Friends of Michael Sobell House

Opinion

We have audited the financial statements of Friends of Michael Sobell House (the 'charity') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within 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 and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

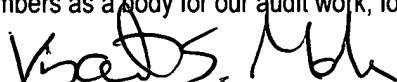
Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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



Vincent Marke (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 17 December 2018

FRIENDS OF MICHAEL SOBELL HOUSE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2018

Company Number 3677413

INCOME AND EXPENDITURE	Notes	Unrestricted Funds £	Restricted Funds £	2018 Total Funds £	2017 Total Funds £
INCOME AND ENDOWMENTS FROM:					
Donations and gifts	3	260,914	11,350	272,264	233,399
Bequests and legacies	14,20	189,420		189,420	216,171
Grants received	4	3,690	15,000	18,690	32,670
Fundraising – gross income	5	358,513		358,513	382,877
Lottery income		179,250		179,250	196,000
Retail income	5	287,050		287,050	295,204
Interest and investment income	6	32,608		32,608	17,431
Services income		4,304	30	4,334	5,021
Tax received		32,275		32,275	27,292
Total income		1,348,024	26,380	1,374,404	1,406,065
EXPENDITURE ON:					
Charitable contribution	7	877,402	22,224	899,626	918,692
Raising funds (incl. Mgmt and Governance charges - note 10)	8	327,576	6,054	333,630	357,747
Shops and Retail (incl. Mgmt and Governance charge – note 10)	9	328,767	2,422	331,189	311,548
Total expenditure		1,533,745	30,700	1,564,445	1,587,987
Total gain/(loss) on investments		(15,308)		(15,308)	75,509
Net movement in funds		(201,029)	(4,320)	(205,349)	(106,413)
Total funds brought forward at 1 April		1,597,455	37,738	1,635,193	1,741,606
Transfer between funds		15,820	(15,820)	-	-
Total funds carried forward at 31 March		1,412,246	17,598	1,429,844	1,635,193

The notes on pages 20 to 31 form part of these financial statements


FRIENDS OF MICHAEL SOBELL HOUSE
STATEMENT OF BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2018

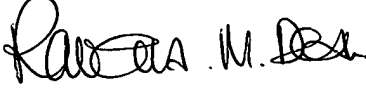
Company Number 3677413

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible fixed assets	12	14,432	14,024
Investments	13	760,476	973,699
		<u>774,908</u>	<u>987,723</u>
CURRENT ASSETS			
Stock		-	45
Debtors and prepayments	14	68,341	186,418
Short term investments		309,007	452,282
Cash and cash equivalents		475,483	132,640
		<u>852,831</u>	<u>771,385</u>
TOTAL CURRENT ASSETS			
CREDITORS:			
Amounts falling due within one year	15	(197,895)	(123,915)
		<u>654,936</u>	<u>647,470</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,429,844</u>	<u>1,635,193</u>
CREDITORS:			
Falling due after more than one year		-	-
TOTAL NET ASSETS		<u><u>1,429,844</u></u>	<u><u>1,635,193</u></u>
FUNDS			
Unrestricted funds:	16		
General		621,246	686,455
Bequest		791,000	911,000
Restricted		17,598	37,738
		<u>1,429,844</u>	<u>1,635,193</u>
TOTAL FUNDS		<u><u>1,429,844</u></u>	<u><u>1,635,193</u></u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the Directors and Trustees of the Friends of Michael Sobell House and authorised for issue on 25 October 2018 and signed on its behalf by:


Rosalind Williams
Chair


Rowena Dean
Treasurer

The notes on pages 20- 31 form part of these financial statements.

FRIENDS OF MICHAEL SOBELL HOUSE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

Company Number 3677413

	2018		2017	
	£	£	£	£
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Incoming/(outgoing) resources		(205,349)		(106,413)
<i>Adjustments for:</i>				
Depreciation	17,326		12,994	
(Gains)/Loss on investments (unrealised)	11,719		(61,023)	
Investment income	(29,756)		(17,431)	
(Increase)/decrease in stock	45		1,116	
(Increase)/decrease in short term deposits	143,275		159,307	
(Increase)/decrease in debtors	118,077		(63,038)	
(Decrease)/increase in creditors	<u>73,981</u>		<u>(4,419)</u>	
		334,667		162,420
Net cash Outflow from Operating Activities		<u>129,318</u>		<u>56,007</u>
Purchase of fixed assets (increase)	17,735		(1,236)	
Investment income	29,756		17,431	
Realised gain on investments	(3,590)		(14,484)	
Net purchases of investments	<u>197,916</u>		<u>(203,549)</u>	
CASH FLOWS GENERATED FROM INVESTING ACTIVITIES		<u>213,527</u>		<u>(201,838)</u>
NET INCREASE/ (DECREASE) IN CASH		342,844		(145,831)
CASH AND CASH EQUIVALENTS AT 1 APRIL		132,640		278,471
CASH AND CASH EQUIVALENTS AT 31 MARCH		<u>475,484</u>		<u>132,640</u>

1. ACCOUNTING POLICIES

General information

Friends of Michael Sobell House is a company limited by guarantee, incorporated in England and Wales. The address of its registered office and principal place of business is disclosed in the company information.

The principal activity of the charity is to raise funds to provide a range of support for the clinical team at Michael Sobell Hospice in providing relief and palliative care to patients and their families and to support the charitable work of the hospice.

The financial statements are presented in Sterling and this is the functional currency of the Charity.

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. In preparing the financial statements the charity follows best practice as set out in the Statement of Recommended Practice: 'Accounting and Reporting by Charities' (SORP 15), the Financial Reporting Standard applicable in the United Kingdom and Ireland Financial Reporting Standard 102 (FRS102) and the Charities and Companies Acts.

Going Concern

The financial statements have been prepared using the going concern assumption, for further details please see the Chairman's statement on page 3.

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of fixed asset investments which are included at market value.

Donations and gifts received

Income from donations and gifts has been accounted for on a cash received basis. Donations include monies received under Gift Aid on which tax will be reclaimed and received in the next financial year. Membership fees received are on an annual basis and are accounted for when received.

No amounts are included in the financial statements for services donated by volunteers as it is impossible to calculate the value with the required level of accuracy.

Grants received

Grants are accounted for when the charity becomes entitled to receive them. Where restrictions are placed by the grant maker as regards the period during which a grant can be utilised by the charity, an appropriate amount is deferred to future periods.

Bequests received

Bequests are recognised as part of total incoming resources for the year as required by Statement of Recommended Practice relating to Charities. Bequests of £10,000 or over are then amortised internally at the rate of 25% per annum by means of a transfer to and from a bequest reserve. The net movement in funds for the year as shown in the Statement of Financial Activities remains unchanged.

Bequests are accounted for when received unless notified earlier of an impending distribution. Where the amount and timing of such a distribution can be determined with reasonable accuracy the bequest is recognised at the point of the charity receiving notification. There were four bequests totalling £18,921, notified prior to receipt such that would fall to be recognised as part of incoming resources for the year.

1. ACCOUNTING POLICIES (continued)

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to each particular category. Where costs cannot be directly attributable to particular headings they are allocated to activities on a basis consistent with the use of those resources. Direct charitable expenditure represents costs incurred in meeting the objects of the charity.

Fundraising costs are those incurred by the charity in seeking voluntary donations as well as in relation to particular fund-raising events.

Shops and Retail costs are those incurred by the charity in running its shops, warehouse and merchandise activity

Support costs (formerly management and administration costs) are those incurred in connection with administration of the charity and compliance with its constitutional and statutory requirements and are then charged to the relevant activities.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The charity recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Governance

Governance Costs allow the charity to generate information required for public accountability. They include costs for strategic and legal obligations and include audit fees and the preparation of the accounts. They will also include a share of applicable support costs.

Investments

Investment assets comprising UK listed investments are stated at quoted market value. Unquoted investments are stated at market value as assessed by the directors.

On 3 January 2005, FoMSH purchased shares in the Hospice Lottery Partnership Ltd at a cost of £207,000. This is an unquoted investment and the directors wrote down the cost of this investment to a value of £70,000 which equated at the time to approximately the annual income. Income arising from the lottery is dependent on membership subscriptions and individual ticket sales made by the participants. The directors consider, therefore, that lottery income is in the nature of fundraising rather than investment income and it is shown in the financial statements accordingly. During the year to March 2014, FoMSH acquired further shares in HLP at a cost of £16,667, when one of the hospices left the partnership. As a result, the directors' valuation of this unquoted investment is now £86,667.

Rowena Dean (Director of FoMSH) was a director of the Hospice Lottery Partnership during the financial year.

Stocks

Stocks are stated at the lower of cost or net realisable value.

Fixed Assets

Material fixed assets used by the charity are capitalised in accordance with the Statement of Recommended Practice relating to charities and Financial Reporting Standard No: 15 "Tangible Fixed Assets". No material fixed assets, other than investments, were employed by the company as at 31 March 2013.

Where fixed assets are donated to the relevant NHS Trust, they are excluded from the assets of the Charity. In the opinion of the Directors and Trustees the assets thus donated cease to be employed by the Charity in its activities.

Cash and Cash equivalents

Cash and cash equivalents are 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.

Pensions

The pension costs charged against results in the year represent the amount of the contributions payable in respect of the accounting period.

Leased Assets

Payments made under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

Transition to FRS102

The transition date for FRS102 was 1 April 2014. No restatement of items has been required in making the transition to FRS102.

Financial instruments

The charity only has financial asset and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction values and subsequently measured at their settlement value.

Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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 estimates and assumptions made in these accounts are the allocation of central support costs which are allocated on a basis using an estimated time and effort percentage [note 10] and the lottery investment which is held at Director's valuation which takes into consideration both the annual income from this investment and the expected sales value should the shares be sold [note 13].

2. SHARE CAPITAL

The company has no share capital. The liability of its members is limited to £1 each.

FRIENDS OF MICHAEL SOBELL HOUSE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

3. DONATIONS AND GIFTS

	Unrestricted Funds £	Restricted Funds £	2018 Total Funds £	2017 Total Funds £
Donations				
General	75,200	11,350	86,550	80,854
In Memory	145,850	-	145,850	133,477
Standing orders and membership	20,811	-	20,811	19,068
Collecting boxes	19,053	-	19,053	21,968
TOTAL	260,914	11,350	272,264	233,399

No donations were received this year (2017: £nil) from the League of Friends of MSH. No material gifts in kind were received during the year.

4. GRANTS (RESTRICTED FUNDS)

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Unrestricted grants and trusts	3,690	-	3,690	7,670
Restricted grants and trusts	-	15,000	15,000	25,000
	<u>3,690</u>	<u>15,000</u>	<u>18,690</u>	<u>32,670</u>

For additional analysis of restricted income - see note 16

5. FUNDRAISING AND RETAIL INCOME

Fundraising is stated in the accounts showing the gross income in the incoming resources and the expenditure incurred directly related to the event in the Resources Expended.

	Income £	Expenditure £	2018 Surplus Income £	2017 Surplus Income £
Fundraising events	164,129	27,371	136,758	153,097
External fundraising	170,829	391	170,438	153,042
Appeals	23,555	17,684	5,871	9,160
Misc. fundraising				-
<i>Total Fundraising</i>	<u>358,513</u>	<u>45,447</u>	<u>313,066</u>	<u>315,299</u>
Shops and Retail	287,050	282,848	4,202	25,048
Hospice Lottery	179,250	-	179,250	196,000
Total Fundraising and Retail	824,813	328,295	496,518	536,347

Expenses recorded under Shops and Retail include the sum of £109,903 in respect of staff salaries (2017: £126,529).

Expenses recorded here for fundraising are the direct costs of each activity. See note 8 for full fundraising costs.

FRIENDS OF MICHAEL SOBELL HOUSE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2018

6. INTEREST AND INVESTMENT INCOME

	2018	2017
	£	£
Bank interest	2,851	2,573
Income from investments	29,757	14,858
	<u>32,608</u>	<u>17,431</u>

7. DIRECT CHARITABLE EXPENDITURE

	Unrestricted Funds	Restricted Funds	2018 Total	2017 Total
	£	£	£	£
MSH Clinical staffing	731,098	-	731,098	685,620
Patient and Family Support salaries	50,655	15,000	65,655	127,887
Education, staff training and courses	364	-	364	1,584
Mayor's fund	-	-	-	1,484
New equipment, repairs and servicing	1,022	-	1,022	1,240
Patient support	10,355	3,584	13,939	25,895
Staff support	336	9	345	151
Total Direct Charitable Expenditure	<u>793,831</u>	<u>18,592</u>	<u>812,433</u>	<u>843,860</u>
Management and governance support costs	83,571	3,632	87,203	74,831
	<u>877,402</u>	<u>22,224</u>	<u>899,626</u>	<u>918,691</u>

8. FUNDRAISING AND PUBLICITY

	Unrestricted Funds	Restricted Funds	2018 Total	2017 Total
	£	£	£	£
Fundraising employment costs	147,467	-	147,467	190,254
Publicity, promotion and sundries	65,312	-	65,312	64,013
Total fundraising and publicity expenses	<u>212,779</u>	<u>-</u>	<u>212,779</u>	<u>254,267</u>
Management costs allocated to fundraising	114,798	6,054	120,852	103,481
	<u>327,577</u>	<u>6,054</u>	<u>333,630</u>	<u>357,748</u>

We are required by Charity Accounting rules to allocate our management and governance costs across our activities. Note 10 gives a breakdown of the percentage allocations which are based on staff time per activity.

FRIENDS OF MICHAEL SOBELL HOUSE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2018

9. RETAIL AND SHOPS

	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
Retail employment costs	109,903	-	109,903	126,529
Retail costs	172,945	-	172,945	143,626
Total retail expenses	282,848	-	282,848	270,155
Management costs allocated to retail	45,919	2,422	48,341	41,393
	<u>328,767</u>	<u>2,422</u>	<u>331,189</u>	<u>311,548</u>

We are required by Charity Accounting rules to allocate our management costs across our activities. Note 10 gives a breakdown of the percentage allocations which are based on staff time per activity.

Costs during the year include work on shops' leases as well as repairs and renewals and health and safety improvements.

10. MANAGEMENT SUPPORT AND GOVERNANCE COSTS - REALLOCATION

	2018 £	2017 £
Management employment costs	176,723	149,968
Management costs	64,980	56,995
	<u>241,703</u>	<u>206,963</u>
Governance costs	14,692	14,695
Total	<u>256,395</u>	<u>221,658</u>

	Charitable Activities	Fundraising	Retail and Shops	2018 Total
Reallocation of management costs	30%	50%	20%	
	£72,511	£120,852	£48,341	£241,703
Reallocation of Governance costs	100%	0%	0%	
	£14,692			£14,692

Management support costs are reallocated on the basis of staff time per activity. The Charity Commissioners require us to allocate our management support costs across our activities and to show the cost of governing the charity. This is reflected in the accounts. These allocation percentages show more fairly the spread of people and activities.

The new Charity SORP FRS 102 advises that governance costs are reallocated to charitable activities. These include auditors' fee, legal costs, and training and Trustee expenses. There were no trustee expenses in the year. Audit fees for the year were £9,636 (2017: £9,584)

FRIENDS OF MICHAEL SOBELL HOUSE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2018

11. EMPLOYEE INFORMATION

The average number of employees across the year were as follows: (2017 figures are shown on the same basis).

	2018 Number	2017 Number
Clinical (direct charitable)	29	35
Fundraising and publicity (including shops)	8	9
Support staff	3	3
	<u>40</u>	<u>47</u>

The number of staff expressed as Whole Time Equivalents is 29.3 and this figure includes 19.4 WTE clinical staff.

Wages and Salaries	356,306	341,980
Social Security Costs	25,701	29,966
Pension Costs	10,628	11,862
	<u>392,635</u>	<u>383,808</u>

All clinical staff were employed via East & North Hertfordshire NHS Trust and not directly by Friends of Michael Sobell House. The charity allocated funds for these posts

There were no charity employees earning over £60,000 per annum.

No Trustee received remuneration (2017: £nil) and there were no Trustee expenses (2017: £nil).

The Key Management Personnel totalled £100,450 for the year (2017: £139,500) which was in respect of 2 employees (2017: 3).

12. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Office Equipment £	Total £
Cost			
As at 1 April 2017	38,673	1,236	39,909
Additions during year		17,735	17,735
Disposals	-	-	-
As at 31 March 2018	<u>38,673</u>	<u>18,971</u>	<u>57,644</u>
Depreciation			
As at 1 April 2017	25,782	103	25,885
Charge for the year	12,891	4,435	17,326
Eliminated on disposal	-	-	-
As at 31 March 2018	<u>38,673</u>	<u>4,538</u>	<u>43,211</u>
Net Book Value			
As at 31 March 2018	-	14,433	14,433
As at 31 March 2017	<u>12,891</u>	<u>1,133</u>	<u>14,024</u>

FRIENDS OF MICHAEL SOBELL HOUSE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2018

13. FIXED ASSETS INVESTMENTS

	2018	2017
	£	£
Quoted investments		
Market value as at 1 April	887,032	607,975
Proceeds from sales	197,916	317,422
Cost of purchases	-	520,971
Market value as at 31 March	673,808	887,032
Realised Gain	(3,590)	14,485
Unrealised Gain	(11,719)	61,024
Total Gain/(loss)	(15,308)	75,509
Unquoted investments		
Directors' value as at 1 April	86,667	86,667
Additions	-	-
Depreciation	-	-
Directors' value as at 31 March	86,667	86,667
Total value of investments as at 31 March	760,475	973,699
Historic cost of quoted investments as at 31 March	576,448	750,971
Historic cost of unquoted investments as at 31 March	205,810	205,810
Historic cost of all investments as at 31 March	782,258	956,781

14. DEBTORS

	2018	2017
	£	£
Hospice Lottery accrued income	22,000	18,250
Legacy income notified but not received	18,921	128,000
Prepayments	7,533	30,742
Other debtors	19,887	9,426
TOTAL	68,341	186,418

15. CREDITORS: falling due within one year

	2018	2017
	£	£
Taxation and social security	6,445	7,359
Trade creditors	159,806	8,370
E&NT accrued salaries + LBH accrued salaries	-	59,903
Mount Vernon Hospital service charges	-	10,956
Deferred income for future events	21,651	21,816
Accruals	9,992	15,511
	197,894	123,915

FRIENDS OF MICHAEL SOBELL HOUSE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2018

16. RECONCILIATION OF FUNDS

	Opening Balance at 1 April 2017 £	Gains/ Income £	Expenditure £	Transfers £	Closing Balance at 31 March 2018 £
Unrestricted General	686,455	1,332,716	1,533,745	135,820	621,246
Unrestricted Bequest	911,000	-	-	(120,000)	791,000
Restricted Funds					
Paravan fund	15,820	-	-	(15,820)	-
Berkhamsted Benevolent [1]	18,332	-	12,108	-	6,224
Berkhamsted Benevolent [2]	-	10,000	1,465	-	8,535
Ldn. Borough of Hillingdon	3,210	-	1,722	-	1,488
Masonic charity foundation	-	15,000	15,000	-	-
Other restricted funds	376	1,380	405	-	1351
Total Restricted Funds	37,738	26,380	30,700	(15,820)	17,598
Total Funds	1,635,193	1,359,096	1,564,445	-	1,429,844

Unrestricted Bequest Fund - this fund is used to designate legacies and bequests that are received each year to protect the charity from volatility in this income stream.

The Paravan Fund was to be used to purchase a vehicle for patient transfers. However, with the donor's permission this has been transferred into general funds.

The Berkhamstead and Boxmoor B T Benevolent Society fund (1) is restricted for the purchase of computer hardware and software. The balance of £6,224 is taken forward for further IT upgrades.

The Berkhamstead and Boxmoor B T Benevolent Society fund (2) is restricted for the purchase of patient amenities. The balance of £8535 is taken forward for future purchases.

The remaining funds are for patient support.

17. NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
Fixed Assets	14,432	-	-	14,432
Investments	(30,524)	791,000	-	760,476
Current Assets	819,413	-	33,418	852,831
Current Liabilities	(197,895)	-	-	(197,895)
Total	605,426	791,000	33,418	1,429,843

FRIENDS OF MICHAEL SOBELL HOUSE
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 2018

18. PREVIOUS YEAR'S STATEMENT OF FINANCIAL ACTIVITIES

INCOME AND EXPENDITURE	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £
INCOMING AND ENDOWMENTS FROM:			
Donations and gifts	224,688	8,711	233,399
Bequests and legacies	216,171	-	216,171
Grants received	7,670	25,000	32,670
Fundraising – gross income	382,877	-	382,877
Lottery income	196,000	-	196,000
Retail income	295,204	-	295,204
Interest and investment income	17,431	-	17,431
Services income – education courses	4,050	971	5,021
Tax received	27,292	-	27,292
Total incoming resources	1,371,383	34,682	1,406,065
EXPENDITURE ON:			
Charitable contribution	905,027	13,665	918,692
Raising funds	357,164	583	357,747
Shops and Retail	311,548	-	311,584
Total expenditure	1,573,739	14,248	1,587,987
Other recognised gains and losses			
Net gain on investments	75,509	-	75,509
Net movement in funds	(126,847)	20,434	(106,413)
Balance brought forward at 1 April	1,724,302	17,304	1,741,606
Balance carried forward at 31 March	1,597,455	37,738	1,635,193

FRIENDS OF MICHAEL SOBELL HOUSE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

19. FINANCIAL INSTRUMENTS

At 31 March 2018 the charity was committed to making the following payments under non-cancellable operating leases in the year.

	2018	2017
Financial assets measured at fair value through profit and loss	475,483	132,640
Financial assets that are debt instruments measured at amortised cost	60,808	155,676
	<u>536,291</u>	<u>288,316</u>
Financial liabilities measured at amortised cost	<u>176,244</u>	<u>94,740</u>

Financial assets measured at fair value through profit or loss comprises of cash and cash equivalents.

Financial assets measured at amortised cost comprise of accrued income and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

20. SHOP AND RETAIL LEASES

At 31 March 2016 the charity was committed to making the following payments under non-cancellable operating leases in the year.

	2018	2017
	£	£
Expiring		
Within 1 year	65,500	65,500
Within 2-5 years	65,875	181,375
Greater than 5 years	nil	75,000
	<u> </u>	<u> </u>

The charity continues to be in negotiations to renew and extend the term of the lease on its Northwood shop premises. The amount committed for the forthcoming year including this shop is £90,600 (2017: £90,350).

21. PENSION COMMITMENTS

The Charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £10,628 (2017: £11,862). Contributions totalling £nil (2017: £nil) were payable to the fund at Balance Sheet date.

22. RELATED PARTY INTERESTS

During the year, Rowena Dean was a Director of the Hospice Lottery Partnership in which the charity has a one sixth interest. Income received in the year was £179,250 (2017: £196,000) with an amount due from Hospice Lottery Partnership of £22,000 (2017: £18,250).

23. POST BALANCE SHEET STATEMENTS

The legacy income total for year of £189,420 (2017: £216,171) includes £18,921 (2017: £128,000) of anticipated bequests which had not been received at the end of the year. We are also aware of additional legacies with unknown value at the year end. These will be income for the year 2018/19.

24. POSTBALANCE SHEET STATEMENT

See post-audit statement at the end of the Chairman's Report on page 3