

Report and financial statements

For the year ended 31st March 2017



Working Together - Making a Difference

Company number: 01619905

Charity number: 284670

www.farleighhospice.org

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Working Together - Making a Difference

Reference & administration information

Company number 01619905 (incorporated in the United Kingdom)

Charity number 284670 (registered in England and Wales)

Registered office and operational address
Farleigh Hospice
North Court Road
Chelmsford
ESSEX
CM1 7FH

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Jeff Slater	(1) (2) (4) (5) (6) Chair, Chair RRC
Hilary Bebb	(1) (2) (6) Vice Chair, Chair COGC
Andrew Balfour	(4) (5) (6) Chair LHLL
Lesley Baliga	(1)
Dr David Blainey	(1) (4) Chair CLGC
John Chelchowski	(2) (3) (6)
Patrick Forsyth	(2) (5)
Joanna Pittman	(4) (6) Chair FGC
Suzanne Riches	Appointed 31st March 2017
Richard Shail	(3) (4) (5) Appointed 9th May 2016
Keith Spiller	(2) (5) Appointed 18th April 2016
Dr Elizabeth Towers	(1)
Emma Wraight	(2)

Independent Local Hospice Lottery Ltd David Newman (5)

Committees

- (1) Clinical Governance Committee (CLGC)
- (2) Corporate Governance Committee (COGC)
- (3) Farleigh Supplies Limited Board (FSL)
- (4) Financial Governance Committee (FGC)
- (5) Local Hospice Lottery Ltd Board (LHLL)
- (6) Restructure and Remuneration Committee (RRC)

Reference & administration information

Key management personnel

Farleigh Hospice

Alison Stevens	Chief Executive (1) (2) (3) (4) (5)
Sharon Ellingham	Finance Director, Company Secretary (2) (4) (5)
Irene Ferguson	Corporate Services Director (2)
Pauline Harvey-Jones	Commercial Director (2) (4)
Dr Eva Lew	Lead Consultant in Palliative Medicine (1)
Ann Smits	Clinical Services Director (1) (2)

Local Hospice Lottery Ltd

Gary Hawkes	Chief Executive Officer (5)
Gary Spilman	Finance and Operations Director (4) (5)

Bankers

Lloyds Bank plc
79/80 High Street
Chelmsford
ESSEX
CM1 1DU

Solicitors

Bates, Wells, Braithwaite
10 Queen Street
LONDON
EC4R 1BE

Auditors

Rickard Luckin
Statutory Auditor
Aquila House
Waterloo Lane
Chelmsford
ESSEX
CM1 1BN

Trustees' annual report

The trustees present their report and the audited financial statements for the year ended 31st March 2017.

Reference and administrative information set out on pages 3 and 4 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

The trustees regularly review the aims, objectives and activities of the charity. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

The Articles of Association (Farleigh Hospice's governing document) as adopted at the 2016 Annual General Meeting have the following objectives:

To advance the health, and to relieve the needs by reason of ill-health, of people with life-limiting illnesses ("service users"), in particular, but not exclusively, by:

- (1) the provision of care, advice and services to service users, and to their family, friends and carers.
- (2) the provision of services for those who have undergone a bereavement or loss, and the provision of education, training, advice and support to others who are in contact with service users.
- (3) conducting, promoting, and encouraging the teaching and training of staff and informal carers engaged in the care of service users.
- (4) conducting and promoting research into the care and treatment of, or services for, service users and to disseminate the results thereof.
- (5) promoting awareness of issues faced by service users and those approaching death.

These objects are reflected in the Farleigh Hospice vision and mission statements and its core values that are represented overleaf:

Our Vision, Our Mission, Our Values



This year a particular focus has been on how the teams across Farleigh Hospice co-operate with each other to deliver services to our users under the strap line 'working together - making a difference'. This theme is reflected throughout this report.

The trustees regularly review activities against the charitable objects and mission statement. The framework for this is the strategic plan, which is arrived at after widespread consultation with interested parties. The current strategic plan runs from 2014 to 2018 and has six main objectives:

1. To widen access to Farleigh Hospice's services and reach all those affected by life-limiting illnesses who wish to access services including advice, care, and support.
2. To coordinate care and contribute towards improved coordination of care for people affected by all life-limiting illnesses.
3. To be clear in the message about what we offer and develop a consistent message for communicating this.
4. To use resources effectively and efficiently to the maximum benefit for service delivery.
5. To maximise income to ensure service sustainability and enable further development.
6. To engage with our local community and further develop our role within our community.

Each year a detailed operational plan is developed outlining the short-term plans that will assist in the achievement of the overall strategic objectives.

Activities

The charity's main activities, and whom it tries to help, are described below. All its charitable activities focus on those affected by life-limiting illnesses or bereavement and are undertaken to further Farleigh Hospice's charitable purposes for the public benefit.

The trustees have chosen to report their activities under a number of headings. Broadly speaking these headings reflect how our users access the service. Each of these services is supported by medical, allied professionals and ancillary staff whose costs are apportioned in the accounts to the service on the basis of time spent.

The strategic aim of widening access was set in 2014 and since then the number of referrals has increased dramatically.

Referrals 2013/4	1,035
Referrals 2014/5	1,162
Referrals 2015/6	1,148
Referrals 2016/7	1,197

Whilst the trustees view this as enormous success, against a background of limited increases in incoming resources, it has placed an enormous strain on the clinical teams. They have been creative and resourceful in managing limited resources to ensure that patients and carers receive the support they need and that it is of the highest quality.

In addition to widening access to services by increasing the number of referrals, it was also the intention to increase access for those with a non-cancer diagnosis. This has also been very successful. In 2013/14, those with a non-cancer diagnosis accounted for 18.5% of referrals in 2016/17 it was 29%.

Inpatient Unit

A ten-bed inpatient unit operates in Chelmsford to provide short term care for those who need help with symptom control, rehabilitation to build confidence or respite care and to provide a place for those who are dying and wish to be in the hospice. All the ten beds are en-suite single rooms one of which is a 'flat' that is used for rehabilitation or for families to stay with the patient.

The workload in the IPU has increased over the year with the total admissions being 290 which is higher than the previous year total of 255. At the end of the year the unit was partially closed for essential maintenance works losing a total of 81 bed days. The bed occupancy this year was 72.6%, similar to the previous year of 73.2%. There is rarely a waiting list for admissions. The average length of stay was 7.6 days showing a slight decrease from the previous year of 8.5 days.

The annual cost of running the inpatient unit is £1.9m. This service is the most costly of all Farleigh Hospice services, not only because of the high level of medical and nursing time needed to manage these complex cases, but also because of the ancillary catering, cleaning and maintenance costs that are needed to ensure it operates effectively.

Those using the service are extremely complimentary. Highlights from the annual inpatient survey:

100% felt the services to be excellent.

100% would recommend to a friend.

Comments include: "Can't fault it. I could not wish for any more. So grateful."

Day Services

The description day services is used as an umbrella term to describe those patients who access services outside of their own homes or not in the Inpatient Unit. Up until December 2016, Farleigh Hospice operated a traditional day hospice service in Chelmsford and Maldon. This service offered support to patients and respite for their carers. In the period up until December, there were 2,536 attendances. Just before Christmas, it became apparent that problems with the building at Maldon and staffing issues at both sites brought forward the decision to reorganise service delivery to develop a new service that was more flexible to patient needs and could reach many more users. The Farleigh in Maldon building is no longer fit for the needs of Farleigh Hospice and the trustees have decided to sell the long leasehold which is currently on the market. In May 2017, the new service was launched in Chelmsford along with a scaled down version in temporary premises in Maldon.

An information service is run in various forms across mid Essex under the slogan 'Ill, bereaved or worried about someone who is?' Advice and support was given to 4,553 people in the year.

The information service covers an information pod at Broomfield Hospital which is run in association with Mid Essex Hospitals Trust (MEHT), a pop up pod (PUP) for smaller venues and festivals and drop in at Farleigh Hospice in Chelmsford. The service was originally built around the HOP (Hospice Outreach Project) vehicle. Unfortunately, the vehicle has developed a number of technical issues and has now been sold. A specification for a new vehicle has been approved and a number of grant funders are being approached to try and secure the funding necessary to purchase a new vehicle.

Community Care

The Farleigh Hospice Community Specialist Nursing Team provides care, advice and support to patients in their own homes. They manage complex caseloads providing advice on symptoms and emotional support. The team face very high workloads. A new model of working was approved and successfully implemented during 2016 creating three regionally based teams each team carries their own caseload. New Specialist Nurse Developmental posts were introduced and they are now working on completing the developmental programme to enhance their skills. During the year, 3,725 visits were carried out a 14.8% increase in the previous year.

Following the cessation of the Contact Team funding (which had previously been provided by the NHS Mid Essex Clinical Commission Group under a pilot scheme) some of the aspects of this service are included within the Community Care heading. These aspects included the creation of a full time Advanced Nurse Practitioner role to lead and advise a triage service and undertake rapid response visits and initial assessments.

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The appointment of a Registered Nurse alongside a rotation of nurses from throughout the hospice staff the triage line. A cohesive administration team working across the community teams seven days a week was also created. The cost of Farleigh Hospice supporting some elements of this work out of charity funds was £0.5m.

Hospice at Home

The Hospice at Home team consists of Healthcare Assistants who work alongside Registered Nurses to provide extra care and support to help people stay at home to die if that is their wish. They provided 8,455 care hours in patients' homes, which was an increase of 14% on the previous year's total of 7,419. The trend for the amount of time spent on each visit is increasing, which reflects the complex needs of some patients.

Bereavement

The mid Essex adult bereavement service - 'Circle' - provides support for the bereaved families and carers of hospice patients and to other bereaved adults in mid Essex who were appropriate for the service. The service provided one to one support sessions, bereavement counselling sessions, group sessions, and as telephone support, and had 876 referrals.

The Yo-Yo project, which is a pre- and post-bereavement service for children and young people, provided individual, group and telephone support over the year with a high proportion of sessions being delivered in the community to meet family choice. The project had 205 referrals in 2016/17.

Additional staff were employed in 2016/17, and sessional counsellors are used to manage the high demand for the service, working alongside our team of volunteer counsellors.

Contact Team

The Contact Team was formed in 2015 with support from the Mid Essex Clinical Commissioning Group (MECCG). The team consisted of Community Nurse Specialists, a Consultant, rapid response Registered Nurses and Administrators who offered an advice line and an urgent response service 7 days a week. Unfortunately from 1st July 2016 MECCG ceased funding the project. The trustees were committed to the service and some aspects of it have continued from charitable funds within the remit of our community care services (see above). The figures included in the accounts therefore only include spend for the first three months of the year.

Local Hospice Lottery Ltd

Local Hospice Lottery is a wholly owned subsidiary of Farleigh Hospice, which operates weekly lottery draws for the benefit of Farleigh Hospice and a number of other hospices. Over recent years, the lottery has experienced significant growth. The turnover in 2011/12 was £0.8m and in this financial year it is £6.2m. The membership is now in excess of 125,000 members with 15 participating hospices including Farleigh Hospice. Local Hospice Lottery recruits new members to the draw, on behalf of all the hospices, primarily by door to door canvassing.

In 2016/17, total donations to hospice care by LHLL were £2.4m. In addition £0.3m was paid to these hospices in license fees and other payments that are a direct result of their relationship with LHLL. With £0.8 million profit for Farleigh Hospice, the Local Hospice Lottery contributed £3.5 million to hospice care in the UK.

Fundraising

Farleigh Hospice raises money in a variety of ways. The single most significant source of income continues to be from legacy gifts. Funds are also raised from general donations and appeals, donations in memory, community, corporate giving, those who give regularly, and large-scale events such as the London Marathon and the Farleigh Hospice Walk for Life. We also work to gain funds from trusts, grants, and foundations.

Friends of Farleigh

Friends of Farleigh are a support group who control their own funds and make donations to Farleigh Hospice periodically. This year funds of £10,000 were raised bringing the total since their formation to more than £250,000. Farleigh Hospice continues to be very grateful for their ongoing support.

Volunteers

Volunteers make a huge contribution to Farleigh Hospice. Using the number of volunteers, their average hours worked and an appropriate rate their value is estimated to be £1m. Volunteers assist in many ways. Around 58% of our volunteers work in the shops. Other roles include driving patients to Day Services, working as part of the Information Services Team, on the Inpatient Unit, at Day Hospices, in the Bereavement Team and in supporting fundraising. All of our volunteers give up their valuable time to help provide care. The trustees thank every one of them for their support.

Strategic report

Achievements and performance

Impact of Farleigh Hospice's charitable activities

The trustees' take care to ensure that limited charitable resources are directed to where they will have most impact. This year impact has been measured against the organisational vision of 'working together - making a difference'

- Farleigh Hospice has developed a new Community service model, with Specialist nurses located in regional teams working together with newly recruited Registered nurses in development posts to provide additional care and support to patients and carers.

Impact: An increase in the difference we have been able to make for the 1,019 patients of this service who have had a 14.8% increase in the average number of visits made to them.

- Farleigh Hospice has worked across teams to review services to meet increasing demand and this has led to a re-design of the Day Service to increase the timetable of group support to be rolled out across two sites.

Impact: Through working creatively together the hospice teams have developed new ways to make a difference for day patients with a wider range of activities planned.

- Farleigh Hospice has worked together with Mid Essex Clinical Commissioning Group and the Essex Success Regime to prepare a whole system strategy and 'blueprint' for End of Life Care.

Impact: A stronger working relationship with clinical commissioners and other service providers with NHS funding secured for the next 3 years, enabling our clinical services to continue to make a difference to all who need care and support.

- Farleigh Hospice Bereavement Service worked together with local schools on an arts project researching Brazil prior to the Olympics resulting in a colourful display of artwork throughout the hospice.

Impact: Through working together the school children, their teachers, and their parents gained a greater understanding of the work of the hospice, and throughout the hospice there was a wonderful display of artwork making a cheerful difference in the hospice environment.

- Farleigh Hospice Fundraising Team have worked together with our local community to increase engagement with the hospice, through a new website, increased use of social media, new events and expansion of supporter activity.

Impact: Through working together with our community we are strengthening support for the hospice so we can continue to make a difference with increased income and volunteer support.

Performance against fundraising objectives

During 2016/17, the main mechanism for monitoring the success of fundraising has been to monitor achievement against both prior year and budget. There have been significant changes in the Income Generation Team during the year and whilst the level of income has been maintained, costs are higher than they have previously been. The trustees have taken the decision to invest in fundraising to ensure we continue to maintain a high quality level of fundraising activity, compliant with the Fundraising Regulator standards. The strength built into this team will sustain growth in income going forward.

Achievement of goals set for the 2016/17 financial year

- To develop a Rehabilitation Model across Day Services to reflect the needs of people who use these services.

This goal was to develop an approach called 'rehabilitative palliative care' at the Day Services in Chelmsford and Maldon. This approach focuses on enablement, empowerment, wellbeing, creativity and self-management. To ensure the model reflected the needs of users a review of existing services, user satisfaction surveys and access requirements was carried out. In order to facilitate change, we appointed new members of staff and carried out appropriate training, and both day care centres were closed in December 2016. The Farleigh in Maldon site in Heybridge is permanently closed and scaled back services are being developed at temporary premises until a more permanent home is found. The first phase of the new service was launched in Chelmsford in May 2017 and during 2017/18, the remainder of the programme will be developed with art and gym therapy, participation and respite days and many more groups serving significantly more users five days a week.

- **To develop a space in the Inpatient Unit which will be appropriate to meet the needs of young adults and/or families.**

Many more young people with life-limiting conditions are living into adulthood and the facilities in a children's hospice no longer meet their needs. Obtaining funding to provide a dedicated space for them and for young families was identified as a priority. This funding was to be used to convert a large three-bedded room (Room 9) on the Inpatient Unit to a self-contained studio. Following a successful fundraising campaign works commenced in March 2017. Room 9 was officially opened in April 2017 and is a modern, stylish room with specialist lighting and technology which has proved very popular with patients and their families.

- **To embed a new Community Nursing Team structure which will strengthen the team and focus on advice and support for patients and carers.**

The new model ensures succession planning for the Clinical Nurse Specialist role and enables the team to safely manage the increase in the number of referrals to the hospice. The model organises the teams on a regional basis to allow them to work in regional clusters and introduces Band 5 Registered Nurses on a specially designed regional programme of training. This provides succession planning and a clearly defined career structure for the team. The new posts were successfully filled and have been working well. Each GP practice in the locality is linked to a Clinical Nurse Specialist in the relevant team. This nurse and other team members will visit patients in any care setting in their designated area; be it their own homes, nursing homes, care homes or community hospitals. The development has enabled the team to see 14.8% more patients in 2016/17.

- **To engage with the Mid Essex Clinical Commissioning Group (MECCG) and the Essex Success Regime to develop plans for End of Life Care in mid Essex.**

Prior to the end of the NHS contract for 2014/17, Farleigh Hospice worked with MECCG to secure an NHS contract for the next 3 years. This will provide some financial stability at a time when there is increasing demand for hospice services. Farleigh Hospice leaders were part of the Essex Success Regime working group tasked with designing a 'blueprint' for End of Life Care. Farleigh Hospice are working closely with MECCG and other service providers to meet the requirements set out within this blueprint.

- **To develop the new Fundraising Team and ensure that income generation activities provide good value for money for our supporters and provide sustainable funding for the charitable activities.**

The Fundraising Team have focused on both maintaining existing income streams and encouraging support from new supporters, through an increase in community engagement activities, expansion of social media activity and launch of a new hospice website. The Events Team introduced two new mass participation events with a Firewalk in Chelmsford and a highly successful Bubble Rush in Maldon. A newly appointed Trusts and Grants Fundraiser has brought in a significant amount of restricted income for specific projects and it is hoped this role will be able to increase funding from trusts and grant making bodies to meet performance in this area of other charities.

- **To implement the new strategy for Local Hospice Lottery and ensure performance against five key strategic work streams.**

Good progress has been made against all five strategic work streams.

Factors affecting performance during the year

Charities under the spotlight

This year has again seen a number of charities in the spotlight due to issues raised by the Information Commissioners Office resulting in fines for some charities. Farleigh Hospice does not sell or share data externally, we have revised our privacy statement, and have written to all supporters to ascertain their communication preferences to prepare for new legislation.

Whilst Farleigh Hospice has an excellent reputation locally, a general public distrust in charities may affect the level of support Farleigh Hospice has from its community.

NHS spending and the Essex Success Regime

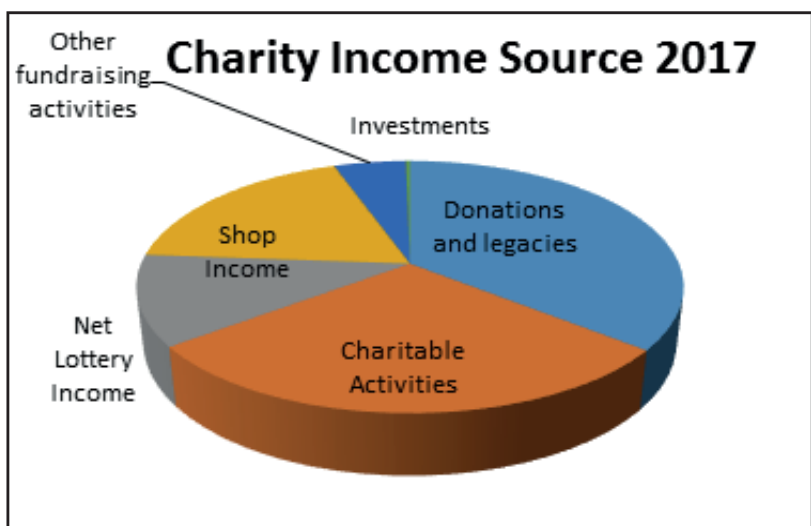
The Mid and South Essex Success Regime is one of three such programmes in the country. It provides coordination and programme management plus financial support to transformational change in the way healthcare is delivered. Whilst Farleigh Hospice has been involved in developing a whole system strategy and a 'blueprint' for End of Life Care, we remain concerned that there are gaps in service provision and too many people are still dying in hospital, most often not their chosen place. Demand for our services continues to rise and even with reconfiguration of services, our clinical staff remain stretched. We cannot sustain a further increase in demand for our services without additional resource.

Financial review

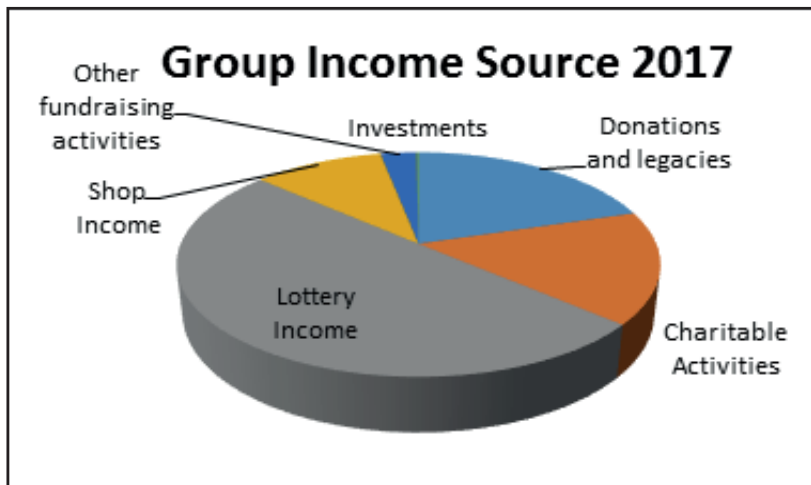
Result for the year

The overall result for the year is a small loss. The trustees had set a deficit budget to ensure that funds were available to develop clinical services. Unfortunately there have been a number of vacancies during the year and spend has not been as high as anticipated.

Income



Income



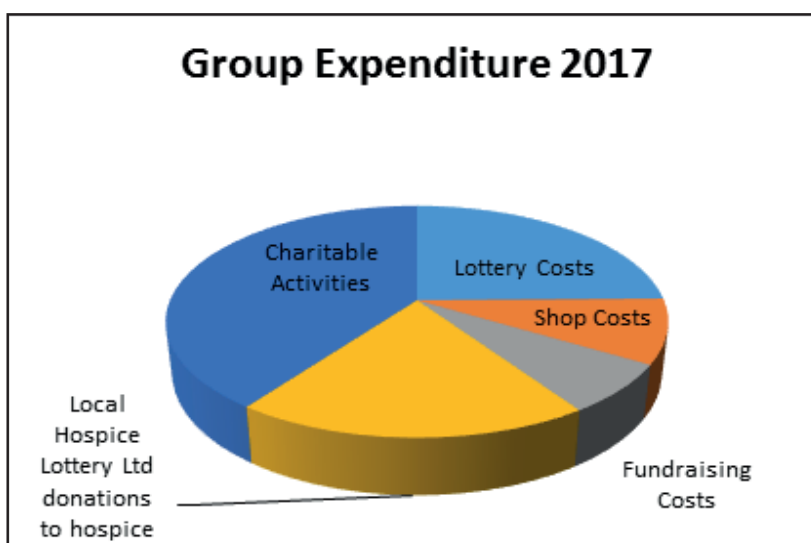
During the year, total income increased by £1.6m (15%) to £12.3m. The largest area of growth was in Lottery Income received in the trading subsidiary Local Hospice Lottery Ltd (LHLL). The £1 weekly subscriptions across all the hospices totalled £6.2m an increase of £1.4m.

Funds received for Charitable Activities are all received from the NHS. They have decreased this year due to the withdrawal of funding for the Contact Team pilot. Outside of the Contact Team project, NHS funding for Farleigh Hospice activities has not increased since 2013.

Legacy income has increased by £0.4m (30%) due in large part to one significant legacy totalling £0.6m.

Income from donations, fundraising activities and retail are broadly similar to last year.

Expenditure



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Total expenditure increased by £1.6m (15%) to £12.3m. Again, the largest area of growth was Local Hospice Lottery Ltd. The amount that LHLL donated to other hospices for use in accordance with Farleigh Hospice's charitable objectives increased by £0.6m (33%) to £2.4m. The direct costs of recruiting new members increased in year by 85%, bringing the total to £1.5m. The net contribution to Farleigh Hospice from LHLL fell by £0.1m.

Retail costs have stayed broadly the same as prior year. Following the full year impact of the restructuring of the Fundraising Team, costs of this department have increased by £0.1m.

Charitable Expenditure

The cost of Farleigh Hospice charitable activities (patient care) has remained close to £5m this year. Although funds were allocated to increase spend on charitable activities by some £0.3m it has proved difficult to recruit to a number of posts, resulting in an underspend against budget.

LHLL made donations totalling £2.4m to other hospices for them to use for in accordance with Farleigh Hospice's charitable purposes. This was an increase of 33% on the prior year.

Reserves policy and going concern

All charities are required to consider how much they need to hold in reserves. The extent varies depending on the scale and nature of the charity's activities. Farleigh Hospice provides a range of critical health services on which the population of mid Essex depend. To fund these services it is reliant on a number of fluctuating income streams from donations, legacies and shop and lottery profits. To enable Farleigh Hospice to meet its commitments to the community and provide key hospice services, it needs to maintain its level of reserves so that it can continue operations in the event that an unforeseen decrease in income or increase in costs results in a significant deficit. The trustees carry out a risk based analysis in arriving at the level of reserves needed to protect against these unforeseen events. This risk based analysis looks at the amount of reserves that would be needed if there were a significant fall in income for 18 months. This period is used as it is the amount of time that a restructuring would take. The minimum level of reserves set for the 2017/8 financial year is £1.8m. Note 23 to the accounts shows that the free unrestricted reserve is £2.8m (2016:£2.7m), an increase of £0.1m on the previous year. As a result of the funds being above the minimum, the trustees have approved a deficit budget to allow for further development in the charitable services.

The trustees have reviewed the circumstances of Farleigh Hospice and its group companies and consider that adequate resources continue to be available to fund the activities of the charity and the group for the foreseeable future. The trustees are of the view that Farleigh Hospice and the group companies are a going concern.

Principal risks and uncertainties

Farleigh Hospice and Local Hospice Lottery Ltd both hold detailed risk registers that are reviewed regularly at committee and board. These risks are ranked by likelihood and impact to produce a score which ranks them red, amber or green in terms of their potential impact for the organisation. The trustees consider the following to be the principal risks to which Farleigh Hospice is exposed.

Risk and actions for mitigation

1. Organisational overload due to increasing demand for services.

Mitigation – all Farleigh Hospice teams have been considering ways in which to redesign service delivery to meet increasing demand and manage organisational workload.

2. Clinical staff shortages

Mitigation – as recruitment to clinical positions has become more difficult, the clinical teams have introduced new development positions to attract staff who wish to train to become Clinical Specialists in palliative care. Additionally new Clinical lead posts have been introduced within the Inpatient Unit.

3. Volunteer recruitment

The organisation relies heavily on volunteer support and there are many competing demands for potential new volunteers such as people working longer, caring for family members or volunteering for other organisations.

Mitigation – during this year we held a number of afternoon teas to recognise and value our current workforce with long service awards. We have held a number of recruitment drives in high streets and have streamlined our volunteer recruitment process. We have a list of volunteer opportunities on our website, which is updated on a monthly basis.

4. Reputational risk

There have unfortunately been a number of high profile cases within the national press that have given charities some negative publicity. Whilst Farleigh has not been adversely affected by this, we are very mindful of potential impact bad or inaccurate press coverage could have for our reputation.

Mitigation – we undertake careful monitoring of all press coverage about Farleigh Hospice (including social media) and we offer to meet with anyone who raises a concern, as soon as possible. We have a rigorous complaints procedure and actively encourage learning from any occasion where things do not go to plan, in whatever setting.

5. Cybersecurity risk

As the organisation relies more heavily on electronic records, the risk of cybersecurity issues becomes greater.

Mitigation – our IT strategy recognises this risk and we have introduced a high level of security across all hardware systems with regular backups. We comply with all guidance given for protecting software systems that we use at the hospice.

6. Fragmentation of End of Life services

As funding becomes more difficult to access for all providers there is a risk of competition creating divisions across the service providers, leading to fragmentation of care for people at end of life.

Mitigation – we have worked closely with MECCG to continue to provide expert guidance in End of Life Care and worked with the CCG and other service providers to develop a 'whole system' Live well – Die well strategy. Farleigh Hospice contributed to the Essex Success Regime development of a 'blueprint' for end of life care across mid and south Essex

7. Reputational damage to Farleigh Hospice, Local Hospice Lottery and other hospices due the sales model used by Local Hospice Lottery

Mitigation - Sales induction training covers behaviour, vulnerable people, and no Cold Call Zone policy.

Plans for the future

Farleigh Hospice will continue to focus on achieving its current aims as outlined in the strategic plan, which are shown on page 7. Towards the end of the coming financial year work will begin on developing a further strategic plan for the period from 2018. This will involve consultation with a wide range of stakeholders.

The trustees have approved a detailed operational plan for the 2017/18 financial year and have identified the following aims, which are key to enhancing services in line with the objects and the strategic plan.

- Improve links with non-cancer specialist services - to continue to widen access to patients of all diagnoses for hospice care, including a new programme of Admiral Nurse support for people with Dementia.
- End of life education project - to seek external funding to support a programme through which all health and social care staff will be supported to have difficult conversations with those who are dying.
- New Hospice Outreach Project - to seek funding for a new Hospice Outreach Project vehicle and extend our reach into our local community.
- Developing a new hospice strategy - to work with a wide range of stakeholders to ascertain the needs of local people with life-limiting conditions going forward and develop a new strategic plan to meet these needs.
- Staff development and care - to continue to look at creative ways to manage demand and support staff in their development and in managing stress levels.
- Retail - to review our retail structure to ensure robust cover arrangements across all shops whilst maximising income. To explore and set up new retail ventures including eBay operation.
- Local Hospice Lottery Ltd - to review the payment structure for partner hospices to ensure LHLL provides a product that is attractive to hospices, encouraging existing hospices to remain with LHLL and others to join.
- New Farleigh in Maldon premises - to source and set up new premises for Day Service provision in the Maldon area.
- New Bereavement Centre - source and secure funding for a new bereavement centre in Chelmsford.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 4th March 1982 and registered as a charity on 5th May 1982.

The company was established under a memorandum of association, which established the objects and powers of the charitable company and is governed under its articles of association.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts.

Farleigh Hospice is governed by a board of trustees who are also directors of the company. At the Annual General Meeting (AGM) on the 14th November 2016, a Special Resolution was passed to increase the maximum number of directors to 14. This is to maximise the effectiveness of the committee structure and increase the range of skills on the board. The day-to-day management is delegated to the Chief Executive and the Senior Management Team. The full board is supported by a committee structure. This structure is designed to ensure that the committee structure supports the full board in delivering Farleigh Hospice's strategic objectives and statutory obligations. There are three committees comprising a clinical governance committee; a corporate governance committee (dealing with health, safety and environment, internal and external communication and matters relating to staff and volunteers including board membership); and a financial governance committee (which deals with financial matters and oversees income generation). Each committee is responsible for governance, quality, compliance and risk management in its area of responsibility. The full board takes reports from the chair of each committee at all of its meetings, the full board meets six times per year and each of the committees meet quarterly. In addition, a Restructure and Remuneration Committee was re-established in the year to look at management structure, senior manager pay and terms and conditions revised. The terms of reference have been revised so the committee will in future meet as required.

In addition to serving on these committees, trustees engage in a regular cycle of visits to observe the main hospice site, Farleigh in Maldon, and patients' homes, interviewing service users, staff, and volunteers in order to assure themselves of the quality of services. Visits also take place in Farleigh shops. Reports of these visits are discussed by the Board. Board members also sit alongside members of the Senior Management Team as directors of the two trading companies in the group. Local Hospice Lottery Ltd runs a lottery on behalf of Farleigh Hospice and a number of other hospices across the UK. Farleigh Supplies Limited deals with the purchasing of new goods for sale in the shops and administers the retail Gift Aid scheme. Farleigh Hospice complies with the NHS requirement to produce a Quality Account and this documents the audit and quality improvement work that is carried out across the organisation. A copy of the Quality Account is available on the NHS Choices website or on the Farleigh Hospice website (www.farleighhospice.org).

Appointment of trustees

When vacancies occur, trustees are recruited using a widespread recruitment campaign or in response to an approach by an interested party. They are interviewed by existing board members and a staff representative. If suitable, having the right breadth of skills and experience, they will attend three meetings and will then join the board if they and the rest of the board agree. Trustees can serve a maximum term of nine years. Trustees are initially co-opted to the board but they stand down at the next AGM to be formally re-elected by the members. They do this again at three and six years and then formally stand down at the end of the ninth year.

Trustee induction and training

New trustees are supplied with a comprehensive induction pack and two days of meetings with key staff and tours of the premises. They also have an existing board member to act as a mentor. Full board training is carried out as required, for example on protection of vulnerable beneficiaries. The board evaluates its own performance annually.

Chair

Trustees elect a chair and vice chair from within their number. The term of office for each position is three years with an option to stand for a second term only. The current chair, Jeff Slater, has been chair for 2 years. If for any reason a chair is unable to act for a period of time, they are able to nominate a suitable temporary replacement. This has happened this year, and Dr David Blainey is acting chair. During the course of a year, the chair holds one to one meetings with each trustee and appraises the Chief Executive.

Related parties and relationships with other organisations

None of the trustees receive remuneration or other benefit from their work with the charity.

Farleigh Hospice requires trustees and senior managers to declare any interests that they may have outside of the charity. Transactions and contractual relationships with related parties must be disclosed.

One of our trustees (2016: one) is a member of the board of Mid Essex Clinical Commissioning Group. This group supplies the NHS funding for our services.

One of our trustees (2016: nil) is a partner in Birkett Long a local legal firm who also occasionally act for the hospice where it is more appropriate to have a local solicitor. During 2016/17, the payments to Birkett Long amounted to £6,313.

The hospice has a close working relationship with Mid Essex Hospitals Trust (MEHT) which runs Broomfield Hospital, located on a neighbouring site. The palliative care medical consultants who work at Farleigh Hospice are supplied under a Service Level Agreement with MEHT. In addition, Farleigh Hospice employs staff and volunteers to run an information pod in the atrium of Broomfield Hospital.

The charity has two trading subsidiaries. Local Hospice Lottery Ltd runs a weekly lottery on behalf of Farleigh Hospice and a number of other hospices. Donations to those other hospices are made as part of the contractual relationship with these hospices. These donations must be used in furtherance of hospice care. The other hospices as at 31st March 2017 are listed in note 7 of the accounts.

Farleigh Supplies Limited is another wholly owned subsidiary. This trades in new goods and operates the Farleigh Hospice retail Gift Aid scheme.

Remuneration policy for key management personnel

For Farleigh Hospice a Restructure and Remuneration Committee considers the pay and terms and conditions of the key management personnel. Although this committee consists of a subset of the board, any decisions are taken by the full board. Pay is benchmarked by individual posts, against roles in similar organisations, through an external benchmarking process using an independent company.

For Local Hospice Lottery Ltd, similar arrangements exist regarding benchmarking but the approval authority is held by the lottery board.

Equality and Diversity

The trustees are committed to diversity and providing equal treatment to all potential and existing employees and all service users irrespective of gender, race, ethnic origin, disability, age, nationality, sexuality, religion, or belief. All forms of unlawful and unfair discrimination are opposed.

All employees and volunteers will be treated equally. Selection for employment, promotion, training or any other benefit will be on the basis of aptitude and ability. Should any staff member become disabled, reasonable effort is made to continue their employment and, where necessary, provide suitable adjustments and support.

Employee information

Employees have the opportunity to have their views heard through a variety of means including suggestion boxes, employee surveys, Chief Executive open forums and the line management structure. There are fortnightly Senior Management Team meetings and monthly Heads of Department meetings. All managers are expected to hold regular meetings with their staff. In addition, staff have access to the newly redesigned Farleigh Hospice Intranet. An annual staff survey is carried out, which includes benchmarking information against previous years and other hospices. The Moving On Together Group is a focus for employee engagement. This group (comprising both staff and volunteers) has been formed to look at Farleigh Hospice culture, staff and volunteer support, communication, and other organisation-wide issues.

Statement of responsibilities of the trustees

The trustees (who are also directors of Farleigh Hospice for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic report and the financial statements in accordance with applicable law and 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 company or group for that period. In preparing these 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 and statements of recommended practice 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 operation

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

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

Members of the charity guarantee to contribute an amount not exceeding £5 to the assets of the charity in the event of winding up. Members pay their guarantee on joining the charity and it is held separately in a members guarantee fund. The total number of such guarantees at 31st March 2017 was 73 (2016:72). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditors

Spencer Fellows who have been the group auditors for a number of years have resigned, as they are no longer licensed for audit work. After a rigorous selection process Rickard Luckin have been appointed as auditors.

The trustees' annual report, which includes the strategic report, has been approved by the trustees on 10th July 2017 and signed on their behalf by Mr Jeff Slater

Jeff Slater
Chair

Independent auditors' report

Independent auditor's report to the members of farleigh hospice

We have audited the financial statements of Farleigh Hospice for the year ended 31 March 2017 on pages 25 to 47 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cashflow Statement and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 21 to 22, 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. 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 (APB'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 and charitable company'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 annual 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

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

Caroline Peters (Senior Statutory Auditor)
For and on behalf of Rickard Luckin Limited

Chartered Accountants
Statutory Auditor

Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

14th July 2017

Consolidated statement of financial activities (incorporating a consolidated income and expenditure account) For the year ended 31 March 2017

	Note	Unrestricted £000	All Restricted £000	2017 Total £000	Unrestricted £000	All Restricted £000	2016 Total £000
Income from:							
Donations and legacies	2	2,348	131	2,479	2,018	86	2,104
Charitable activities							
Inpatient Care	3	718	-	718	775	-	775
Day Services	3	338	-	338	436	-	436
Community Care	3	504	-	504	350	-	350
Hospice at Home	3	186	-	186	186	-	186
Bereavement	3	169	-	169	153	-	153
Contact Team	3	74	-	74	297	-	297
Other trading activities							
Lottery Income		6,155	-	6,155	4,837	-	4,837
Shop Income		1,274	-	1,274	1,243	-	1,243
Other fundraising activities	4	353	10	363	294	10	304
Investments	5	20	-	20	21	-	21
Total income		12,139	141	12,280	10,610	96	10,706
Expenditure on:							
Raising funds							
Lottery Costs	6	3,008	-	3,008	2,142	-	2,142
Shop Costs	6	1,092	-	1,092	1,082	-	1,082
Fundraising Costs	6	836	10	846	687	11	698
Income available for charitable activities		7,203	131	7,334	6,699	85	6,784
Charitable Activities							
Farleigh Hospice							
Inpatient Care	6	1,787	63	1,850	1,830	41	1,871
Day Services	6	820	52	872	1,022	30	1,052
Community Care	6	1,293	7	1,300	837	6	843
Hospice at Home	6	483	1	484	424	1	425
Bereavement	6	385	20	405	336	13	349
Contact Team	6	97	-	97	452	1	453
Tax payable by subsidiaries	12	-	-	-	-	-	-
Local Hospice Lottery Ltd donations to hospice care	6,7	2,351	-	2,351	1,788	-	1,788
Total expenditure		12,152	153	12,305	10,600	103	10,703
Net income/(expenditure) before net gains/(losses) on investments		(13)	(12)	(25)	10	(7)	3
Net gains/(losses) on investments		-	23	23	-	(7)	(7)
Net income/(expenditure) for the year and net movement in funds	8	(13)	11	(2)	10	(14)	(4)
Transfers between funds		4	(4)	-	-	-	-
Reconciliation of funds:							
Total funds brought forward		6,181	3,120	9,301	6,171	3,134	9,305
Total funds carried forward		6,172	3,127	9,299	6,181	3,120	9,301

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 24 to the financial statements.

The notes to the accounts are shown on pages 28 to 47

Balance Sheets

For the year ended 31 March 2017

Company number: 01619905

		The group	The group	The charity	The charity
		2017	2016	2017	2016
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	13	5,888	6,207	5,864	6,169
Investments	14	172	149	172	149
		6,060	6,356	6,036	6,318
Current assets:					
Stock	17	21	21	-	-
Debtors	18	627	742	892	966
Investments	19	792	-	792	-
Cash at bank and in hand		3,472	3,610	1,896	2,385
		4,912	4,373	3,580	3,351
Liabilities:					
Creditors: amounts falling due within one year	20	(1,673)	(1,428)	(320)	(371)
Net current assets		3,239	2,945	3,260	2,980
Funds					
Restricted endowment funds	24	2,998	3,047	2,998	3,047
Restricted income funds	24	129	73	129	73
Unrestricted income funds					
Designated Funds	24	3,282	3,456	3,282	3,456
General funds	24	2,890	2,725	2,887	2,722
Total unrestricted funds		6,172	6,181	6,169	6,178
Total funds		9,299	9,301	9,296	9,298

Approved by the trustees on 10th July 2017 and signed on their behalf by

Mr J Slater
Chair

The notes to the accounts are shown on pages 28 to 47

Consolidated statement of cash flows

For the year ended 31 March 2017

	Note	2017 Total £000	2017 Total £000	2016 Total £000	2016 Total £000
Cash flows from operating activities	25				
Net cash provided by operating activities			454		617
Cash flows from investing activities:					
Dividends, interest and rents from investments		20		21	
Purchase of fixed assets		(12)		(10)	
Purchase of investments		(600)		-	
Net cash provided by /(used in) investing activities			(592)		11
Change in cash and cash equivalents in the year			(138)		628
Cash and cash equivalents at the beginning of the year			3,610		2,982
Cash and cash equivalents at the end of the year	26		3,472		3,610

Notes to the financial statements

For the year ended 31 March 2017

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation and uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

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

b) Public benefit entity

Farleigh Hospice meets the definition of a public benefit entity under FRS 102.

c) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern. The most significant areas of concern are the levels of income that needs to be generated in order to continue offering high levels of care.

The key judgement that the charitable company has made which has a significant effect on the accounts is estimating the value of the contingent assets relating to legacies.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period

1 Accounting policies (continued)

d) Income

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

Where income has related expenditure (as with fundraising or contract income), the income and related expenditure are reported gross in the Statement of Financial Activities.

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

Income from Gift Aid tax reclaims is recognised for any donations with relevant Gift Aid certificates recognised in income for the year. Any amounts of Gift Aid not received by the year end are shown as accrued income in debtors.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable and measurable when the amount can be measured reliably and there are no potential claims against the estate. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Sponsorship from events and fundraising is recognised in income when the event takes place. Lottery income is accounted for in respect of those draws that have taken place during the year. Trading income is recognised at the point of sale for both donated and purchased goods.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

e) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

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

1 Accounting policies (continued)

e) Donations of gifts, services and facilities (continued)

Donated items of stock for resale or distribution are not included in the financial statements until they are sold or distributed because the Trustees consider it impractical to be able to assess the amount of donated stocks as there are no systems in place which record these items until they are sold and undertaking a stock-take would incur cost for the charity which would far outweigh the benefits.

f) Interest and dividends receivable

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

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Endowment funds are gifts of capital that must be retained and any income earned must be used in furtherance of Farleigh Hospice's charitable activities.

Unrestricted funds are donations and other incoming resources received or generated for general charitable purposes. They are available to spend on activities that further any of the purposes of the charity.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

The cost of raising and administering such funds are charged against the specific fund.

The aim and use of each material designated fund and restricted fund is set out in the notes to the financial statements.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified, on an accruals basis, under the following activity headings:

'Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any trading and other activities with a fundraising purpose, including those for Local Hospice Lottery Ltd.'

'Expenditure on charitable activities includes the costs of specialist palliative care and bereavement support undertaken to further the purposes of the charity and their associated support costs.'

'Other expenditure represents those items not falling into any other heading.'

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

1 Accounting policies (continued)

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the basis of estimates, based on staff time, of the amount attributable to each activity.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease. Benefits received or receivable as an incentive to sign an operating lease are recognised on a straight line basis over the minimum period of the lease. Farleigh Hospice classifies the lease of printing equipment as an operating lease and payments are recognised as incurred.

k) Tangible fixed assets

Individual Fixed Assets costing £5,000 or more are capitalised at cost and are depreciated over their estimated expected useful life as follows:

Buildings	75 years
Long Leasehold property	99 years
Short leasehold property improvements	3 to 5 years
Computers and equipment	5 years
Motor vehicles	4 years

Because of its high net residual value land is not depreciated.

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

l) Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing valuation. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Investments in subsidiaries

Investments in subsidiaries are included at cost.

1 Accounting policies (continued)

m) Stocks

Stock of bought in retail goods is included at the lower of cost or net realisable value.

n) Debtors

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

Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Current asset investments

Investments included cash with a maturity date of greater than three months but less than one year

Assets for resale are those assets previously held as Fixed Assets that are no longer for ongoing use.

They are held at fair value pending resale.

q) Current asset investments

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

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

r) Pensions

Staff joining from the NHS can choose to continue their membership of the NHS pension scheme. The 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. Any deficit on the scheme is funded by the Treasury and an increase in future contributions. The scheme is therefore treated as a defined contribution scheme.

1 Accounting policies (continued)

r) Pensions (continued)

The employer's contributions made to the scheme in 2017 were £170,300 (2016:£175,076) with an employer's contribution rate of 14.3% of pensionable pay and employee's contributions between 5% and 14.5% of pensionable pay depending on the level of pay. The trustees are satisfied that this and other foreseeable changes in employer's contribution can be budgeted for without detriment to the charity's ongoing activities.

All employees are entitled to join a defined contribution 'money purchase scheme' operated by Scottish Widows. Farleigh Hospice employer's contribution for the year were £176,291 (2016: £175,726). Employers contributions are either 4% or 7% and employees contributions are either 4% or 6%. Farleigh Hospice acts as an agent in collecting and paying over contributions. The charity has no liability beyond making its contribution and paying across the deductions for the employees contribution.

For both schemes the costs are included with the associated staff costs and allocated to raising funds, charitable activities, support and governance costs and charged to the unrestricted funds of the charity. All employer contributions are expensed as they fall due.

2 Income from donations and legacies

	Unrestricted £000	All restricted £000	2017 Total £000	2016 Total £000
Gifts	1,095	131	1,226	1,227
Legacies	1,253	-	1,253	877
	2,348	131	2,479	2,104

Farleigh Hospice benefits greatly from the many hours our dedicated volunteers donate in a large number of different roles within the hospice. Further details of the volunteer contribution is given in the Trustees' Report. In accordance with FRS102 and the charities SORP (FRS102), the economic benefit of general volunteers is not recognised in the accounts.

In 2016 gifts totalling £86,944 were received the purpose of which was restricted to Children's Bereavement (£11,919) and Welcome Area refurbishment (£50,000) the balance was for patient equipment.

In 2017 gifts totalling £130,483 were received the purpose of which was restricted to Children's Bereavement (£14,581), the Room 9 project (£96,954) and IPU improvements (£8,750). The balance (£10,449) relates to a number of smaller projects.

As at 31st March 2017 the charity had been notified of residuary legacies where the value of these estates was uncertain as the executors had not yet compiled the estate accounts or because the executors are awaiting information on any claims to be made on these estates. Therefore no amount has been accrued in respect of these legacies which are estimated to be in excess of £1,216,500 (2016: £1,250,000)

3 Income from charitable activities

	Mid Essex CCG £000	West Essex CCG £000	2017 Total £000	2016 Total £000
Government Funding				
Inpatient Care	700	18	718	775
Day Services	329	9	338	436
Community Care	491	13	504	350
Hospice at Home	186	-	186	186
Bereavement	166	3	169	153
Contact Team	74	-	74	297
2017	1,946	43	1,989	2,197
2016	2,154	43	2,197	

All income from charitable activities in both the current and previous year relate to unrestricted funds. The government grants receivable have been analysed by reference to the charitable activity supported on the face of the Statement of Financial Activities. The core funding has been allocated as specifically agreed with the relevant Clinical Commissioning Group (CCG) or as a percentage of the costs of the relevant activity. The core funding relates to a three year contract with the CCG. The expiry date of this contract is 31st March 2020. A further Mid Essex CCG grant relating to the pilot of an End of Life Coordination project ceased on 30th June 2016.

4 Income from other trading activities

	Unrestricted £000	All restricted £000	2017 Total £000	2016 Total £000
Fundraising Events	353	10	363	304
	353	10	363	304

5 Income from investments

	Unrestricted £000	All restricted £000	2017 Total £000	2016 Total £000
Bank Interest	14	-	14	15
Income received on common investment funds	6	-	6	6
	20	-	20	21

All income from investments in the prior year relates to unrestricted funds.

6 Analysis of expenditure

	Direct Costs £000	HR £000	Man- agement £000	Support costs IT £000	Finance £000	Gover- nance £000	2017 Total £000	2016 Total £000
Fundraising costs	718	24	20	37	42	5	846	698
Shops Costs	965	47	9	35	25	11	1,092	1,082
Lottery costs	2,697	22	117	25	142	5	3,008	2,142
Raising funds	4,380	93	146	97	209	21	4,946	3,922
Local Hospice Lottery Ltd donations to hospice care (Note 7)	2,351	-	-	-	-	-	2,351	1,788
Inpatient Care	1,688	71	33	16	28	14	1,850	1,871
Day Services	727	41	20	60	16	8	872	1,052
Community Care	1,195	39	20	23	15	8	1,300	843
Hospice at Home	420	24	12	14	9	5	484	425
Bereavement	352	18	9	16	7	3	405	349
Contact Team	97	-	-	-	-	-	97	453
Charitable Activities	4,479	193	94	129	75	38	5,008	4,993
Total expenditure 2017	11,210	286	240	226	284	59	12,305	10,703
Total expenditure 2016	9,724	237	260	186	235	61	10,703	

Of the total expenditure, £12,147,000 was unrestricted (2016: £10,599,784) and £163,000 was restricted

All income from investments in the prior year relates to unrestricted funds.

7 Local Hospice Lottery Ltd donations to hospice care

Local Hospice Lottery Ltd makes donations to other hospices to be used in accordance with Farleigh Hospice's charitable objectives. The other hospice's are listed below:

Dorothy House - Bath, North and West Wiltshire & North East Somerset
 East Anglia Children's Hospice (EACH) - Cambridge, Norfolk, Suffolk & North Essex
 Haven House Children's Hospice - North East London and West Essex
 Helen & Douglas House - Oxfordshire and surrounding counties
 Prince of Wales Hospice - Pontefract & surrounding areas, West Yorkshire
 Sobell House - Oxfordshire
 St Joseph's Hospice - North & East London
 St Luke's Hospice - Basildon and surrounding areas, South Essex
 St Peter & St James Hospice - Lewes and surrounding areas, East and West Sussex
 St Wilfrids Hospice - Chichester and surrounding areas, West Sussex
 St Wilfrids Hospice - Eastbourne and surrounding areas, East Sussex
 Childrens Hospice Association Scotland (CHAS) - Scotland
 Highlands Hospice - Highlands
 St Vincents Hospice - Renfrewshire and surrounding areas
 Strathcarron Hospice - Stirling and surrounding areas

These hospices received donations within the following bands:

	2017	2016
£0-£199,999	10	10
£200,000-£399,999	4	4
Above £400,000	1	-
	15	14

8 Net incoming resources for the year

This is stated after charging /crediting:

	2017 £000	2016 £000
Depreciation	139	193
Operating lease rentals:		
Property	195	185
Other	15	11
Auditors' remuneration (excluding VAT):		
Audit - Charity	5	7
- Subsidiaries	7	7

9 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2017 £000	2016 £000
Salaries and wages	5,227	5,035
Redundancy and termination costs	27	10
Social security costs	443	380
Employer's contribution to defined contribution pension schemes	347	351
	6,044	5,776

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2017 No.	2016 No.
£60,000 - £69,999	1	1
£70,000 - £79,999	2	2
£80,000 - £89,999	-	1
£90,000 - £99,999	1	-

The total employee benefits including pension contributions and social security costs of the key management personnel were £566,338 (2016: £561,051).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

Farleigh Hospice purchases Trustee Indemnity Insurance on behalf of the trustees at a cost of £3,451 (2016:£3,341)

No trustees were paid for any expenses during the year (2016:£nil)

10 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

		2017 No.	2016 No.
Raising funds	Fundraising	19	18
	Shops	37	38
	Lottery (Including management 2 and finance 3)	32	30
Charitable Activities	Inpatient Care	56	56
	Day Services	32	27
	Community Care	31	24
	Hospice at Home	19	19
	Bereavement	14	14
	Contact Team	-	11
Support and Governance	HR	6	5
	Management	3	2
	IT	3	3
	Finance	4	4
	Governance	1	1
		257	252

11 Related party transactions

Related party transactions are disclosed on page 20 of the Trustees' Report

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

12 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiaries Local Hospice Lottery Ltd and Farleigh Supplies Limited gift aid available profits to the parent charity. Their charge to corporation tax in the year was:

	2017 £000	2016 £000
UK corporation tax at 20% (2016: 20%) - Local Hospice Lottery Ltd	-	-
UK corporation tax at 20% (2016: 20%) - Farleigh Supplies Limited	-	-

13 Tangible fixed assets

The group	Freehold property £000	Leasehold property £000	Short Leasehold Property £000	Furniture & Computer Equipment £000	Motor vehicles £000	Total £000
Cost						
At the start of the year	6,847	250	274	1,069	172	8,612
Additions in year	-	-	8	4	-	12
Disposals in year	-	(250)	(5)	-	-	(255)
At the end of the year	6,847	-	277	1,073	172	8,369
Depreciation						
At the start of the year	907	56	245	1,032	165	2,405
Charge for the year	89	2	28	20	-	139
Eliminated on disposal	-	(58)	(5)	-	-	(63)
At the end of the year	996	-	268	1,052	165	2,481
Net book value						
At the end of the year	5,851	-	9	21	7	5,888
At the start of the year	5,940	194	29	37	7	6,207

Land with a value of £149,368 (2016: £149,368) is included within freehold property and not depreciated. All of the above assets are used for charitable purposes.

The charity	Freehold property £000	Leasehold property £000	Short Leasehold Property £000	Furniture & Computer Equipment £000	Motor vehicles £000	Total £000
Cost						
At the start of the year	6,847	250	274	969	172	8,512
Additions in year	-	-	8	-	-	8
Disposals in year	-	(250)	(5)	-	-	(255)
At the end of the year	6,847	-	277	969	172	8,265
Depreciation						
At the start of the year	907	56	245	969	165	2,342
Charge for the year	89	2	28	-	3	122
Eliminated on disposal	-	(58)	(5)	-	-	(63)
At the end of the year	996	-	268	969	168	2,401
Net book value						
At the end of the year	5,851	-	9	-	4	5,864
At the start of the year	5,940	194	29	-	7	6,169

Land with a value of £149,368 (2016: £149,368) is included within freehold property and not depreciated. All of the above assets are used for charitable purposes.

14 Listed investments

	The group 2017 £000	The group 2016 £000	The charity 2017 £000	The charity 2016 £000
Fair value at the start of the year	149	155	149	155
Net gain / (loss) on change in fair value	23	(6)	23	(6)
Fair value at the end of the year	172	149	172	149
Historic cost at the end of the year	70	70	70	70
Investments comprise:	The group 2017 £000	The group 2016 £000	The charity 2017 £000	The charity 2016 £000
COIF Charities Investment Fund	172	149	172	149
Investments in subsidiary companies	-	-	-	-
Fair value at the end of the year	172	149	172	149

The charity holds investments in its subsidiary companies totalling £200 (2016:£200)

15 Subsidiary undertakings

The charitable company owns the whole of the issued ordinary share capital of Local Hospice Lottery Ltd, a company registered in England (Company Number 03226004). The subsidiary is used for non-primary purpose trading activities. Its principal activity is the promotion and running of a lottery in aid of Farleigh and other hospices across the country. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2017 £000	2016 £000
Turnover	6,155	4,837
Direct costs	(1,917)	(1,129)
Gross profit	4,238	3,708
Administrative expenses	(793)	(815)
Donation to other hospices	(2,351)	(1,788)
Licence Fees to other hospices	(298)	(198)
Operating profit	796	907
Interest receivable	5	1
Profit on ordinary activities	801	908
Donation to parent undertaking	(801)	(908)
Profit for the financial year	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	1,637	1,285
Liabilities	(1,637)	(1,285)
Funds	-	-

15 Subsidiary undertakings (continued)

The charitable company owns the whole of the issued ordinary share capital of Farleigh Supplies Limited (Company number: 02576518), a company registered in England. The subsidiary is used for non-primary purpose trading activities. Its principal activity is the buying and selling on of new goods primarily to Farleigh Hospice. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2017 £000	2016 £000
Turnover	51	57
Costs of sales	(34)	(30)
Gross profit	17	27
Administrative expenses	(33)	(22)
Other operating income - gift aid commission	18	17
Profit on ordinary activities	2	22
Donation to parent undertaking	(2)	(22)
Profit for the financial year	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	43	54
Liabilities	(41)	(51)
Funds	2	3

16 Parent charity

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

	2017 £000	2016 £000
Gross income	5,984	5,869
Result for the year	(5)	(4)

17 Stock

	The group 2017 £000	The group 2016 £000	The charity 2017 £000	The charity 2016 £000
Goods for resale	21	21	-	-
	21	21	-	-

18 Debtors

	The group 2017 £000	The group 2016 £000	The charity 2017 £000	The charity 2016 £000
Taxation recoverable	57	89	57	89
Other debtors	132	109	73	72
Prepayments	96	116	96	97
Accrued income	342	428	342	428
Group undertakings	-	-	324	280
	627	742	892	966

19 Investments

	The group 2017 £000	The group 2016 £000	The charity 2017 £000	The charity 2016 £000
Cash on deposit more than three months	600	-	600	-
Assets held for resale	192	-	192	-
	792	-	792	-

20 Creditors: amounts falling due within one year

	The group 2017 £000	The group 2016 £000	The charity 2017 £000	The charity 2016 £000
Trade creditors	486	378	117	125
Taxation and social security	-	1	-	-
Other creditors	407	200	154	137
Accruals	6	94	3	49
Deferred income	774	755	46	60
	1,673	1,428	320	371

21 Deferred income

Deferred income relates to monies received for events, services and lottery draws that are yet to take place.

	The group 2017 £000	The group 2016 £000	The charity 2017 £000	The charity 2016 £000
Balance at the beginning of the year	755	548	60	36
Amount released to income in the year	(755)	(548)	(60)	(36)
Amount deferred in the year	774	755	46	60
Balance at the end of the year	744	755	46	60

22 Pension scheme

Further details of the Farleigh Hospice pension schemes are given in note 1r. At the year end there were 40 (2016: 46) members of the NHS scheme and there were 142 (2016:137) of the other arrangements. All contributions relating to 2016/17 were paid over to the relevant providers by the end of April 2017.

23 Analysis of group net assets between funds 2017

	General unrestricted funds £000	Designated funds £000	All Restricted funds £000	Total funds £000
Tangible fixed assets	-	3,256	2,632	5,888
Investments	-	-	172	172
Net current assets	2,843	73	323	3,239
Net assets at the end of the year	2,843	3,329	3,127	9,299

Analysis of group net assets between funds 2016

	General unrestricted funds £000	Designated funds £000	All Restricted funds £000	Total funds £000
Tangible fixed assets	-	3,456	2,751	6,207
Investments	-	-	149	149
Net current assets	2,725	-	220	2,945
Net assets at the end of the year	2,725	3,456	3,120	9,301

24 Movements in funds 2017

	At the start of the year £000	Incoming resources & gains £000	Outgoing resources & losses £000	Transfers £000	At the end of the year £000
Restricted endowment funds:					
[A] New Farleigh Fund	2,070	-	(58)	-	2,012
[B] Lantern Suite Fund	564	-	(12)	-	552
[C] Big Lottery Fund	117	-	(2)	-	115
[D] Walter Farthing Fund -Permanent	217	-	-	-	217
[E] Fair value reserve	79	23	-	-	102
	3,047	23	(72)	-	2,998
Restricted income funds:					
[F] Restricted donation and grant funds	66	131	(70)	(4)	123
[G] Farleigh Homecare Fund	4	-	(1)	-	3
[H] Friends of Farleigh	3	10	(10)	-	3
	73	141	(81)	(4)	129
Total restricted funds	3,120	164	(153)	(4)	3,127
Unrestricted funds:					
Designated funds:					
[J] Fixed Asset Fund	3,456	-	(47)	(200)	3,209
[M] Farleigh in Maldon Fund	-	-	-	73	73
Total designated funds	3,456	-	(47)	(127)	3,282
[L] Unrestricted income funds - general reserves	2,725	12,139	(12,105)	131	2,890
Total unrestricted funds	6,181	12,139	(12,152)	4	6,172
Total Funds	9,301	12,303	(12,305)	-	9,299

24 Movements in funds 2016

	At the start of the year £000	Incoming resources & gains £000	Outgoing resources & losses £000	Transfers £000	At the end of the year £000
Restricted endowment funds:					
[A] New Farleigh Fund	2,127	-	(57)	-	2,070
[B] Lantern Suite Fund	577	-	(13)	-	564
[C] Big Lottery Fund	119	-	(2)	-	117
[D] Walter Farthing Fund -Permanent	217	-	-	-	217
[E] Fair value reserve	86	-	(7)	-	79
	3,126	-	(79)	-	3,047
Restricted income funds:					
[F] Restricted donation and grant funds	-	86	(20)	-	66
[G] Farleigh Homecare Fund	-	4	-	-	4
[H] Friends of Farleigh	8	6	(11)	-	3
	8	96	(31)	-	73
Total restricted funds	3,134	96	(110)	-	3,120
Unrestricted funds:					
Designated funds:					
[I] New Farleigh Pledge	1,250	-	-	(1,250)	-
[J] Fixed Asset Fund	-	-	-	3,456	3,456
	-	-	-	-	-
Total designated funds	1,250	-	-	2,206	3,456
[L] Unrestricted income funds - general reserves	4,921	10,610	(10,600)	(2,206)	2,725
Total unrestricted funds	6,171	10,610	(10,600)	-	6,181
Total Funds	9,305	10,706	(10,710)	-	9,301

Purposes of restricted funds

- [A] The New Farleigh Fund was set up specifically to fund the construction and equipping of the hospice building in Chelmsford.
- [B] The Lantern Suite Fund refers to funds raised to build and equip the Lantern suite extension to the hospice.
- [C] The Big Lottery Fund grant relates to the funding of a healing garden at the hospice.
- [D] The Walter Farthing Fund are endowed funds held to generate unrestricted income for general charitable purposes.

Purposes of restricted funds (continued)

- [E] The Fair value reserve reflects the revaluation of the investments
- [F] Farleigh Hospice receives a number of donations and grants that where the donors restrict their purposes. These are accounted for separately but collated for reporting purposes.
- [G] The Farleigh Homecare fund is set up to specifically support patients staying at home and is used for equipment purchases and hardship funding.
- [H] The Friends of Farleigh funds are those held directly by the Friends of Farleigh support group. Farleigh Hospice does not have direct access to these funds until they are paid across as a donation.
- [I] The New Farleigh pledge represents funds designated for the costs of the new hospice building when construction began.

Purposes of designated funds

- [J] The Fixed Asset Fund represent funds which have been designated to cover the value of Fixed Assets.
- [K] The Members Guarantee Fund balance £365 (2016:£360) represents funds received in advance to cover the members liability if the charity was to be wound up.
- [M] Following the closure of the Farleigh in Maldon premises during the year the trustees have designated a specific fund to provide funding for new day hospice premises in Maldon. This fund is made of specific income for this purpose and savings in running costs because of the closure.

Purposes of unrestricted general funds

- [L] Unrestricted general funds are held to bridge the gap between income and expenditure and to cover any unplanned events.

25 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2017 £000	2016 £000
Net income for the reporting period (as per the statement of financial activities)	(25)	2
Depreciation charges	139	193
Dividends, interest and rent from investments	(20)	(21)
Decrease/(increase) in stocks	-	3
(Increase)/decrease in debtors	115	(6)
Increase in creditors	245	446
Net cash provided by operating activities	454	617

26 Analysis of cash and cash equivalents

	At 1 April 2016 £000	Cash Flows £000	At 31 March 2017 £000
Cash at bank and in hand	1,187	(44)	1,143
Notice deposits (less than 3 months)	2,423	(93)	2,329
Total cash and cash equivalents	3,610	(138)	3,472

27 Operating lease commitments

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2017 £000	Property 2016 £000	Equipment 2017 £000	Equipment 2016 £000
Less than one year	169	141	15	12
One to five years	461	237	12	11
Over five years	89	5	-	-
	719	383	27	23

28 Capital commitments

At the balance sheet date, the group had committed to £34,968 in respect of the Room 9 Project

29 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £5. Members pay guarantee funds in advance and they are held in a separate designated fund.



Thank you. It is because you care that we can

North Court Road, Chelmsford CM1 7FH

www.farleighhospice.org

01245 457300 info@farleighhospice.org

Registered charity no 284670