

REGISTERED NO. SC 068503

CHARITY REGISTRATION NO. SC 006704

**STRATHCARRON HOSPICE  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**



# **STRATHCARRON HOSPICE**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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# **STRATHCARRON HOSPICE**

## **COMPANY INFORMATION**

### **Members of the Council of Management**

Mrs Shona Struthers, Chair  
Mr Chris Rodger, Vice-Chair  
Mrs Margaret McMullan, Treasurer  
Dr Jayne Oliver  
Mrs Gillian Niven  
Mr Ian Black  
Mr Paul Hinds  
Mrs Mary Pitcaithly

Ms Clare Wallace (Appointed 30/9/2020)  
Mr Andrew Nixon (Appointed 30/9/2020)  
Dr Emma McPherson (Appointed 30/9/2020)  
Mr James McQuaid (Appointed 30/9/2020)  
Dr Elizabeth Millar (Resigned 30/9/2020)  
Mrs Roseann Davidson (Resigned 30/9/2020)  
Mrs Catherine Mackinlay (Resigned 30/9/20)

### **Chief Executive**

Ms I McKie

### **Company Secretary**

Mr W Andrew

### **Registered Office**

Fankerton  
Denny  
Stirlingshire  
FK6 5HJ

### **Registered Number**

SC 068503

### **Charity Registration Number**

SC 006704

### **Bankers**

The Royal Bank of Scotland  
2 Newmarket Centre  
Falkirk  
FK1 1JX

### **Solicitors**

Jardine Donaldson  
80 Port Street  
Stirling  
FK8 2LR

### **External Auditors**

Wylie & Bisset (Audit) Limited  
Chartered Accountants  
168 Bath Street  
Glasgow  
G2 4TP

### **Internal Auditors**

Falkirk Council  
6 Municipal Building  
West Bridge Street  
Falkirk  
FK1 5RS

### **Stockbrokers**

Tilney Best Invest  
130 St Vincent Street  
Glasgow  
G2 5SE

## **STRATHCARRON HOSPICE**

### **REPORT OF THE COUNCIL OF MANAGEMENT**

The Council of Management presents its report and the audited financial statements of the company for the year ended 31 March 2021. The company information sheet on the preceding page forms an integral part of this report.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### **Structure, Governance and Management**

Strathcarron Hospice was incorporated on the 11<sup>th</sup> June 1979 as a Company Limited by Guarantee. The number of members is limited to 500. On the 31<sup>st</sup> March 2021 the Company had 147 members (2020:165) each of whom agreed to contribute £5 in the event of the charity winding up. It is governed by the Memorandum and Articles of Associate adopted by special resolution on 9<sup>th</sup> June 1980.

The Hospice is registered on the register of Scottish Charities and has been recognised as a charity by HM Revenue and Customs. Consequently, there is no liability to taxation on any of its income used for charitable purposes.

The Hospice is governed by the Council of Management, but the day to day running has been delegated to the Chief Executive, who is an employee, but not a Director of the Company.

The frequency of meetings of the Council of Management and Committees is detailed below.

<b>Committee</b>	<b>Number of Meetings in Year</b>
Council of Management	4
Executive Committee	1
Audit Committee	3
Fundraising Committee	4
Clinical Governance Committee	4
Building Committee	2
Investment Committee	2
Retail Committee	4

#### **Members of the Council of Management and their interests**

The members of the Council of Management at 31st March 2021 are listed on the company information sheet. All are directors of the company and comprise the Trustees of the charity. Every member of the Council of Management is a member of the company. As the company is limited by guarantee it does not have a share capital, therefore none of the members of the Council of Management hold any shares. No members of the Council of Management received any remuneration or expenses during the year or the previous year.

## **STRATHCARRON HOSPICE**

### **REPORT OF THE COUNCIL OF MANAGEMENT (continued)**

#### **Recruitment and Appointment of the Council of Management**

The Hospice adheres to recognised best practice in ensuring that there is a good balance of expertise within the Council of Management including individuals with clinical, fiscal, legal and legislative knowledge as well as representatives of the communities which the Hospice serves. The Executive Committee oversees the recruitment and appointment of Council Members with appropriate expertise and interests.

#### **Council of Management Induction and Training**

Prior to being appointed at the AGM new Council Members will usually have acted in a seconded capacity. An Induction Pack is provided which includes information on the roles and duties of a Council Member and Council Papers from the previous year. In addition to this, the Hospice Chief Executive meets with potential Council Members for a tour of the facilities and provides a detailed briefing on the services provided.

The make-up of the Council of Management is such that it allows the Hospice to keep up to date with relevant legislation and guidelines and the background of the Council reflects the areas of activity that are overseen by Council. Briefings are provided to the Council of Management and Committees to update them on changes on legislation or policy as required.

#### **IMPACT OF COVID-19**

Undoubtedly the biggest issue in 2020/21 was the COVID pandemic which had a profound effect on the entire organisation, with the Hospice experiencing a COVID outbreak in the building at the end of December 2020. The Hospice continued to operate during the pandemic with a large number of staff initially furloughed. Staff were stretched to their limits and taken beyond their comfort zones working additional shifts, changing roles, and working remotely to continue to deliver vital services in a different way.

The COVID policies and procedures changed frequently to meet Public Health guidance and regulation, a Working from Home Policy was developed, visiting arrangements were adapted and measures were put in place to provide staff with ongoing emotional support and twice weekly Heads of Departments meetings were instituted to provide a single communication point to ask questions and clarify issues.

The Hospice has been very proactive and has, we believe, raised the profile of specialist palliative care in demonstrating its relevance and expertise to colleagues in the wider health and social care sector. Overall there has been a need for the organisation to work and adapt differently with a recognition of the reliance on, and the requirement to fully utilise, IT systems like Zoom, Microsoft Teams to facilitate key meetings and maintain regular contact with home based staff, external colleagues and Council of Management Governance meetings and moving forward there will continue to be a review of the most efficient and effective method of working across the Hospice's functions.

Many areas of income have been seriously affected by the pandemic. Retail trading and income was badly impacted by the pandemic and lockdowns and despite the use of furlough, rent free periods from some landlords and local authority grants the retail function made a loss of £214K.

Fundraising/ voluntary source income was lower, although there was a heartening response from the public with a higher level of donations and gifts in kind. The fundraising team made extensive use of social media as a vehicle to support virtual and "in aid of" community fundraising. Overall fundraising and voluntary source income was down by 4% compared to budget, a reduction of £118K against budget and £11K compared to the previous year. All fundraising events were either cancelled or turned into virtual events and the Hospice also experienced reductions in income from funeral collections, collecting cans and Friends Groups.

## **STRATHCARRON HOSPICE**

### **REPORT OF THE COUNCIL OF MANAGEMENT (continued)**

In April 2020 following representations from Hospice UK, the British Government agreed a substantial package of financial support for UK Hospices to ensure they continued to provide services. We were very actively involved in negotiation with other Scottish Hospices and the Scottish Government to secure this funding (which was not ring fenced for Scottish Hospices due to the Barnett formula). Strathcarron Hospice received £990K in June 2020 and subsequent allocation of £1.18 million for 2021/22.

The Investment portfolio value as at 31st March 2021 was £9.9 million.

The Hospice cancelled what would have been its 9th Annual two-day clinical conference in October 2020 due to the pandemic.

Throughout the year the pandemic guidelines and restrictions meant that the vast majority of our volunteers were no longer able to physically come into the Hospice or the Hospice shops. We are very grateful to the few that were still able to support vital aspects of our services, and the many who helped out in very different ways in the community, particularly in support of fundraising and our Compassionate Communities work.

### **STRATEGIC REPORT**

The principal activity of the Company is the provision of specialist palliative care for patients in the communities of Forth Valley, Cumbernauld and Kilsyth. The Hospice provides specialist palliative care to patients with active progressive illness and provides support to their families. Care is provided free to all patients and referrals come from General Practitioners and Hospital Consultants. The Hospice supports the wider health community providing specialist advice and support across health and social care settings and education courses for its own staff and health and care staff across Scotland and beyond.

The Hospice now supports more patients in the community than in the Hospice building itself. The Hospice services are provided by a multidisciplinary team and in addition to inpatient care in the Hospice, we provide community-based care including Hospice@Home; Compassionate Communities; Daycare; a specialist Lymphoedema clinic; Family Support and Bereavement Service; Education Research and Practice Development.

The Hospice developed a five year Strategy in 2018, building on the direction set previously and this is currently being reviewed. Since 2018 there had been significant progress and change. This has included:

- The final evaluation report on Hospice@Home was received confirming its effectiveness in quality provided and reducing bed days. No funding has been received for this service from the NHS although this service has continued to develop in light of the pandemic.
- A new post of Community Lead Nurse has been established to lead the Community Nurse Specialist and Hospice@Home teams recognising the increasing number of patients who are supported at home.
- The Compassionate Communities project has attracted funding from a number of sources including from the National Lottery Community Fund and Falkirk IJB, and now have 8 staff working across a number of communities in Forth Valley and North Lanarkshire.
- Capital expenditure schemes for the resurfacing the rear car park and IT upgrading (installation of fibre optic cable to enable cloud based IT connection as well as category 6 cabling) and investment in new PCs with cameras and lap tops for homeworking were completed in 2020/21.
- A Community Interest Company providing private homecare, Creative Homecare, was established and commenced in October 2020. This is expected to generate a profit by 2021/22 which will be donated to the Hospice to supplement the Hospice income.

## **STRATHCARRON HOSPICE**

### **REPORT OF THE COUNCIL OF MANAGEMENT (continued)**

The pandemic influenced the progress on a number of aspects of the Five Year Strategic Plan including the following:

- A review of Daycare with a view to developing a new service model that can support a greater number of people connecting them to appropriate aspects of Hospice services for specialist support and advice and also connecting them to groups within their own community.
- The use of Project ECHO has increased significantly as a direct result of the pandemic which has included some large teaching sessions for GPs and the wider primary care team as well as Project ECHO groups for Scottish Ambulance Service, Care Homes and more recently homecare staff.
- In respect of care within the Hospice significant changes have been made to the way clinicians work with more emphasis on supporting patients within the community and other care settings.
- The Hospice has strengthened its Consultant team but has put on hold its development of Advance Nurse Practitioners for practical reasons associated with the pandemic

The Hospice continues to be actively involved in the Palliative Care Research Society with one member of the Education Team currently on the Committee. The Hospice has monthly Research Ideas Forum which continued during the pandemic however, the Journal Club and Writing Group were both paused. One research and twelve audit /service evaluation projects were completed. Work on Project ECHO (Extension for Community Healthcare Outcomes) continued with networks for care home staff, Scottish Ambulance service paramedics and the Clinical Nurse Specialist team with three new ECHO facilitators trained in anticipation of the establishment of additional networks in 2021. In addition to this a series of Zoom educational sessions were provided aimed at community and care home staff and a series of train the trainers sessions for NHS Forth Valley Nurses.

The Hospice is actively engaged with the Health and Social Care Partnerships of the Integrated Joint Boards in the Forth Valley area and also been involved in discussions with NHS Lanarkshire in respect of services to Cumbernauld and Kilsyth and has worked hard to protect service delivery to these areas.

In respect of Strathcarron Hospice Retail, a decision to transfer the Retail operations to the Hospice from the 1<sup>st</sup> April 2020 with all future trading operations being carried out by the Hospice was formally approved by the Council of Management at their meeting on the 2<sup>nd</sup> March 2020. The Hospice reduced its portfolio of retail units to 15 including its warehouse facility, closing the two Falkirk Howgate Shops in the financial year.

Collectively Scottish Hospices have reorganised their working structure to achieve an independent voice and we are working together to position ourselves as the voice of Hospice care to Government, which had traditionally sought its advice from the Scottish Partnership for Palliative Care. Strathcarron Hospice continues to have representation on the Forth Valley Health and Social Care Partnerships as well as the NHS Forth Valley Palliative Care Strategy Group.

### **PLANS FOR FUTURE YEARS**

Following a review of its physical estate, the Hospice identified the cost and opportunities for ensuring the building remained fit for purpose for the future. In a response to the Hospice having strong legacy income in recent years the Council of Management agreed to a creation of a fund for Repair and Renewal. An Architect has been commissioned to develop plans for a building extension to address the issue of insufficient physical capacity in relation to changing accommodation, office and meeting room space and the main kitchen and it is anticipated that a business case for this project will be presented to Council in 2021. The Hospice will continue to invest in the development of its IT systems to ensure that there is the

## **STRATHCARRON HOSPICE**

### **REPORT OF THE COUNCIL OF MANAGEMENT (continued)**

capability to use software to modernise and keep pace with virtual services and communication services aligned with the provision of up to date equipment.

The Hospice is conscious of the need to further develop its Hospice@Home service, now in its 7th year of operation, and is aware of the need to secure more stable funding. The pandemic accelerated the use of this service with many people being reluctant to go into Hospital particularly because of visiting restrictions. Previous external evaluation has demonstrated the effectiveness of this service's potential to save bed days and in particular its positive impact on supporting people to die in their own homes when that is their wish and the Hospice will seek to secure long term funding from IJBs through the Service Level Agreement negotiations. The Hospice will also seek to further develop its community support and roll out the Strathcarron Compassionate Neighbours, model subject to Trust and grant funding.

The instability of NHS funding is of concern and the Hospice Service Level Agreement with NHS Forth Valley remains outstanding. Contract negotiations with NHS Forth Valley commenced in early 2020 but were suspended by the NHS until November and are still ongoing. In addition to this we will seek to establish a firm position with NHS Lanarkshire that recognises the Hospice provision of services to Cumbernauld and Kilsyth for over 40 years and also recognises that the range of services offered by Strathcarron is more comprehensive than those offered by other Hospices in Lanarkshire.

The Council of Management of the Hospice has a duty of care and is committed to providing high quality services through the application of safe and effective risk management principles with the core aims of:

- Minimising the risks to patients'/staff visitors and the general public.
- Effectively targeting resources to key areas.
- Safeguarding the assets of the organisation.
- Promoting a culture of awareness.

Four categories of risk have been identified and used as the basis for establishing holistic risk management:

- Clinical risk with the Hospice and the community.
- Health, safety and environmental risk.
- Organisational risk.
- Financial risk.

The Hospice maintains a high-level Strategic Risk Register which is overseen by the Audit Committee with delegate responsibility to the following committees for appropriate input:

- Clinical Governance Committee – Clinical risk.
- Audit Committee – Organisational/financial risk.
- Investment Committee – Investment/reserves risks.
- Health and Safety Committee – Health, safety and environmental risks.
- Risk Management Committee – Risk Overview.
- Retail Committee – Retail risks.

The current strategic risks which are monitored and mitigated by the Audit Committee are as follows:

- Physical disaster, fire, flood, storm damage or catastrophic loss of service.
- Inadequate or ineffective infection control including pandemics.
- Clinical error to patient harm.
- Poor external inspection reports.
- Non-compliance with legislation or statutory requirements.
- Data security and management of confidential information including patient and fundraising data.
- Inadequate financial controls/procedures leading to financial disaster and/or reduction/loss of income/financial discrepancies.



## **STRATHCARRON HOSPICE**

### **REPORT OF THE COUNCIL OF MANAGEMENT (continued)**

- Inadequate operational/financial retail process and procedure leading to financial irregularities and/or complete or partial loss of retail services.
- Inadequate facilities management process and procedure leading to partial or complete loss or disruption to site, utilities, plant, equipment, fabric including criminal activity.
- Threats or downsides arising from the general macroeconomic impacts of Brexit.
- Absence of Senior Management success planning process.
- Threat of COVID-19 causing harm to patients, visitors, staff, volunteers and contractors.

Strathcarron has a Strategic Risk Register which is reviewed regularly at the meetings of its Audit Committee and annually at the Council of Management. In respect of each risk, control measures are in place which reduce the level of risk. The residual risks are all within the categories of major and moderate with the exception of the COVID-19 strategic risk which is high.

#### **Results for the year**

The operating result for the charity for the year is a surplus of £82,925 which is an increase compared with the prior year deficit of £843,159 and is after accounting for a charge of £690,000 (2020: £1,240,000) in relation to the service and finance costs associated with the Falkirk Council Pension Fund.

The operating result (£82,925 surplus) is before taking into account the realised gains on investments of £1,779,821 compared with a loss of £1,444,485 in 2020. An actuarial loss was incurred on the Falkirk Council Pension Fund of £4,440,000 (2020: gain of £2,753,000). The total net movement in funds was a decrease of £2,577,254 (2020: £465,356 increase).

The net balance sheet deficit arising in relation to the Falkirk Council Pension Fund is £12,124,000. The deficit has increased from £6,994,000 at 31 March 2020 with associated movements recognised within the Statement of Financial Activities in 2021. These are as a result of market factors and actuarial assumptions made under the requirements of accounting standards.

The financial statements show unrestricted income funds of £3,565,349 after deducting the pension fund. This has decreased from the prior year where it was £6,136,910.

The Pension Fund liability is estimated at 31 March 2021 based on actuarial assumptions and therefore is liable to fluctuate considerably in future years. The Trustees of the Hospice are satisfied that the Hospice can afford to make the ongoing contributions to the Fund on an ongoing basis and for this reason the financial statements of the Hospice have been drawn up on a going concern basis.

#### **Going concern**

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The Trustees have given consideration to the going concern basis on which the financial statements are prepared in light of the pension deficit and are satisfied that the Hospice can afford to make the ongoing contributions to the Fund on an ongoing basis.

#### **Income generating activities**

Income from all sources has increased to a level of £9.82 million compared to £8.53m in 2019/20 representing an increase of 15%. Donations and legacy income has increased by £1,206k to £3.94 million, other trading activity income has increased by £378k to £2.33m and charitable activity income has increased by £154k on the prior year to £3.01m. Income from investment activities has decreased by £797k to £198k.

#### **Fundraising activities**

The main fundraising activity undertaken by the Hospice is the Lottery. The income generated in 2021 was £648,370, compared to £575,031 in the previous year and this was in line with the expectations set with the lottery providers.

## **STRATHCARRON HOSPICE**

### **REPORT OF THE COUNCIL OF MANAGEMENT (continued)**

#### **Cost of Charitable activities**

The costs of delivering our care services were £8.062 million (2019/20: £8.306 million) after adjusting for the impact of pension accounting.

#### **Volunteers' in Kind donations**

Strathcarron Hospice has in the region of 300 volunteers (and a further 600+ in its shops) and without them the Hospice could not continue to provide such a high quality of patient care. Hospices are in an almost unique position of being able to recruit good quality volunteers and have them working alongside paid staff without any industrial relations issues. Hospices are significantly more efficient as a result of this free resource and the presence of volunteers does positively influence the whole atmosphere of the Hospice to create a very caring environment that makes time to help patients, their loved ones and indeed our own staff. During the pandemic we had to significantly limit the number of volunteers in the Hospice, but we look forward to gradually welcoming them back.

Overall in the Hospice and Hospice shops, the volunteers' contribution is estimated at over £1 million.

#### **Investment policy**

The Memorandum and Articles of Association permit the Council to invest in such stocks and shares in the UK as it considers appropriate. The Council devolves management of the portfolio to the Investment Committee and Tilney Bestinvest has been contracted to manage the portfolio on a discretionary basis. The policy is to adopt an income weighted, medium risk investment strategy to produce a combined growth of income and capital equating to plus 2.5% of a bespoke benchmark, based on 50% FT Gilts All Stocks and 50% FT All Share indices, measured over a 3-year period. The Council of Management reviews the policy annually and detailed management is conducted through half-yearly meetings held by the Investment Committee with the portfolio managers.

#### **Reserves policy**

The total funds at 31 March 2021 are £3,606,831. This is after accounting for a pension deficit of £12,124,000. These funds are split between a designated fixed asset fund of £3,897,352, a repairs and renewals fund of £1,700,000, a deficit on general funds of £2,032,003 and restricted funds of £41,482. At 31 March 2021 the charity has no free reserves.

The restricted funds of £41,482 are held in funds restricted for specific use as described in note 22 to the accounts.

The Council of Management has established a broad policy whereby reserves will be retained at a level sufficient to provide running costs for three to six months. Taking into account contribution from the NHS this would be at a level of £2.4m to £4.8m. At the year end, as a result of the pension deficit, there are no freely available reserves held by the Hospice. However, if the pension liability is excluded the Hospice would have £10,091,997 of freely available reserves. The Hospice continues to make small surpluses or deficits on an ongoing basis when pension accounting is excluded. The policy is reviewed on a yearly basis to ensure that the reserves best meet the changing needs of the Hospice.

#### **Key Management personnel and remuneration**

The Council of Management consider the Chief Executive and the Senior Management Team (comprising the Director of Nursing, Director of Operations and the Medical Consultants of the charity) to be in charge of directing and controlling the charity and running the charity on a day to day basis. All Trustees' give of their time freely and no Trustee remuneration was paid in the year, nor any Trustee expenses reimbursed as disclosed in note 4 to the accounts. Trustees are required to disclose all relevant interests and register them with the Chief Executive and in accordance with the Hospice's policy withdraw from decisions where a conflict of interest arises. The pay of the charity's Chief Executive is reviewed annually along with members of the Senior Management Team.

## STRATHCARRON HOSPICE

### REPORT OF THE COUNCIL OF MANAGEMENT (continued)

#### Statement of the responsibilities of the Council of Management

The Trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Annual Report (Report of the Council of Management) 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the 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 and 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.

#### Statement to Auditors

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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 auditor is aware of that information.

#### Auditors

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Wylie & Bisset (Audit) Limited will therefore continue in office.

#### ON BEHALF OF THE BOARD



**S Struthers**

Chairman of the Council of Management

Date: 6<sup>th</sup> September 2021

## **Independent Auditor's Report to the Trustees and Members of Strathcarron Hospice for the Year Ended 31 March 2021**

### **Opinion**

We have audited the financial statements of Strathcarron Hospice (the 'charitable company') for the year ended 31st March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and 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 charitable company's affairs as at 31<sup>st</sup> March 2021, 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

## **Independent Auditor's Report to the Trustees and Members of Strathcarron Hospice for the Year Ended 31 March 2021**

### **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 and the Strategic 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 and the Strategic 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 the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic 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 and the Charities Accounts (Scotland) Regulations 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 11, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

### **Extent to which the audit was considered capable of detecting irregularities including fraud**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

## **Independent Auditor's Report to the Trustees and Members of Strathcarron Hospice for the Year Ended 31 March 2021**

In identifying and assessing the risks or material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following;

- The nature of the charity, the environment in which it operates and the control procedures implemented by management and the trustees; and
- Our enquiries of management and trustees about their identification and assessment of the risks of irregularities.

Based on our understanding of the charity and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the charity's operations;
- Compliance with Coronavirus Job Retention Scheme under the Coronavirus Act 2020; and
- Submission of gift aid claims.

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- Posting inappropriate journal entries.
- Overstated Coronavirus Job Retention Scheme claims.
- Overstated gift aid claims:

### **Audit response to the risks identified;**

Our procedures to respond to the risks identified included the following;

- Gaining an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee, the internal auditors and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC;
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating rationale of any significant transactions that are unusual or outside the normal course of business;
- Substantive testing of Coronavirus Job Retention Scheme and gift aid claims.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

## **Independent Auditor's Report to the Trustees and Members of Strathcarron Hospice for the Year Ended 31 March 2021**

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006.

Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Wylie + Bisset (Audit) Limited.*

*Jenny Simpson (Senior Statutory Auditor)*

*6th September 2021*

*168 Bath Street  
Glasgow  
G2 4TP*

*For and on behalf of Wylie & Bisset (Audit) Limited, Statutory Auditor*

*Wylie & Bisset (Audit) Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

**STRATHCARRON HOSPICE**  
**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2021**  
**(incorporating an income and expenditure account)**

	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Pension Funds 2021 £	Total Funds 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Pension Funds 2020 £	Total Funds 2020 £
<b>Income and endowments from:</b>									
Donations and legacies	5	3,939,278	-	-	3,939,278	2,733,572	-	-	2,733,572
Charitable activities	6	2,689,885	320,546	-	3,010,431	2,637,310	219,503	-	2,856,813
Other trading activities	7	2,326,381	-	-	2,326,381	1,948,228	-	-	1,948,228
Investments	8	197,996	-	-	197,996	994,615	-	-	994,615
Other incoming resources	9	-	349,548	-	349,548	-	-	-	-
<b>Total Income</b>		<b>9,153,540</b>	<b>670,094</b>	<b>-</b>	<b>9,823,634</b>	<b>8,313,725</b>	<b>219,503</b>	<b>-</b>	<b>8,533,228</b>
<b>Expenditure on:</b>									
Raising funds									
Other trading activities	10	1,650,560	-	-	1,650,560	784,164	-	-	784,164
Investment management	11	27,666	-	-	27,666	286,312	-	-	286,312
Charitable activities	12	6,692,436	680,047	690,000	8,062,483	6,504,813	561,098	1,240,000	8,305,911
<b>Total Expenditure</b>		<b>8,370,662</b>	<b>680,047</b>	<b>690,000</b>	<b>9,740,709</b>	<b>7,575,289</b>	<b>561,098</b>	<b>1,240,000</b>	<b>9,376,387</b>
<b>Net income/(expenditure) and net movement in funds before gains and losses on investments</b>		<b>782,878</b>	<b>(9,953)</b>	<b>(690,000)</b>	<b>82,925</b>	<b>738,436</b>	<b>(341,595)</b>	<b>(1,240,000)</b>	<b>(843,159)</b>
Gain/(loss) on investments	17	1,779,821	-	-	1,779,821	(1,444,485)	-	-	1,444,485
<b>Net income/(expenditure) for the year</b>		<b>2,562,699</b>	<b>(9,953)</b>	<b>(690,000)</b>	<b>1,862,746</b>	<b>(706,049)</b>	<b>(341,595)</b>	<b>(1,240,000)</b>	<b>(2,287,644)</b>
Transfers between funds		(4,260)	4,260	-	-	(310,450)	310,450	-	-
Actuarial (losses)/gains on defined benefit pension schemes	27	-	-	(4,440,000)	(4,440,000)	-	-	2,753,000	2,753,000
		2,558,439	(5,693)	(5,130,000)	(2,577,254)	(1,016,499)	(31,145)	1,513,000	465,356
<b>Net movement in funds</b>									
Funds reconciliation									
<b>Total Funds brought forward</b>	<b>22</b>	<b>13,130,910</b>	<b>47,175</b>	<b>(6,994,000)</b>	<b>6,184,085</b>	<b>14,147,409</b>	<b>78,320</b>	<b>(8,507,000)</b>	<b>5,718,729</b>
<b>Total Funds carried forward</b>	<b>22</b>	<b>15,689,349</b>	<b>41,482</b>	<b>(12,124,000)</b>	<b>3,606,831</b>	<b>13,130,910</b>	<b>47,175</b>	<b>(6,994,000)</b>	<b>6,184,085</b>

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

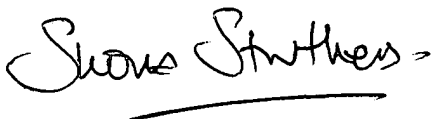


# STRATHCARRON HOSPICE

## BALANCE SHEET AS AT 31 MARCH 2021

	Note	2021	2020
		£	£
<b>Fixed assets:</b>			
Tangible assets	16	3,897,352	3,920,263
Investments	17	9,906,972	7,912,834
<b>Total Fixed Assets</b>		<u>13,804,324</u>	<u>11,833,097</u>
<b>Current assets:</b>			
Stocks	18	66,726	13,833
Debtors	19	1,680,500	441,479
Cash at bank and in hand	25	1,979,690	1,426,766
		<u>3,726,916</u>	<u>1,882,078</u>
<b>Liabilities:</b>			
Creditors falling due within one year	20	<u>(1,800,409)</u>	<u>(537,090)</u>
<b>Net Current Assets</b>		1,926,507	1,344,988
<b>Net assets excluding pension deficit</b>		<u>15,730,831</u>	<u>13,178,085</u>
Defined benefit pension scheme liability	27	(12,124,000)	(6,994,000)
<b>Net assets including pension deficit</b>		<u>3,606,831</u>	<u>6,184,085</u>
<b>Funds:</b>			
<b>Restricted funds</b>	22	41,482	47,175
<b>Unrestricted Funds:</b>			
Designated funds	22	5,597,352	5,620,263
General funds		(2,032,003)	516,647
<b>Total unrestricted funds</b>		<u>3,565,349</u>	<u>6,136,910</u>
<b>Total funds</b>		<u>3,606,831</u>	<u>6,184,085</u>

These financial statements were approved by the Council of Management and signed on its behalf by:



**S Struthers**  
Chairman of the Council of Management



**C Rodger**  
Member of Council

Date: 6 September 2021

Company Registration No. SC 068503

STRATHCARRON HOSPICE

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDING 31 MARCH 2021

	Note	2021 £	2020 £
<b><i>Cash flows from operating activities:</i></b>			
Net cash provided by/(used in) operating activities	24	328,186	(340,991)
<b><i>Cash flows from investing activities:</i></b>			
Purchase of tangible fixed assets		(185,753)	(497,546)
Purchase of investments		(1,443,313)	(1,945,468)
Proceeds from the sale of investments		1,228,996	1,734,598
Interest received		713	3,061
Gift Aid received from subsidiary		426,812	466,500
Other Investment Income		197,283	564,742
Net cash provided by investing activities		224,738	325,886
Change in cash and cash equivalents in the year		552,924	(15,105)
Cash and cash equivalents brought forward	25	1,426,766	1,441,870
Cash and cash equivalents carried forward	25	1,979,690	1,426,766

# **STRATHCARRON HOSPICE**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

### **1. Accounting Policies**

#### **(a) Basis of preparation and assessment of going concern**

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The results of the wholly owned subsidiary, Creative Homecare CIC, are not material to the financial statements and have not been consolidated.

#### **Going concern**

The Pension Fund liability is estimated at 31 March 2021 based on actuarial assumptions and therefore is liable to fluctuate considerably in future years. The Trustees of the Hospice are satisfied that the Hospice can afford to make the ongoing contributions to the Fund on an ongoing basis.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

#### **(b) Funds structure**

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created funds for specific purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed, or through the terms of an appeal.

Further details of each fund are disclosed in note 22.

#### **(c) Income recognition**

Income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations, are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

## **STRATHCARRON HOSPICE**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

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

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

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. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

Income from government and other grants, whether 'capital' 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 received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

#### **(d) Expenditure recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (f) below.

- Expenditure on charitable activities includes Specialist Palliative Care and other activities undertaken to further the purposes of the charity and their associated support costs;
- Raising funds – other trading activities includes fundraising costs, shop costs and lottery costs;
- Investment management costs – costs associated with the management of the charity's investment portfolio

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

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

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

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

## **STRATHCARRON HOSPICE**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **(f) Allocation of support and governance costs**

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on time spent. The allocation of support and governance costs is analysed in note 13.

#### **(g) Tangible fixed assets and depreciation**

Heritable Property is stated at cost. Following the implementation of FRS102 'The Financial Reporting Standard applicable in UK and Republic of Ireland' the company adopted a policy of not revaluing tangible fixed assets. At the 1 April 2014 the carrying amounts of tangible fixed assets were uplifted to fair value which was then treated as deemed cost in line with the transitional provisions of FRS102.

A review for impairment of heritable property is carried out if events or changes in circumstances indicate that the carrying value amount of the property may not be recoverable.

Depreciation is provided on fixed assets for the purpose of writing off each asset over its estimated useful life at the following rates:

- Heritable property - 2% p.a. on a straight line basis
- Equipment - 10% & 20% p.a. on a straight line basis

#### **(h) 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 quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

#### **(i) Stock**

Stock is included at the lower of cost or net realisable value.

#### **(j) 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.

#### **(k) 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.

## **STRATHCARRON HOSPICE**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **(l) Creditors and provisions**

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.

#### **(m) Realised gains and losses**

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

#### **(n) Pensions**

The Hospice participates in the Falkirk Council Pension Fund, a pension scheme providing benefits based on final or career average pensionable pay, on behalf of certain employees. The assets of the scheme are held separately from those of the Hospice. The Hospice accounts for its pension costs under this scheme on a defined benefit basis under Financial Reporting Standard 102 (FRS102).

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and are discounted at the rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full. The movement in the scheme (deficit)/surplus is split between operating charges, finance items and actuarial gains and losses.

The Hospice also participates in the National Health Superannuation Scheme for Scotland which is a multi-employer scheme where the share of assets and liabilities applicable to each employer is not identified. The Hospice accounts for its pension costs under this scheme on a defined contribution basis as permitted by FRS102. This scheme is not available to new employees and there are only 4 active members.

#### **(o) Contingent liabilities**

A contingent liability is identified and disclosed for those grants resulting from:

- a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the trustees' control; or
- a present obligation following a grant offer where settlement is either not considered probable; or
- the amount has not been communicated in the grant offer and that amount cannot be estimated reliably.

#### **(p) Operating leases**

The charity classifies the lease of properties as operating leases; the title to the properties remains with the lessor. Rental charges are charged on a straight line basis over the term of the lease.

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

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

## **STRATHCARRON HOSPICE**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **(r) Taxation**

The company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

#### **(s) Employee Benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **(t) Judgements and key sources of estimation and uncertainty**

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

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.

#### **Depreciation**

Fixed assets are depreciated over the useful life of assets. The useful life of the fixed assets are based on the knowledge of senior management, with reference to the assets expected useful life.

#### **Pension Liability**

The determination of any pension scheme surplus or deficit is based on assumptions determined with independent actuarial advice. The assumptions used include discount rate, inflation, pension increases, salary increases, the expected return on scheme assets and mortality assumptions. These assumptions will vary from year to year, as will the value of assets, and will be dependent on circumstances at the date of valuation. Refer to note 27 for details of pension commitments.

#### **Allocation of expenditure between activities**

Support costs are allocated between charitable activities and governance based on the time spent by senior management on undertaking the charity's activities.

## STRATHCARRON HOSPICE

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

#### 2. Legal status

The company is limited by guarantee and does not have a share capital. On 14 July 1980, the Secretary of State at the Department of Trade authorised the company to dispense with the word "Limited".

According to the Memorandum of Association of the company, every member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member, or within one year after he ceased to be a member, for payment of the debts and liabilities the company contracted before he ceased to be a member, and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributors amongst themselves, such amount as to be required, not exceeding £5. On 31 March 2021 the charity had 147 members. The number of members is limited to 500.

#### 3. Financial activities of the subsidiary

The Hospice owns 100% of the shares in "Creative Homecare", which was formed as a Community Interest Company (CIC) and which operates as a subsidiary of the Hospice. This venture was incorporated on 13<sup>th</sup> September 2019.

A summary of the financial activities undertaken by the subsidiary is set out below:

	2021	2020
	£	£
Turnover	72,765	-
Grant income	39,300	3,465
Expenditure	(112,065)	(3,465)
<b>Surplus retained in subsidiary</b>	<b>-</b>	<b>-</b>

The assets and liabilities of the subsidiary were:

	2021	2020
	£	£
Current assets	46,147	41,635
Current liabilities	(46,047)	(41,535)
<b>Total net assets</b>	<b>100</b>	<b>100</b>
<b>Aggregate share capital and reserves</b>	<b>100</b>	<b>100</b>

#### 4. Related party transactions and trustees' expenses and remuneration

The Trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2020: £nil). It is the charity's policy to not pay expenses to Trustees.

During the year no trustee had any personal interest in any contract or transaction entered into by the charity (2020: none).

Donations totalling £737 (2020: £864) were made by 2 trustees (2020: 3)

During the year, Creative Homecare paid Strathcarron Hospice £30,088 of salary costs incurred by the Hospice on its behalf (2020: £nil), and Strathcarron Hospice awarded Creative Homecare a grant of £nil (2020: £45,000). A balance of £29,988 was due to Strathcarron Hospice from Creative Homecare (2020: creditor of £41,365).



## STRATHCARRON HOSPICE

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

#### 5. Income from donations and legacies

	2021 £	2020 £
Donations	1,277,200	1,278,460
Income from trusts	128,502	71,763
Legacies	1,348,918	1,383,349
Government Funding COVID-19	1,079,658	-
COVID-19 Support Grants	105,000	-
	<u>3,939,278</u>	<u>2,733,572</u>

Income from donations and legacies includes £1,079,658 (2020: £nil) from the Scottish Government in respect of Covid-19 funding, and £61,000 from Falkirk Council, £18,000 from Stirling Council, £15,000 from North Lanarkshire Council and £6,000 from Clackmannanshire Council was received in Covid-19 support grants (2020: £nil). There are no unfulfilled conditions or contingencies associated with these government grants.

#### 6. Income from charitable activities

	2021 £	2020 £
NHS Forth Valley	2,120,703	2,054,459
NHS Lanarkshire	568,632	568,632
Other income	-	8,491
Palliative Care	321,096	225,231
	<u>3,010,431</u>	<u>2,856,813</u>

Income from charitable activities includes £2,120,703 (2020: £2,054,459) received from NHS Forth Valley and £568,632 (2020: £568,632) from NHS Lanarkshire towards running costs of the Hospice services. There are no unfulfilled conditions or contingencies associated with these government grants.

#### 7. Income from other trading activities

	2021 £	2020 £
Education and Conference Income	18,444	57,172
Events & Fundraising Income	1,168,856	1,275,820
Lottery income	648,370	575,031
Catering Income	20,173	40,205
Shop Income	470,538	-
	<u>2,326,381</u>	<u>1,948,228</u>

# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 8. Investment income

	2021 £	2020 £
Dividends - equities	197,283	311,823
Interest on cash deposits	713	3,061
Gift Aid from SHRL	-	426,812
Rental Income	-	252,919
	<u>197,996</u>	<u>994,615</u>

### 9. Other incoming resources

	2021 £	2020 £
CJRS income	349,548	-
	<u>349,548</u>	<u>-</u>

CJRS income includes funding received from the UK government. There are no unfulfilled conditions or contingencies associated with these government grants.

### 10. Raising funds – expenditure on other trading activities

	Direct Costs £	Support Costs £	Total 2021 £
Fundraising & Events costs	321,717	105,286	427,003
Education & Conference costs	178,146	-	178,146
Cost of retail activities	1,017,931	27,480	1,045,411
	<u>1,517,794</u>	<u>132,766</u>	<u>1,650,560</u>

	Direct Costs £	Support Costs £	Total 2020 £
Fundraising & Events costs	433,849	115,662	549,511
Education & Conference costs	189,653	-	189,653
Grants paid out	45,000	-	45,000
	<u>668,502</u>	<u>115,662</u>	<u>784,164</u>

### 11. Investment management costs

	2021 £	2020 £
Investment management fees	27,666	33,393
Rent paid on behalf of SHRL	-	252,919
	<u>27,666</u>	<u>286,312</u>

# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 12. Analysis of expenditure on charitable activities

	Specialist Palliative Care £	2021 £
Care within the Hospice	5,545,251	5,545,251
Day Care	197,924	197,924
Home Care	1,334,510	1,334,510
Maintenance	79,863	79,863
Depreciation	242,709	242,709
Governance costs (note 13)	70,513	70,513
Support costs (note 13)	425,713	426,848
Net cost of pension finance (note 27)	166,000	166,000
	<u>8,062,483</u>	<u>8,062,483</u>

	Specialist Palliative Care £	2020 £
Care within the Hospice	5,915,926	5,915,926
Day Care	219,628	219,628
Home Care	1,048,335	1,048,335
Maintenance	139,408	139,408
Depreciation	208,426	208,426
Governance costs (note 13)	70,143	70,143
Support costs (note 13)	488,045	488,045
Net cost of pension finance (note 27)	216,000	216,000
	<u>8,305,911</u>	<u>8,305,911</u>

### 13. Allocation of governance and support costs

The breakdown of support costs and how these were allocated between governance and other support costs is shown in the table below:

Cost type	Total Allocated 2021 £	Governance Related £	Other support costs £	Basis of apportionment
Staff costs	393,600	56,256	337,344	Staff time
Travel	64,837	-	64,837	Staff time
Insurance	30,246	-	30,246	Usage
Telephone	29,015	4,352	24,663	Usage
Postage	22,277	3,342	18,935	Usage
Printing and Stationery	28,834	4,325	24,509	Usage
Professional fees	40,928	3,706	37,222	Usage
<b>Total</b>	<u>609,737</u>	<u>71,981</u>	<u>537,756</u>	

# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 13. Allocation of governance and support costs (continued)

Cost type	Total Allocated 2020 £	Governance related £	Other support costs £	Basis of apportionment
Staff costs	369,607	55,441	314,166	Staff time
Travel	111,613	-	111,613	Staff time
Insurance	34,248	-	34,248	Usage
Telephone	36,005	5,401	30,604	Usage
Postage	25,089	3,763	21,326	Usage
Printing and Stationery	22,524	3,379	19,145	Usage
Professional fees	56,644	4,991	51,653	Usage
<b>Total</b>	<b>655,730</b>	<b>72,975</b>	<b>582,755</b>	

Governance costs:	2021 £	2020 £
Auditor's remuneration	10,135	9,000
Internal audit	9,120	9,120
Support costs (see above)	71,981	72,975
	<b>91,236</b>	<b>91,095</b>

Breakdown of governance and support costs by activity;

	Support costs £	Governance £	2021 £
Raising funds	84,563	20,723	105,286
Specialist palliative care	425,713	70,513	496,226
Cost of retail activities	27,480	-	27,480
	<b>537,756</b>	<b>91,236</b>	<b>628,992</b>

	Support costs £	Governance £	2020 £
Raising funds	94,710	20,952	115,662
Specialist palliative care	488,045	70,143	558,188
	<b>582,755</b>	<b>91,095</b>	<b>673,850</b>

# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 14. Analysis of staff costs and remuneration of key management personnel

	2021	2020
	£	£
Administration	307,495	292,158
Medical	682,036	627,671
Nursing	2,516,996	2,448,568
Paramedical & clinical support	605,949	536,864
Education	134,259	128,103
Domestic & catering	405,837	394,557
Fundraising	649,399	753,085
Hospice at Home	509,794	386,962
	<u>5,811,765</u>	<u>5,567,968</u>
Social Security costs	521,664	432,738
Employer's Pension costs	1,266,704	1,076,955
Current service costs (note 27)	524,000	1,024,000
	<u>8,124,133</u>	<u>8,101,661</u>
	2021	2020
	£	£
Key management personnel remuneration	<u>849,608</u>	<u>814,575</u>

The disclosures with regard to Key management personnel include senior medical staff.

The Charities SORP FRS102 requires disclosure of employee pension benefits associated with key management personnel. This includes the change in the net defined benefit liability arising from employee service rendered during the reporting period on an individual basis. This information requires to be obtained from professional actuaries at significant cost. It is the Council of Management's view this information is cost prohibitive and they believe it is of little benefit to the reader and consequently the information has not been obtained or disclosed.

The number of employees whose employee benefits fell within the following bands are as follows:

	2021	2020
	£	£
£60,000 - £70,000	4	4
£70,000 - £80,000	2	-
£80,000 - £90,000	1	1
£90,000 - £100,000	2	2
£100,000 - £110,000	2	2

	2021	2020
	No.	No.
The average weekly number of persons, by headcount, employed by the charity during the year was:	<u>210</u>	<u>205</u>

# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 15. Net income/(expenditure) for the year

This is stated after charging:	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Depreciation	242,709	218,901
Loss on disposal of fixed assets	3,333	-
External auditor's remuneration	10,135	9,000
Other services		
- Other non-audit fees	1,500	2,995
Payments under operating leases	174,909	252,919

### 16. Tangible Fixed Assets

	<b>Heritable Property £</b>	<b>Fittings and Equipment £</b>	<b>Shop Fitting &amp; Equipment £</b>	<b>Total £</b>
At 1 April 2020	4,486,999	404,397	-	4,891,396
Additions	58,429	122,540	4,784	185,753
Transferred from SHRL	-	-	37,378	37,378
Disposals	-	-	(5,934)	(5,934)
At 31 March 2021	4,545,428	526,937	36,228	5,108,593
At 1 April 2020	816,656	154,477	-	971,133
Charge for the year	144,896	86,858	10,955	242,709
Eliminated on disposals	-	-	(2,601)	(2,601)
At 31 March 2021	961,552	241,335	8,354	1,211,241
At 31 March 2021	3,583,876	285,602	27,874	3,897,352
At 31 March 2020	3,670,343	249,920	-	3,920,263

The Heritable Property was valued by an independent valuer DVS on 10 December 2015, wherein the property was valued on an existing use basis in accordance with the RICS Professional Standards at a value of £3,986,188. The transitional provisions of FRS102 in relation to property valuations were applied and the revised valuation is taken as deemed cost.

## STRATHCARRON HOSPICE

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

#### 17. Fixed Asset Investments

Movement in fixed asset listed investments	2021 £	2020 £
Market value brought forward at 1 April	7,912,834	9,146,449
Add: additions to investments at cost	1,443,313	1,945,468
Disposals at carrying value	(1,205,867)	(1,809,599)
Add net gain/(loss) on revaluation	1,756,692	(1,369,484)
Market value as at 31 March	<u>9,906,972</u>	<u>7,912,834</u>

Net cash invested in the year was £214,317 (2020: £60,868).

Investments at fair value comprised:	2021 £	2020 £
Equities	9,262,262	7,533,383
Investment in subsidiary companies, at cost	100	200
Cash held within the investment portfolio	644,610	379,251
<b>Total</b>	<u>9,906,972</u>	<u>7,912,834</u>

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the mid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value). The significance of financial instruments to the ongoing financial sustainability of the Charity is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

The main risk to the charity from financial instruments lies in the combination of uncertain investment markets and volatility in yield. In terms of specific risks including foreign exchange and credit risks, the charity uses specialist investment managers to balance and limit the overall financial risk by operating a portfolio which provides a high degree of diversification of holdings within a fairly wide band of investment asset classes all of which are quoted on recognised stock exchanges. In addition, the charity does not make use of riskier derivatives or more complex financial instruments in this area. Liquidity risk is expected to be low as all assets are traded in markets with high trading volumes and not in any markets subject to exchange controls or trading restrictions. Further to potential Brexit implications as the new trade agreement is implemented, the charity, like most other entities, is monitoring developments closely but at this stage is relatively confident that the current portfolio and future plans for it will shield it from any significant risks when that process is completed.

# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 17. Fixed Asset Investments (continued)

#### Unlisted investments

	2021	2020
	£	£
Company cost and net book value	100	200

Unlisted investments comprise 100% of the share capital of Creative Homecare CIC. The Community Interest Company was formed on 16<sup>th</sup> September 2019 to provide extra help to support people to live well at home. Further details are given in Note 3. The activities of Strathcarron Hospice Retail Limited, of which the charity previously owned 100% of the share capital, were transferred to the charity with effect from 1<sup>st</sup> April 2020 and the company has since been dissolved.

### 18. Stock

	2021	2020
	£	£
Stock	66,726	13,833
	<u>66,726</u>	<u>13,833</u>

### 19. Debtors

	2021	2020
	£	£
Trade debtors	1,342,237	9,975
Other debtors	308,275	176,706
Owed by group entities	29,988	254,798
	<u>1,680,500</u>	<u>441,479</u>

### 20. Creditors: amounts falling due within one year

	2021	2020
	£	£
Sundry creditors and accruals	306,976	288,964
Deferred income	1,350,355	85,201
Owed to group entities	-	41,635
Taxation and social security	143,078	121,290
	<u>1,800,409</u>	<u>537,090</u>

### 21. Deferred income

	2021	2020
	£	£
Balance as at 1 April 2020	85,201	70,810
Amount released to income earned from charitable activities	(85,201)	(70,810)
Amount deferred in year	1,350,355	85,201
Balance as at 31 March 2021	<u>1,350,355</u>	<u>85,201</u>

Deferred income comprises Scottish Government COVID-19 funding and income received towards projects taking place in the year to 31 March 2022.



# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 22. Analysis of charitable funds

Analysis of Fund movements	As at 1 April 2019 £	Income £	Expenditure £	Transfers £	Gains /(Losses) £	As at 31 March 2020 £
<b>Unrestricted Funds:</b>						
<b>Designated Funds:</b>						
Fixed Assets	3,631,142	-	208,426	497,547	-	3,920,263
Repairs and Renewals	1,700,000	-	-	-	-	1,700,000
<b>Total designated funds</b>	<b>5,331,142</b>	<b>-</b>	<b>208,426</b>	<b>497,547</b>		<b>5,620,263</b>
General funds	309,267	8,313,725	8,606,863	(807,997)	1,308,515	516,647
<b>Total Unrestricted funds</b>	<b>5,640,409</b>	<b>8,313,725</b>	<b>8,815,289</b>	<b>(310,450)</b>	<b>1,308,515</b>	<b>6,136,910</b>
<b>Restricted funds</b>						
Hospice@Home						
Big Lottery	-	79,173	361,979	282,806	-	-
Children's Bereavement Service	34,856	33,447	30,893	-	-	37,410
Compassionate Community	18,919	106,883	153,446	27,644	-	-
Raise the roof	20,812	-	14,780	-	-	6,032
Cuddlebed	3,733	-	-	-	-	3,733
<b>Total restricted funds</b>	<b>78,320</b>	<b>219,503</b>	<b>561,098</b>	<b>310,450</b>	<b>-</b>	<b>47,175</b>
<b>TOTAL FUNDS</b>	<b>5,718,729</b>	<b>8,533,228</b>	<b>9,376,387</b>	<b>-</b>	<b>1,308,515</b>	<b>6,184,085</b>

# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 22. Analysis of charitable funds (continued)

Analysis of Fund movements	As at 1 April 2020 £	Income £	Expenditure £	Transfers £	Gains /(Losses) £	As of 31 March 2021 £
<b>Unrestricted Funds:</b>						
<b>Designated Funds:</b>						
Fixed Assets	3,920,263	-	242,709	219,798	-	3,897,352
Repairs and Renewals	1,700,000	-	-	-	-	1,700,000
<b>Total designated funds</b>	<b>5,620,263</b>	<b>-</b>	<b>242,709</b>	<b>219,798</b>	<b>-</b>	<b>5,597,352</b>
General funds	516,647	9,153,540	8,817,953	(215,538)	(2,660,179)	(2,032,003)
<b>Total Unrestricted funds</b>	<b>6,136,910</b>	<b>9,153,540</b>	<b>9,060,662</b>	<b>(4,260)</b>	<b>(2,660,179)</b>	<b>3,565,349</b>
<b>Restricted funds</b>						
Hospice@Home	-	46,742	46,742	-	-	-
Children's Bereavement Service	37,410	27,614	23,542	-	-	41,482
Compassionate Community	-	220,671	228,664	7,993	-	-
Raise the roof	6,032	-	6,032	-	-	-
Cuddlebed	3,733	-	-	(3,733)	-	-
Breathe Easy	-	25,519	25,519	-	-	-
Coronavirus Job Retention Scheme	-	349,548	349,548	-	-	-
<b>Total restricted funds</b>	<b>47,175</b>	<b>670,094</b>	<b>680,047</b>	<b>4,260</b>	<b>-</b>	<b>41,482</b>
<b>TOTAL FUNDS</b>	<b>6,184,085</b>	<b>9,823,634</b>	<b>9,740,709</b>	<b>-</b>	<b>(2,660,179)</b>	<b>3,606,831</b>

The unrestricted funds are available to be spent for any of the purposes of the charity.

Designated Funds – Details of the designated funds are as follows:

#### Fixed assets

This is a designated fund representing the unexpired depreciation on fixed assets. It is not available for direct expenditure on charitable activities.

#### Repairs and Renewals

This is a designated fund of £1.7m which would be used for the purpose of site redevelopment, to enable substantial and timeous refurbishment of the site/building.

Restricted funds comprise:

**Hospice@Home** – Our H@H service provides support to individual patients at the very end of life in their own homes. The support is provided by a defined H@H team who in turn can call on support of a wide range of clinical staff from the Hospice. The Hospice is seeking to include this service as part of its Service Level Agreement with NHS Forth Valley.

## STRATHCARRON HOSPICE

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

#### 22. Analysis of charitable funds (continued)

**Children's Bereavement Service** – Traditionally Strathcarron Hospice provided a programme known as Seasons for Growth which in light of the Pandemic has been reorganised to provide pre bereavement support and one to one support for bereaved children. The main source of income for this is a grant from Children in Need and some individual donations specifically for this service.

**Compassionate Community** – This project provides support to people out in the community who have life limiting illness. Using community development staff we provide respite for carers, compassionate neighbours and befriending for individuals to improve their quality of life. The main costs of the project are associated with the employment of a project manager and community development workers. The project has received a number of grants notably The National Lottery Community Fund, Falkirk IJB.

**Raise the roof** – donations received toward the costs of extensive roof repairs to the main building.

**Cuddlebed** – Funding was received for the Hospice to purchase a cuddlebed.

**Breathe Easy** - Funding received for the Living Well with an Advanced Lung Condition project.

**Coronavirus Job Retention Scheme** - Funding received from the government to support the furlough of staff where required.

The transfer of £219,798 from unrestricted general funds to designated funds represents movements in fixed assets. £4,260 was transferred from unrestricted general funds to restricted funds to cover the Compassionate Community project and Cuddlebed project.

#### 23. Net assets over funds

As at 31 March 2020:	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2020 £
Tangible Fixed assets	-	3,920,263	-	3,920,263
Fixed Asset Investments	7,912,834	-	-	7,912,834
Stock	13,833	-	-	13,833
Debtors	441,479	-	-	441,479
Bank & Cash	(320,409)	1,700,000	47,175	1,426,766
Creditors	(537,090)	-	-	(537,090)
Pension Deficit	(6,994,000)	-	-	(6,994,000)
	<u>516,647</u>	<u>5,620,263</u>	<u>47,175</u>	<u>6,184,085</u>

# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 23. Net assets over funds (continued)

As at 31 March 2021:	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2021
	£	£	£	£
Tangible Fixed assets	-	3,897,352	-	3,897,352
Fixed Asset Investments	9,906,972	-	-	9,906,972
Stock	66,726	-	-	66,726
Debtors	1,619,356	-	61,144	1,680,500
Bank & Cash	299,352	1,700,000	(19,662)	1,979,690
Creditors	(1,800,409)	-	-	(1,800,409)
Pension Deficit	(12,124,000)	-	-	(12,124,000)
	<u>(2,032,003)</u>	<u>5,597,352</u>	<u>41,482</u>	<u>3,606,831</u>

### 24. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2021 £	2020 £
Net income/ (expenditure) for the year per the statement of financial activities	1,862,746	(2,287,644)
Adjustments for:		
Losses/(gains) on investments	(1,779,821)	1,444,485
Investment income received	(197,996)	(567,803)
Acquisition of assets from subsidiary	(37,378)	-
Gift Aid received from subsidiary	-	(426,812)
Depreciation charges	242,709	208,425
FRS 102 pension adjustment	690,000	1,240,000
Loss on disposal of fixed assets	3,333	-
(Increase)/decrease in stocks	(52,893)	2,301
(Increase)/decrease in debtors	(1,239,021)	58,947
Increase/(decrease) in creditors	836,507	(12,890)
<b>Net cash provided by/(used in) operating activities</b>	<u>328,186</u>	<u>(340,991)</u>

# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 25. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	1,979,690	1,426,766
Total cash and cash equivalents	<u>1,979,690</u>	<u>1,426,766</u>

### 26. Operating lease commitments

At the reporting end date, the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows;

	2021 Land and Buildings £	2020 Land and Buildings £
Under 1 year	134,101	174,909
Between 2 and 5 years	181,375	196,375
Over 5 years	104,348	135,286
	<u>419,854</u>	<u>506,750</u>

### 27. Pension Commitments

Four members of staff were members of the unfunded National Health Service Superannuation Scheme for Scotland. Contributions paid to this scheme in the year were £37,600 (2020: £36,948).

The Hospice operates within the Local Government Superannuation Scheme by virtue of being permitted to participate in the Falkirk Council Pension Fund. This scheme is a defined benefit scheme on which the most recent actuarial valuation was carried out at 31 March 2014. As part of this exercise, a separate valuation has been provided for the portion of the scheme relating to the Hospice. The contributions made to the scheme during the year were £1,591,000 (2020: £1,469,000).

The employer's contributions to the Scheme are being increased annually with the object of reducing the actuarial deficit at present shown by the Scheme.

The Hospice is required to state the following details in its financial statements to comply with FRS102.

***The major assumptions made by the actuary in valuing the scheme are as follows:***

	2021 % p. a	2020 % p. a
Inflation/ Pension Increase Rate	2.85	1.90
Salary Increase Rate	3.45	2.30
Discount rate	2.00	2.30

Life expectancy is based on the Fund's VitaCurves assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 27. Pension Commitments (continued)

	<b>Males</b>	<b>Females</b>
Current pensioners	20.0 years	22.6 years
Future pensioners	20.1 years	23.4 years

The net pension liability was:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Estimated Employer Assets	30,755	24,846
Present Value of Scheme Liabilities	(42,879)	(31,840)
Net Pension Liability	<u>(12,124)</u>	<u>(6,994)</u>

There are no unfunded liabilities for which provision needs to be made.

#### FRS102 –Statement of Financial Activities disclosure:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	1,845	2,174
Past service cost	(71)	-
	<u>1,774</u>	<u>2,174</u>
Contributions by employer	(1,250)	(1,150)
Pension service cost provision	<u>524</u>	<u>1,024</u>

#### Reconciliation of fair value of scheme assets:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of scheme assets	24,846	25,810
Expected Return on Assets	580	629
Contributions by Members	341	319
Contributions by Employer	1,250	1,150
Other experience	(517)	-
Actuarial Gains/(Losses)	5,058	(2,380)
Estimated Benefits Paid	(803)	(682)
	<u>30,755</u>	<u>24,846</u>

# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 27. Pension Commitments (Continued)

#### Reconciliation of defined benefit obligation:

	2021	2020
	£'000	£'000
Opening defined benefit obligation	31,840	34,317
Past Service Cost	(71)	-
Current Service Cost	1,845	2,174
Interest Cost	746	845
Contributions by Members	341	319
Other experience	(73)	-
Actuarial Losses/(Gains)	9,054	(5,133)
Estimated Benefits Paid	(803)	(682)
	<u>42,879</u>	<u>31,840</u>

#### History of experience gains and losses for the years ended 31 March:

	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Scheme Assets	30,755	24,846	25,810	23,099	23,315
Defined benefit obligation	<u>(42,879)</u>	<u>(31,840)</u>	<u>(34,317)</u>	<u>(29,315)</u>	<u>(35,002)</u>
Deficit	<u>(12,124)</u>	<u>(6,994)</u>	<u>(8,507)</u>	<u>(6,216)</u>	<u>(11,687)</u>
Experience adjustments on scheme assets	5,058	(2,380)	1,369	(1,452)	3,358
Experience adjustments on scheme liabilities	(9,498)	(5,133)	2,622	(7,940)	(6,908)

#### Analysis of the amount charged to staff costs (Note 14):

	2021	2020
	£'000	£'000
Current Service costs	1,845	2,174
Past service cost	(71)	-
Total operating charge	<u>1,774</u>	<u>2,174</u>
Less: contributions paid	<u>(1,250)</u>	<u>(1,150)</u>
Current service cost provision	<u>524</u>	<u>1,024</u>

#### Amount charged to operating costs (Note 12):

Expected Return on Employer Assets	(580)	(629)
Interest on Pension Scheme Liabilities	<u>746</u>	<u>845</u>
Net cost of financing and assets	<u>166</u>	<u>216</u>

# STRATHCARRON HOSPICE

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

### 27. Pension Commitments (Continued)

#### Analysis of the amount recognised in the Statement of Financial Activities

	2021	2020
	£'000	£'000
Changes in value of scheme assets: Actuarial gains/(loss)	5,058	(2,380)
Changes in defined benefit obligations: Actuarial (loss)/gains	(9,498)	5,133
Actuarial (loss)/gains recognised in SOFA	<u>(4,440)</u>	<u>2,753</u>

#### Movement in deficit during the year:

Deficit at beginning of the year	(6,994)	(8,507)
Movement in year:		
Current Service Cost	(1,845)	(2,174)
Past Service Cost	71	-
Employer contributions	1,250	1,150
Net return on financing and assets	(166)	(216)
Actuarial (losses)/gains	<u>(4,440)</u>	<u>2,753</u>
Deficit at end of year	<u>(12,124)</u>	<u>(6,994)</u>

The estimated employer's contributions for the year to 31 March 2022 are £1,250,000.