

ST. COLUMBA'S HOSPICE LIMITED

ANNUAL REPORT & ACCOUNTS

Year ended 31st March 2020

Company number SC048700

Charity number SC003634

ST. COLUMBA'S HOSPICE LIMITED

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ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2020

The Governors are pleased to present their report together with the consolidated accounts of the charity and its subsidiary companies for the year ended 31 March 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of recommended practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Hospice issues two documents: this one, the Annual Report and Accounts, complies with statutory requirements for such a document and will be of most interest to those readers who would like information on how the Hospice has discharged its responsibilities during the year just passed and the associated activities and finances. A second one, the Annual Review, reflects on our achievements for the past year and looks forward with details on the Hospice's plans for the future and may be of more interest to the general reader.

REFERENCE AND ADMINISTRATIVE DETAILS

President

The Countess of Rosebery

Vice-Presidents

Mr G B Archer, DL

Mrs D Balfour

Mr G M Burnside, WS

Mr Ian C Adam, CA

Board of Governors

Chairman

Dr N Bryson, MA, MSc, DPhil, FFA

Vice Chair & Hon. Secretary

Mr D N Dunsire, WS

Sub-Committees

(R,D)

(R,D,I)

Governors

Dr P M Cantley, BSc(Hons) Med Sci, MBChB, FRCP, AFHEA

Prof H MacDougall, FRCS, FRCR, FRCPEd (retired 25 Oct 2019)

Mr J G Macrae, CA, CPFA

Miss L Masson

Mrs E Moir, AML (QI), MSc, DipN (Lond), RMN, OBE

Mrs L M Selman, BSc (Hons), FFA

Dr S Tothill, MBChB, FRCGP, MFHom, DRCOG

Mr N R Lanzl

Prof D Cameron, BA(Hons), MA(Cantab), MSc, MD, FRCP (Edin)
 (appointed 1 Oct 2019)

(R,E)

(E,R)

(A,I,R)

(T)

(A)

(A,I)

(A,I)

(E)

No Governor had any contract of service with nor any financial interest in the Charitable Company in the year ended 31st March 2020.

Note designating membership of sub-committees

A	Audit and Risk Committee	T	St Columba's Trading Ltd
I	Investment Committee	D	St Columba's Hospice (2007) Ltd
R	Remuneration & Nominations Committee	E	Education & Research Committee

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REFERENCE AND ADMINISTRATIVE DETAILS (cont'd)

Executive Management Committee

Mrs J Stone, MSc, RGN, RNT
 Dr D J F Brown, MBChB, MRCP, MD
 Mrs D Partington, BSc, DipHE, PGCert
 Mrs J Taylor, BSc (Hons), CA, FCIPD
 Mr J Heggie, MA (Hons), MInstF(Cert)
 Mr N Dey, BA, MSc, MCIPD
 Mr S Walker
 Dr E Haraldsdottir, BSc, MSc, PhD
 Mrs K Filsell, LLB (Hons)

Chief Executive Officer
Medical Director
Deputy Chief Executive and Clinical Services Director
Director of Finance
Director of Income Generation
Human Resources Manager
Estates & Facilities Manager
Director of Education and Research
Volunteer Services Manager

Company number

SC048700

Charity number

SC003634

Registered Office

Challenger Lodge
 Boswall Road
 Edinburgh
 EH5 3RW
 Telephone 0131 551 1381

Principal Bankers

The Royal Bank of Scotland plc
 36 St Andrew Square
 Edinburgh EH2 2AD

Solicitors

Lindsays
 Caledonian Exchange
 19A Canning Street
 Edinburgh EH3 8HE

Auditor

Scott-Moncrieff Audit Services
 Exchange Place 3
 Semple Street
 Edinburgh EH3 8BL

Investment Managers

Sarasin & Partners LLP
 Juxon House
 100 St Paul's Churchyard
 London EC4M 8BU

 Royal London Asset Management Ltd
 55 Gracechurch Street
 London EC3V 0RL

Subsidiary Undertakings

St Columba's Trading Limited is a wholly owned subsidiary company. The company's principal activities are the administration of a weekly prize draw and the sale of merchandise.

St Columba's Hospice (2007) Limited is a wholly owned subsidiary company. Its principal activity was to design and build a new hospice for St Columba's Hospice Limited. On 1 April 2019 the company became dormant.

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OBJECTIVES

St Columba's Hospice is constituted as a charitable company limited by guarantee and, in terms of its Memorandum and Articles, its principal objective is to promote the relief of suffering by:

- establishing and maintaining hospice in-patient, community and supportive care services
- promoting evidence-based practice and research into palliative care and the education and training of medical, nursing and allied health professionals in this area
- encouraging the provision of spiritual and pastoral support for all connected to the Hospice's activities, whether as patients, families, volunteers or staff.

The clinical Hospice services include a 30 bedded in-patient unit, a day therapy service, a community palliative care service for outpatients, and a supportive care service to improve the wellbeing of patients, families and carers. Integral to the patient centered approach to hospice care is the expertise brought by an established multi-disciplinary specialist team, including physiotherapy, occupational therapy, social work, clinical pharmacy, counselling, art therapy and complementary therapy.

Our services offer care to patients irrespective of their diagnosis and encompass any advanced life limiting disease, both cancer and non-cancer. The purpose of hospice care is to improve the quality of life of those in our care, whilst extending support to their families and carers. The Hospice is open to all who may be in need of its care and referral can be made by members of both primary care teams and hospital clinical staff. There is no charge made for any of its clinical services. It is an independent Scottish charity with a fully integrated team of professional and administrative staff, who are supported by 666 volunteers who are involved in all departments throughout the Hospice and Hospice shops.

The Hospice has always recognised that it has a responsibility to share its knowledge and experience with professional colleagues. Attachments within the Hospice are arranged and an external education programme is organised for students, doctors, nurses, clergy and allied health professionals. In addition, the Hospice is a well recognised research active Hospice contributing to new knowledge in palliative care.

STRATEGIC REPORT

The Governors are pleased to present their strategic report for the year ended 31 March 2020.

ACHIEVEMENTS AND PERFORMANCE

St Columba's Hospice's vision is to provide more care and support to more people by developing the ways that we work, and to meet the diverse needs of our community in an ever changing and evolving healthcare environment. Our philosophy is to put patients and families at the centre of everything we do. Making the time to explore what is important to them and the choices they will have remains fundamental to the care we deliver. Full details on how we are achieving this are contained within our Annual Review document.

The Hospice is regulated by Healthcare Improvement Scotland (HIS) who last conducted an unannounced inspection in June 2016. The Hospice was assessed on all five quality themes and received the 'very good' award in four themes and 'excellent' in one theme. St.Columba's Hospice has provided a self assessment submission and will be due an on site inspection in 2020.

In Patient Care

The inpatient unit had 30 beds, consisting of 18 single rooms and four three-bedded rooms, divided into two wards (Cedar and Pentland). In 2019/20 there were 434 (2018/19: 426) admissions to the inpatient unit. Bed occupancy was 84.5% (2018/19: 83.4%), and in line with other hospices across the UK.

Community Care

The Community Palliative Care Service admitted 680 new patients to the service (2018/19: 601 new patients) and made a total of 2,507 home visits (2018/19: 2,604). Our plan is to continue to further increase community support as part of strategy 2020. Our multi-professional team provided 74 (2018/19: 53) home visits by doctors, 204 (2018/19: 154) by physiotherapy, 370 (2018/19: 401) by occupational therapy and 1,830 (2018/19: 1,971) by the clinical nurse specialist team. Telephone support is also provided to patients, their families, carers and health care professionals.

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ACHIEVEMENTS AND PERFORMANCE (cont'd)

Community Care (cont'd)

We continue to provide rehabilitation and focussed day therapies in the Hospice building and there were a total of 836 attendances (2018/19: 1,037), a reduction that came despite a redesign of the model of care. As part of the 2020 strategy, we will therefore be working in partnership with our community to determine future models of care to best meet the needs of more people in a short stay environment.

Supportive Care

The Hospice's Supportive Care provision continues to grow including pre and post bereavement support for families and also our Arts Service. The Supportive Care Service received a total of 203 referrals, 63 of whom were patients and 140 were family members or others suffering bereavement. The team have provided 1,030 sessions consisting of 832 counselling sessions and 198 family support sessions. Over the year, the Arts Service provided 262 arts group sessions and events with a total of 1,838 attendances. There were also a total of 123 individual art and music sessions provided. 2018/19 comparative data is not available as this is a new service.

Some of the activity numbers have reduced slightly during quarter 4 as a result of the impact of Covid-19 in March 2020 and also our migration to a new electronic records system in February 2020 which impacted on accurate data collection.

ACTIVITIES AND PLANS FOR FUTURE PERIODS

In October 2015 we launched our five year strategy, Care and Compassion Matters, which demonstrates our commitment to ensure we place patients and families at the centre of all we do: full details on how we are achieving this are contained within our Annual Review. Over the past 12 months, significant work has been undertaken to review services; engage with patients, staff and stakeholders; and re-design services to provide care and support closer to home. The new 5 year strategy is to be launched in September 2020 and will increase our community services and see new services start in East Lothian. In preparation of launching the new strategy, the Hospice has re-branded resulting in a new logo St.Columba's Hospice Care.

Covid-19 has impacted and will impact our service for the coming year and beyond. In order to operate safely in the new Covid-19 environment, new work practices have been put into place and the number of beds reduced to 22 in order to facilitate single rooms. Some face to face and group services, such as Art Therapy and Day services, have been halted on a temporary basis and other services, such as Counselling and Community visits, have moved virtual. The re-design of services to meet the demands of Covid-19 has meant that the new services and organisational structure, proposed in the new strategy, have been introduced in quarter 1 of 2020/21 which is earlier than anticipated. The Hospice is budgeting for another operational deficit, using free reserves of £2.0m, but the impact of Covid-19 will see this deficit increase. Fundraising income is likely to reduce significantly and investment income will also fall but this will be offset in part by anticipated Westminster Government and Scottish Parliament funding of approximately £790k. The Hospice has realised £2m of investments, since 31st March 2020, in order to sustain its cash position and continue to provide its charitable activities. The Hospice holds reserves for difficult times, such as these, and remains financially sound. However, the new strategy does include a new financial plan to continue to reduce reserves and move towards balancing the budget.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Governors, who are all non-executive directors of the Hospice Company, are responsible for ensuring that the Hospice continues to provide care of a high quality at a reasonable cost and free at the point of delivery, that it complies with all relevant legislation and that the assets of the Hospice are well managed and wholly applied to the pursuit of all the objectives of the Hospice.

Board of Governors

Prof MacDougall retired after 8 years on the Board and made a valuable contribution to the Hospice. The Board was delighted that Prof Cameron was appointed to the Board and will take over the chairing of the Education & Research Committee. David Dunsire was appointed as Vice Chair of the Board.

Governor Induction and Training

The recruitment of Hospice Governors (subject to a maximum of 20) is solely the responsibility of the Board of Governors itself. The Hospice's policy is to seek to include on the board senior representatives of the major professional areas involved in the work of the Hospice (including medicine, nursing and education), together with representatives of the local community and relevant areas of legal and financial expertise.

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STRUCTURE, GOVERNANCE AND MANAGEMENT (cont'd)

Governor Induction and Training (cont'd)

An induction programme on the work of the Hospice is provided to new Governors, together with general information on the role and responsibilities of charitable trustees (including the Scottish legislative framework). New Governors are invited to meet with each of the senior managers within the Hospice to explore in more depth their areas of work and the strategic objectives they are working towards. The new Governors are also encouraged to attend the Hospice corporate induction day. This day provides all new staff and volunteers with an overview of Hospice services. A number of team engagement events are now offered to all Governors to facilitate a deeper exploration of how the Hospice works.

Management

The Board appoint a Chief Executive to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority from the Board for all operational matters including finance, employment and clinical activity within terms of delegation approved by the Governors. The Chief Executive is supported in their operational role by a Management Committee consisting of the Medical Director, Clinical Services Director, Director of Income Generation, Director of Education & Research, Director of Finance, Human Resources manager, Estates & Facilities manager and Volunteer Services manager. From April 2020, the Director of Clinical Services was promoted to Deputy Chief Executive to support the restructuring and implementation of the redesigned clinical services. The Management Committee provide reports to the six meetings of the Board of Governors. In addition, there are Audit and Risk, Education and Research, Investment and Remuneration and Nomination Committees which meet throughout the year.

Remuneration

All Governors give their time freely and no Governor received remuneration or expenses in the year.

The Hospice has implemented a job evaluation system for pay called 'Agenda for Change' (AfC), which mirrors the system in place within NHS Lothian. A job evaluation system measures the demands of jobs throughout the Hospice using the same criteria. This ensures that there is 'equal pay' for roles of 'equal value' throughout the organisation. In general, jobs which are rated as 'equivalent' by a job evaluation scheme are placed in the same pay band. Equal pay has been a statutory entitlement since 1970, when the Equal Pay Act came into force.

Hospice pay scales usually have a 'minimum' and 'maximum' salary range, with several 'incremental points' in between. When a new member of staff starts, all things being equal, they commence employment paid at the minimum of the relevant pay scale and then on the annual anniversary of their start date, subject to satisfactory performance, their salary is increased to the next point on the scale. This annual process continues until the member of staff is paid at the maximum rate for their post.

The Hospice has committed to paying staff at least the Living Wage as set annually by the UK Living Wage Foundation. The Living Wage rate is endorsed by The Scottish Poverty Alliance, an initiative founded by The Scottish Government, working in partnership with the UK Living Wage Foundation.

All staff are currently paid under the Hospice pay scales with the exception of the CEO, Clinical Services Director, Director of Income Generation, Director of Finance, and HR Manager, who have 'spot' salaries, and whose remuneration is reviewed and determined by the Remuneration and Nominations Committee on an annual basis. The Medical Director's remuneration is linked to the equivalent NHS Scotland pay bands for equivalent posts in the health service.

The Remuneration and Nominations Committee consider the pay of senior staff annually. In view of the nature of the charity, the Governors benchmark against comparable salary information from other similar sized hospices, private industry and the public sector.

The average number of employees during the year was:

	2020	2019
Full-time	96	93
Part-time	140	134
	<u>236</u>	<u>227</u>

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STRUCTURE, GOVERNANCE AND MANAGEMENT (cont'd)

Risk management

In the exercise of their responsibilities the Governors place a high degree of importance on the Hospice's system of internal control. The Hospice's Risk Management Strategy involves the identification of the major risks to which the Hospice is exposed and the procedures to be followed in controlling and monitoring these risks.

A risk management review process is in place to identify major risks and to review the systems to minimise these risks. The Audit and Risk Committee, consisting of a number of Hospice Governors and senior managers, monitors the risk management process and reports its findings to the Board of Governors. The risk management process is designed to enable the Board of Governors to conclude whether the major risks to which the Hospice is exposed have been identified and reviewed, and systems established to mitigate these risks.

PRINCIPAL RISKS AND UNCERTAINTIES

The risks to the charity have all been reviewed in light of the impact of Covid-19. The risk of reduced income is now a reality but the scale and the period of income reduction remains a risk. Investment income is expected to fall by 15-25% in 2020-21 as a result of the impact of Covid-19 on company profits. Legacy income is anticipated to fall by 10-20% and fundraising income is expected to fall by 50-75% during the period of lock down and it may take some time to recover while social isolation policies persist. The Hospice has reserves in place to be able to cover this sort of income reduction and will be able to call on these reserves to sustain it through this difficult period. There is also a greater risk of cyber attack and breaches of data security with Covid-19 and more employees working from home. Most patient and employee data is already securely stored with the NHS or on the cloud, with web access, but further work has been undertaken to ensure systems are secure and employees are aware of the greater risk of cyber crime.

Risk	Mitigation
Breach of Hospice or public data	The Risk Management Group, consisting of a number of senior managers and reporting its findings to the Audit and Risk Committee, is responsible for ensuring that the Hospice has effective policies and management arrangements covering all aspects of Information Governance. This includes ensuring employees can work securely when remote. IT system security includes complex passwords and user names, additional malware software and new servers with cloud storage and backup. All staff receive training on IT security and the risks of cybercrime.
Outbreak of Covid-19 within Hospice services	All services have been reviewed and re-designed to support physical distancing, safe use of PPE in clinical spaces and remote working where possible. The Hospice is working closely with NHS Lothian Health Protection teams to ensure all infection prevention and control processes are in line with national guidance.
Reduction in investment income and capital losses in the investment portfolio	The investment portfolio is invested globally for the long term. The investment fund has seen significant gains in the last few years and this year there is a significant loss but markets should return to growth again in due course. The charity reserves are retained in order to cover such periods of loss and will continue to be maintained at sufficient levels to ensure charitable activities can continue with confidence despite periods when investment markets fall.
Reduction of fundraising income	The Fundraising Strategy aims to diversify income streams and spread risk by ensuring there is a wide spread of strategies to raise income utilising Hospice shops, Hospice lottery, events, individual giving strategies and working with local communities and businesses.

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FINANCIAL REVIEW

Income

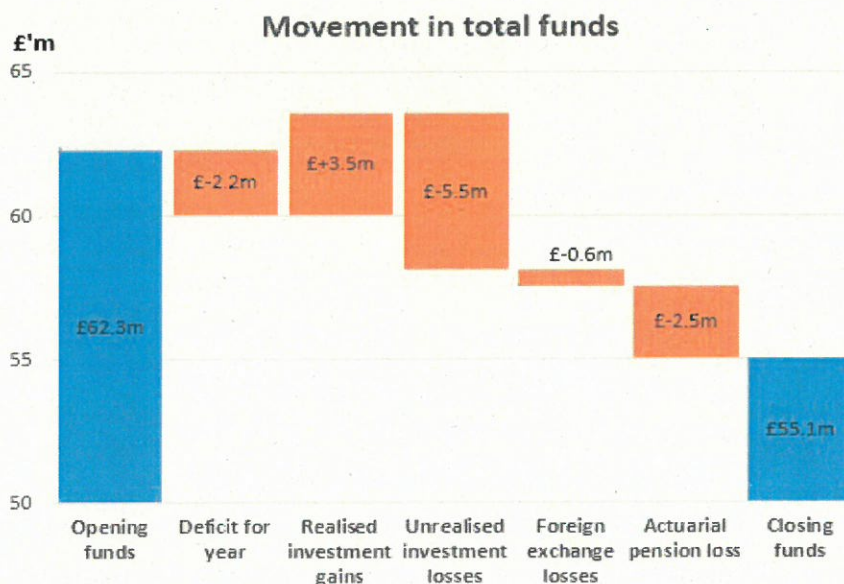
During the financial year ended 31 March 2020 the total income of the group was £8.45m. This represents an increase of 6% compared with the previous year (2019: £7.94m, 18% decrease). Voluntary income has two main components: donations and legacies. Donations have increased to £1.28m (2019: £1.24m) and legacy income to £2.38m (2019: £2.12m). The funding from NHS Lothian of £2.25m (2019: £2.12m) has increased due to additional pension funding as the contract funding remains unchanged. In real terms NHS funding is not matching increased costs. Other trading activity income remained static at £1.26m (2019: £1.26m).

Expenditure

The expenditure for the year was £10.7m, an increase of 4.9% compared to the previous year (2019: £10.2m) and was in line with budgeted cost increases and planned service development.

Net Movement in Funds

The net movement of funds, after taking account of movements on investment and pension values, was a loss of £7.2m (2019: surplus of £0.39m). This is a very substantial deficit but the Hospice has sufficient reserves to withstand such a deficit. The investment losses for the year are £1.95m compared with gains of £3.29m in the previous year. This year investment losses, which are outwith the control of the Governors, have been exceptionally high due to the impact of Covid-19 on the stock market. Investment gains and losses are stated as a combination of realised and unrealised movements. In addition, there were actuarial losses on pensions of £2.47m in the year (2019: losses of £0.22m). This pension deficit was anticipated and is the deficit realised on the closure of the Lothian Pension Fund and reserves had already been designated to meet this cost.



The net expenditure before gains/(losses) on investments of £2.25m (2019: £2.26m) gives the operational deficit of day-to-day activity. This deficit is close to budget and was planned in order to ensure free reserves are used to maximise services.

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RESERVES AND RESERVES POLICY

Total group funds have decreased by £7.2m and at the year-end stood at £55.1m (2019: £62.3m) comprising: two endowment funds, eleven restricted funds; four designated funds; and three general reserves.

Restricted funds are derived from income given to the Hospice for a specific purpose by the donor and can only be used under particular conditions. Restricted funds include endowments received to support nurse education and staff training where the income generated is used to fund projects every 3 to 5 years. The other restricted income funds are part of the Wellbeing Project to improve the lives of patients and their families. The Wellbeing Project includes the funds donated to develop the arts strategy at the hospice; funds to alleviate hardship for those accessing palliative care; funds for the running of a children and family bereavement service; funds for research into nutrition in end-of-life care; funds for research into the use of virtual reality to improve wellbeing; funds to purchase equipment to create music playlists; and the funding of complementary and music therapy posts to enhance the wellbeing of patients. In addition, there are 3 new funds this year namely funds to purchase new specialist equipment; funds for a playground area for children visiting patients or using the Children & Family Bereavement Service and funds for the equipment to set up a unique hospice biobank as part of a research project.

Designated funds are those unrestricted funds which have been set aside by the Governors for an essential spend or future purpose. The designated Fixed Asset Fund, which represents the carrying value of the Hospice buildings and other fixed assets, now stands at £15.2m (2019: £16.2m).

St Columba's Hospice plans to continue to provide a palliative care service for patients in the Edinburgh and Lothian area. The requirement for this service has been reaffirmed by Lothian Health Board. The Governors therefore consider it prudent to have a level of reserves going forward to meet the medium and long term strategic objectives of the organisation. The following pressures create an uncertainty over future income:

- Lothian Health Board, while acknowledging the need for a palliative care service, is faced with financial pressures and has limited resources available to support all its services
- Legacy income is unpredictable and varies significantly each year, due to changes in the number of donors and the link to property and equity values
- Fundraising activity is spread over a variety of activities but is not guaranteed income

A designated Sustainability fund has been created to ensure that the Hospice can continue to provide its core services in the event of any disruption to its income. This fund represents two years of future running costs as it would take time to find new income sources or reduce the scale of Hospice services should the current income streams be disrupted. The designated Sustainability fund now stands at £21.9m (2019: £21.3m). The Governors have designated two funds for implementing the Children and Family Bereavement service and the Art Strategy which will supplement the restricted funds raised via fundraising.

The general unrestricted funds comprise three reserves and totalled £17.6m at the year-end (2019: £24.5m). Of this balance £16.0m (2019 £15.1m) represents the 'free reserves' of the group. The 'free reserves' will be used to provide support for any deficit in short term funding of the Hospice. The Hospice is currently budgeting for a deficit budget in order to further its charitable work and reduce its free reserves. The 'free reserves' are also dependent on the performance of the investment portfolio. The investment revaluation reserve of £1.5m (2019: £7.0m) represents the gain in market value of the investment portfolio which is dependent on the performance of the stock market and could rise or fall significantly. The pension reserve represented funds designated to cover the cost of the pension deficit crystallised on the closure of the Lothian Pension Fund at 31st August 2019.

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INVESTMENT POLICY

The investments of the Hospice comprise a managed investment portfolio of equities, fixed income, commercial property, alternative investments and cash on deposit to provide an income to support the work of the Hospice.

Investments are mainly traded in markets with good liquidity and high trading volumes. The Hospice has no material investment holdings in markets subject to exchange controls or trading restrictions.

The main risk to the Hospice from financial instruments lies in the uncertain investment markets and the potential for capital values to fall. The Hospice recognises this risk and as a long term investor is able to tolerate periods of weakness, so long as the income from the investments continues to be generated.

Furthermore, the Hospice manages these, and other such investment risks by retaining professional advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges.

The investment portfolio is managed by Sarasin & Partners whose objectives are to provide a return in excess of the Retail Price Index +3.5% over a rolling five-year period and to maintain the 'real' value of the Hospice's investment portfolio after allowing for the contribution to the Hospice's expenditure.

The investment portfolio is held in a segregated portfolio and has an agreed equity range of 60% minimum and 85% maximum and an agreed fixed income range of 5% minimum and 25% maximum. The manager can invest up to 12% in property, up to 10% in alternative investments, and up to 10% in cash. Additionally, there is to be no direct or indirect investment in companies which produce or manufacture tobacco.

The composite benchmark, which is used to measure performance, comprises an allocation of 77% to global equities (52% MSCI All Countries World Daily Net Total Return Index, and 25% Sterling Hedged), 9% FTSE Gilts All Stocks, 6% BoAML Sterling Non-Gilt Index and 8% in commercial property (5% MSCI All Balanced Property Funds Index (one quarter lagged) and 3% S&P Developed Market Property Index).

The cash portfolio is managed by Royal London Asset Management Ltd. The cash is divided between a Cash Plus Fund and an Enhanced Cash Plus fund. The Cash Plus fund holds cash, money market instruments and short dated government securities and covered bonds with average maturity dates of 2-3 month. The Enhanced Cash Plus fund is similar to the Cash Plus Fund but includes corporate bonds and has longer maturity dates averaging 6 months.

Investment Value

The value of the Hospice's investments as at 31st March 2020 was £39.8m (2019 £45.7m), being split £34.0m (2019 £41.5m) in the direct investment portfolio and £5.8m (2019 £4.2m) in cash.

Investment Performance

For the year to 31st March 2020, the performance of the investment portfolio managed by Sarasin & Partners was -4.6% exceeding the return on the market benchmark of -4.8%, and the Charity Peer Group return of -7.9%. Over the five-year period to 31st March 2020, the portfolio performance was +5.4% p.a. compared to the market benchmark return of +6.2% p.a. and the Charity Peer Group of 2.4%. Over the longer term, the portfolio has achieved a 5 year annualised return of 5.4% which is short of its target return of 6.2% (RPI+3.5%) but the 7 year annualised return of 6.8% outperformed the target return of 6% (RPI +3.5%).

The investments made a significant gain for the 9 months to December 2019 increasing by 12% compared to the benchmark of 9.5% and then, due to the impact of Covid-19 on markets, investments fell by -15.0% compared to the benchmark of -13.3% in the quarter to 31 March 2020. The portfolio has increased in value post 31 March 2020 as markets have recovered. This is a good example of why investments need to be held for the long term, backed up by sufficient reserves to cover any short term losses and the need for investment gains and losses to be excluded from day to day budgeting.

For the twelve months to 31st March 2020, the income earned on the portfolio was £1.2m (2019 £1.1m).

The Investment Committee of the Hospice meets with the investment managers twice a year to discuss performance and investment requirements.

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STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also directors of St. Columba's Hospice Limited for the purposes of company law) are responsible for preparing the Governors' Report (incorporating the Strategic Report) and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Governors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the results of the group for that period. In preparing these accounts, the Governors are required to :

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity and the group will continue in business.

The Governors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the accounts comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Governors are aware:

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

AUDITOR

The appointed auditor, Scott-Moncrieff, tendered their resignation during 2019 and were replaced by Scott-Moncrieff Audit Services. Scott-Moncrieff Audit Services have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the Annual General Meeting of St Columba's Hospice Limited.

This report has 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), Charities Accounts (Scotland) Regulations 2006 and in accordance with the Companies Act 2006.

THE GOVERNORS' REPORT (INCORPORATING THE STRATEGIC REPORT) HAS BEEN APPROVED BY ORDER OF THE BOARD



Mr D N Dunsire, WS
(Company Secretary)
Lindsays
Caledonian Exchange
19 a Canning Street
Edinburgh
EH3 8HE

Dated: 25th August 2020

ST. COLUMBA'S HOSPICE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF ST. COLUMBA'S HOSPICE LIMITED

For the year ended 31 March 2020

Opinion

We have audited the financial statements of St. Columba's Hospice (the 'parent charitable company') and its subsidiaries (the group) for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities (incorporating the Income and Expenditure Account), the Charity Statement of Financial Activities (incorporating the Income and Expenditure Account), the Consolidated and Charity Balance Sheets and the Consolidated and Charity Statement of Cash Flows 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 group's and the parent charitable company's affairs as at 31 March 2020 and of the group's and parent charitable company's income and receipt of endowments 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 regulations 6 and 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

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

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

Other information

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

ST. COLUMBA'S HOSPICE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF ST. COLUMBA'S HOSPICE LIMITED

For the year ended 31 March 2020

Other information (cont'd)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report (incorporating the Strategic 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 Strategic Report and the Directors' Report included within the Governors' Report (incorporating the Strategic Report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (incorporating the Strategic 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 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of the Governors

As explained more fully in the Governors' responsibilities statement set out on page 11, the Governors (who are the directors for the purposes of company law and trustees for the purposes of charity 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 Governors 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 Governors are responsible for assessing the group's and the parent 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 Governors either intend to liquidate the parent charitable company or to cease operations, or have no realistic alternative but to do so.

ST. COLUMBA'S HOSPICE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF ST. COLUMBA'S HOSPICE LIMITED

For the year ended 31 March 2020

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 the Acts and relevant regulations made or having effect thereunder.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the parent 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 Governors, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

J. Alexander

Jennifer Alexander, Senior Statutory Auditor

For and on behalf of

Scott-Moncrieff Audit Services, Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

Date *25/08/20*

ST. COLUMBA'S HOSPICE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)

For the year ended 31 March 2020

	Notes	2020 Restricted funds	Unrestricted funds	2020 Total	2019 Restricted funds	Unrestricted funds	2019 Total
		£	£	£	£	£	£
Income from:							
Donations and legacies	2	51,123	3,612,737	3,663,860	118,817	3,245,976	3,364,793
Other trading activities	3	-	1,255,510	1,255,510	-	1,260,897	1,260,897
<i>Income from charitable activities</i>							
NHS Lothian		-	2,253,188	2,253,188	-	2,116,050	2,116,050
Education and research		-	52,882	52,882	-	95,324	95,324
Investment income	4	400	1,228,479	1,228,879	400	1,106,574	1,106,974
Total income		51,523	8,402,796	8,454,319	119,217	7,824,821	7,944,038
Expenditure on:							
<i>Costs of raising funds</i>							
Raising funds		-	1,728,057	1,728,057	-	1,628,492	1,628,492
Investment management costs		-	179,191	179,191	-	172,328	172,328
<i>Cost of charitable activities</i>							
In-patient care		47,787	6,719,416	6,767,203	15,930	6,401,421	6,417,351
Community services		-	770,741	770,741	-	672,590	672,590
Supportive care		-	740,647	740,647	-	726,244	726,244
Education and research		11,598	503,234	514,832	27,359	560,391	587,750
Total expenditure	5	59,385	10,641,286	10,700,671	43,289	10,161,466	10,204,755
Net (Expenditure)/Income before gains/ (losses) on investments		(7,862)	(2,238,490)	(2,246,352)	75,928	(2,336,645)	(2,260,717)
Net gains/(losses) on investments		-	(1,952,722)	(1,952,722)	-	3,285,660	3,285,660
Net (expenditure)/income		(7,862)	(4,191,212)	(4,199,074)	75,928	949,015	1,024,943
Other recognised (losses)/gains:							
Foreign exchange (losses)		-	(563,467)	(563,467)	-	(419,536)	(419,536)
Actuarial (losses)		-	(2,467,000)	(2,467,000)	-	(215,000)	(215,000)
Net movement in funds		(7,862)	(7,221,679)	(7,229,541)	75,928	314,479	390,407
Total funds brought forward		167,945	62,125,864	62,293,809	92,017	61,811,385	61,903,402
Total funds carried forward	15 & 16	160,083	54,904,185	55,064,268	167,945	62,125,864	62,293,809

All incoming revenues and resources expended derive from continuing activities.

The notes on pages 19 to 37 form part of these Accounts.

ST. COLUMBA'S HOSPICE LIMITED

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account)

For the year ended 31 March 2020

	Notes	2020 Restricted funds	Unrestricted funds	2020 Total	2019 Restricted funds	Unrestricted funds	2019 Total
		£	£	£	£	£	£
Income from:							
Donations and legacies	2	51,123	3,612,737	3,663,860	118,817	3,245,976	3,364,793
Other trading activities	3	-	1,087,711	1,087,711	-	1,100,121	1,100,121
<i>Income from charitable activities</i>							
NHS Lothian		-	2,253,188	2,253,188	-	2,116,050	2,116,050
Education and research		-	52,882	52,882	-	95,324	95,324
Investment income	4	400	1,228,416	1,228,816	400	1,106,517	1,106,917
Total income		<u>51,523</u>	<u>8,234,934</u>	<u>8,286,457</u>	<u>119,217</u>	<u>7,663,988</u>	<u>7,783,205</u>
Expenditure on:							
<i>Costs of raising funds</i>							
Raising funds		-	1,573,027	1,573,027	-	1,459,940	1,459,940
Investment management costs		-	179,191	179,191	-	172,328	172,328
<i>Cost of charitable activities</i>							
In-patient care		47,787	6,719,416	6,767,203	15,930	6,401,421	6,417,351
Community services		-	770,741	770,741	-	672,590	672,590
Supportive care		-	740,647	740,647	-	726,244	726,244
Education and research		11,598	503,234	514,832	27,359	560,391	587,750
Total expenditure	5	<u>59,385</u>	<u>10,486,256</u>	<u>10,545,641</u>	<u>43,289</u>	<u>9,992,914</u>	<u>10,036,203</u>
Net (Expenditure)/Income before gains/ (losses) on investments		(7,862)	(2,251,322)	(2,259,184)	75,928	(2,328,926)	(2,252,998)
Net gains/(losses) on investments		-	(1,952,722)	(1,952,722)	-	3,285,660	3,285,660
Net (expenditure)/income		<u>(7,862)</u>	<u>(4,204,044)</u>	<u>(4,211,906)</u>	<u>75,928</u>	<u>956,734</u>	<u>1,032,662</u>
Other recognised gains/(losses):							
Foreign exchange (losses)		-	(563,467)	(563,467)	-	(419,496)	(419,496)
Actuarial (losses)		-	(2,467,000)	(2,467,000)	-	(215,000)	(215,000)
Net movement in funds		<u>(7,862)</u>	<u>(7,234,511)</u>	<u>(7,242,373)</u>	<u>75,928</u>	<u>322,238</u>	<u>398,166</u>
Total funds brought forward		167,945	62,054,865	62,222,810	92,017	61,732,627	61,824,644
Total funds carried forward	15 & 16	<u>160,083</u>	<u>54,820,354</u>	<u>54,980,437</u>	<u>167,945</u>	<u>62,054,865</u>	<u>62,222,810</u>

All incoming revenues and resources expended derive from continuing activities.

The notes on pages 19 to 37 form part of these Accounts.

ST. COLUMBA'S HOSPICE LIMITED

CONSOLIDATED AND CHARITY BALANCE SHEETS

As at 31 March 2020

	Notes	Group 2020 £	Group 2019 Restated £	Charity 2020 £	Charity 2019 Restated £
Fixed Assets:					
Tangible Assets	8	15,225,959	16,176,551	15,225,959	16,176,551
Investments	9	39,764,467	45,678,486	39,774,567	45,688,586
		<u>54,990,426</u>	<u>61,855,037</u>	<u>55,000,526</u>	<u>61,865,137</u>
Current Assets:					
Stocks		10,943	9,558	-	-
Debtors	10	1,333,898	492,654	1,340,136	508,030
Cash at Bank and in Hand	11	1,533,125	1,137,792	1,385,155	995,843
		<u>2,877,966</u>	<u>1,640,004</u>	<u>2,725,291</u>	<u>1,503,873</u>
Liabilities:					
Creditors: Amounts falling due within one year	12	(700,124)	(587,232)	(641,380)	(532,200)
Current pension liability	12	(526,000)	-	(526,000)	-
		<u>1,651,842</u>	<u>1,052,772</u>	<u>1,557,911</u>	<u>971,673</u>
Net Current Assets					
		<u>1,651,842</u>	<u>1,052,772</u>	<u>1,557,911</u>	<u>971,673</u>
Total Assets Less Current Liabilities					
		<u>56,642,268</u>	<u>62,907,809</u>	<u>56,558,437</u>	<u>62,836,810</u>
Non-current pension liability	13 & 19	(1,578,000)	(614,000)	(1,578,000)	(614,000)
		<u>55,064,268</u>	<u>62,293,809</u>	<u>54,980,437</u>	<u>62,222,810</u>
Total Net Assets					
		<u>55,064,268</u>	<u>62,293,809</u>	<u>54,980,437</u>	<u>62,222,810</u>
The Funds of the Charity:					
Restricted Funds:					
Endowment	15	42,706	42,306	42,706	42,306
Income		117,377	125,639	117,377	125,639
Unrestricted Funds:					
Designated	16	37,313,286	37,655,200	37,313,286	37,655,200
General		16,048,098	15,106,028	15,964,267	15,035,029
Investment Revaluation reserve		1,542,801	7,040,636	1,542,801	7,040,636
Pension reserve		-	2,324,000	-	2,324,000
		<u>55,064,268</u>	<u>62,293,809</u>	<u>54,980,437</u>	<u>62,222,810</u>

Approved by the Board of Governors and signed on its behalf by

Governor – Dr N Bryson

Governor – J G Macrae

Date : 25 August 2020

Company number SC048700

The notes on pages 19 to 37 form part of these Accounts.

ST. COLUMBA'S HOSPICE LIMITED

CONSOLIDATED AND CHARITY STATEMENT OF CASH FLOWS

As at 31 March 2020

	Notes	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Cash flows from operating activities:					
Net cash used in operating activities	22	<u>(4,187,039)</u>	<u>(1,794,074)</u>	<u>(4,192,997)</u>	<u>(1,764,762)</u>
Cash flows from investing activities:					
Dividends and interest from investments		1,228,879	1,106,974	1,228,816	1,106,917
Purchase of property, plant and equipment		(44,337)	(30,557)	(44,337)	(30,557)
Proceeds from sale of investments		21,461,086	8,151,667	21,461,086	8,151,667
Purchase of investments		(15,893,601)	(8,289,614)	(15,893,601)	(8,289,614)
Net cash provided by investing activities		<u>6,752,027</u>	<u>938,470</u>	<u>6,751,964</u>	<u>938,413</u>
Change in cash and cash equivalents in the year		2,564,988	(855,604)	2,558,967	(826,349)
Change in cash and cash equivalents due to exchange rate movements		(563,467)	(419,536)	(563,467)	(419,496)
Cash and cash equivalents at the beginning of the year		5,301,040	6,576,180	5,159,091	6,404,936
Cash and cash equivalents at the end of the year	11	<u>7,302,561</u>	<u>5,301,040</u>	<u>7,154,591</u>	<u>5,159,091</u>

The notes on pages 19 to 37 form part of these Accounts.

ST. COLUMBA'S HOSPICE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

1. Accounting policies

General information

St. Columba's Hospice Limited is a charitable company limited by guarantee and the contribution of members to the liability of the charitable company is restricted by the Memorandum and Articles of Association to a maximum of £1. The charitable company is registered in Scotland with registration number SC048700. The address of its registered office is Challenger Lodge, Boswall Road, Edinburgh, EH5 3RW.

The principal activity of the charitable company and the group in the year under review was the operation of a hospice as described in the Governors' Report.

Basis of Accounting

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The accounts 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 SORP), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

St. Columba's Hospice Limited meets the definition of a public benefit entity under FRS 102.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the majority of the charity's and group's transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgements in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are the timing of the recognition of legacy income in accordance with the Charities SORP, and the estimate of the useful lives of fixed assets.

Going Concern

The accounts have been prepared on a going concern basis. The Governors have assessed the charity's ability to continue as a going concern and have reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The most significant area of uncertainty that affects the carrying value of assets held by the Hospice is the performance of investment markets (see the investments note for more information). The Governors are satisfied that investments are appropriately managed and that risks associated with investment markets have been mitigated to a reasonable extent, thus they continue to adopt the going concern basis of accounting in preparing these financial statements. This assessment has also taken into account the expected impact of Covid-19.

Basis of Consolidation

The consolidated accounts incorporate the accounts of the charity and its subsidiary undertakings. The results of subsidiary undertakings are consolidated from the date of acquisition on a line by line basis.

ST. COLUMBA'S HOSPICE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

1. Accounting policies (cont'd)

Recognition of Income

Income is recognised in the period in which the charity is entitled to receipt, any performance conditions attached to the item(s) have been met, it is probable that the income will be received and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

In accordance with this policy, legacies are included on 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 Hospice that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Voluntary contributions are recognised upon receipt and Health Board income is accounted for in line with the agreement.

Donated goods are measured at fair value except where it is impractical to measure reliably the fair value of donated items. Where it is impractical to measure the fair value of goods donated, the donated goods are recognised in income when they are sold.

Dividends and interest are credited to the Income and Expenditure Account in the year in which they are receivable.

Recognition and allocation of expenditure

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 under the following activity headings:

- Costs of raising funds comprise: the costs of commercial trading, including the activities of St. Columba's Hospice Trading Limited, and their associated support costs; costs of the fundraising department and associated support costs; the direct cost of holding events to raise funds; and investment management costs.
- Expenditure on charitable activities includes the costs of in-patient care, community services, supportive care services and other educational and research activities undertaken to further the purposes of the charity and their associated support costs.

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

Expenditure is included in the Statement of Financial Activities account on an accruals basis. Certain expenditure is directly attributable to restricted and designated funds and has been included in those cost categories. Some costs are apportioned between funds as considered appropriate by the Governors. Otherwise costs are attributed to the general fund. Expenditure on the governance of the Hospice, including external audit, legal advice and an allocation of administrative salaries, is included in the governance costs category.

Operating lease rentals are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

Fixed Assets and Depreciation

Individual items over £5,000 are capitalised as fixed assets.

Depreciation is provided on buildings at 4 per cent per annum of the cost, on furniture and equipment at 20 per cent per annum of the cost, on computer equipment at 33.3 per cent per annum of the cost and on motor vehicles at 25 per cent per annum of the cost. Depreciation on leasehold fixtures and fittings is provided at 25 per cent per annum or the period of the lease if less than 4 years. Leasehold improvements are depreciated over the period of the lease. An impairment review is carried out when there is an indication that impairment has occurred.

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

1. Accounting policies (cont'd)

Investments

All investments are carried at their fair value. Investments in equities and fixed 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 bid 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. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Hospice does not acquire put options, derivatives or other complex financial instruments relating to equities or bonds, but does manage its non-sterling currency exposure via currency forward contracts. 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.

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 opening carrying value (purchase date if later). Unrealised gains and losses are calculated as the difference between the fair values at the year end and their carrying value.

Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to sell.

Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discount.

Creditors and Provisions

Creditors and provisions are recognised where the Hospice 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.

Financial instruments

The Hospice 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.

Volunteers

The financial value of the participation of volunteers in the day to day running of the Hospice and in fundraising is not recognised.

Pensions

Contributions are charged to the Statement of Financial Activities to spread the cost of pensions over the employees' working lives with the Hospice.

In accordance with the requirements of FRS 102 and in accordance with SORP 2015, there is an accounting policy to recognise net pension assets and liabilities in respect of the charity's defined benefit pension scheme. Details of the pension scheme have been included within note 19.

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

1. Accounting Policies (cont'd)

Fund Accounting

Funds held by the charity are:

- Unrestricted general funds - these funds can be used in accordance with the charitable objects at the discretion of the Governors
- Designated funds - these funds are set aside by the Governors out of unrestricted general funds for a specific future purpose or purposes.
- Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

The nature and purpose of each fund and a description of transfers between funds is explained in notes 15 and 16.

2. Donations and Legacies

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Unrestricted				
Donations	1,227,954	1,123,526	1,227,954	1,123,526
Legacies	<u>2,384,783</u>	<u>2,122,450</u>	<u>2,384,783</u>	<u>2,122,450</u>
	3,612,737	3,245,976	3,612,737	3,245,976
Restricted				
Donations	<u>51,123</u>	<u>118,817</u>	<u>51,123</u>	<u>118,817</u>
	<u><u>3,663,860</u></u>	<u><u>3,364,793</u></u>	<u><u>3,663,860</u></u>	<u><u>3,364,793</u></u>

Included within donations are donations-in-kind amounting to £5,290 (2019 £1,130)

3. Other Trading Activities

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Fundraising events	137,225	221,052	137,225	221,052
Operation of shops (including Iona café)	660,425	603,005	660,425	603,005
St. Columba's Trading Limited	359,443	402,374	190,743	241,598
Other income	<u>98,417</u>	<u>34,466</u>	<u>99,318</u>	<u>34,466</u>
	<u><u>1,255,510</u></u>	<u><u>1,260,897</u></u>	<u><u>1,087,711</u></u>	<u><u>1,100,121</u></u>

ST. COLUMBA'S HOSPICE LIMITED
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For the year ended 31 March 2020

4. Investment Income

	Group 2020 £	2019 £	Charity 2020 £	2019 £
Unrestricted				
UK Listed Investments	1,224,200	1,096,975	1,224,200	1,096,975
Bank Interest	4,279	9,599	4,216	9,542
	<u>1,228,479</u>	<u>1,106,574</u>	<u>1,228,416</u>	<u>1,106,517</u>
Restricted				
Bank Interest	400	400	400	400
	<u>1,228,879</u>	<u>1,106,974</u>	<u>1,228,816</u>	<u>1,106,917</u>

5. Total Expenditure

Total support costs for the year, and their allocation to the activity cost categories disclosed in the Statement of Financial Activities, are set out below. Support costs have been allocated in direct proportion to the staff costs incurred for each category, shown as the allocation percentages (Alloc. %).

Group 2020

	Alloc. %	Management & Admin £	Facilities & Property £	Depreciation £	Governance £	Total Support Costs £	Costs Directly Allocated £	Total £
Cost of Raising Funds:								
Fundraising Costs	11%	98,363	146,667	112,913	11,357	369,300	1,358,757	1,728,057
Investment Management	0%	-	-	-	-	-	179,191	179,191
Cost of Charitable Activities:								
In-Patient Care	68%	591,115	881,396	678,550	68,253	2,219,314	4,547,889	6,767,203
Community Services	8%	69,934	104,277	80,278	8,075	262,564	508,177	770,741
Supportive Care	8%	67,347	100,419	77,309	7,776	252,851	487,796	740,647
Education & Research	5%	39,967	59,594	45,879	4,615	150,055	364,777	514,832
	<u>100%</u>	<u>866,726</u>	<u>1,292,353</u>	<u>994,929</u>	<u>100,076</u>	<u>3,254,084</u>	<u>7,446,587</u>	<u>10,700,671</u>

Group 2019

	Alloc. %	Management & Admin £	Facilities & Property £	Depreciation £	Governance £	Total Support Costs £	Costs Directly Allocated £	Total £
Cost of Raising Funds:								
Fundraising Costs	11%	109,690	144,438	116,998	11,210	382,336	1,246,156	1,628,492
Investment Management	0%	-	-	-	-	-	172,328	172,328
Cost of Charitable Activities:								
In-Patient Care	68%	657,006	865,134	700,773	67,147	2,290,060	4,127,291	6,417,351
Community Services	7%	70,908	93,371	75,632	7,247	247,158	425,432	672,590
Supportive Care	8%	77,301	101,788	82,450	7,900	269,439	456,805	726,244
Education & Research	6%	60,169	79,230	64,178	6,149	209,726	378,024	587,750
	<u>100%</u>	<u>975,074</u>	<u>1,283,961</u>	<u>1,040,031</u>	<u>99,653</u>	<u>3,398,719</u>	<u>6,806,036</u>	<u>10,204,755</u>

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

5. Total Expenditure (cont'd)

Charity 2020

		Management & Admin	Facilities & Property	Depreciation	Governance	Total Support Costs	Costs Directly Allocated	Total
	Alloc. %	£	£	£	£	£	£	£
Cost of Raising Funds:								
Fundraising Costs	11%	98,363	146,667	112,913	11,357	369,300	1,203,727	1,573,027
Investment Management	0%	-	-	-	-	-	179,191	179,191
Cost of Charitable Activities:								
In-Patient Care	68%	591,115	881,396	678,550	68,253	2,219,314	4,547,889	6,767,203
Community Services	8%	69,934	104,277	80,278	8,075	262,564	508,177	770,741
Supportive Care	8%	67,347	100,419	77,309	7,776	252,851	487,796	740,647
Education & Research	5%	39,967	59,594	45,879	4,615	150,055	364,777	514,832
	<u>100%</u>	<u>866,726</u>	<u>1,292,353</u>	<u>994,929</u>	<u>100,076</u>	<u>3,254,084</u>	<u>7,291,557</u>	<u>10,545,641</u>

Charity 2019

		Management & Admin	Facilities & Property	Depreciation	Governance	Total Support Costs	Costs Directly Allocated	Total
	Alloc. %	£	£	£	£	£	£	£
Cost of Raising Funds:								
Fundraising Costs	11%	109,690	144,438	116,998	11,210	382,336	1,077,604	1,459,940
Investment Management	0%	-	-	-	-	-	172,328	172,328
Cost of Charitable Activities:								
In-Patient Care	68%	657,006	865,134	700,773	67,147	2,290,060	4,127,291	6,417,351
Community Services	7%	70,908	93,371	75,632	7,247	247,158	425,432	672,590
Supportive Care	8%	77,301	101,788	82,450	7,900	269,439	456,805	726,244
Education & Research	6%	60,169	79,230	64,178	6,149	209,726	378,024	587,750
	<u>100%</u>	<u>975,074</u>	<u>1,283,961</u>	<u>1,040,031</u>	<u>99,653</u>	<u>3,398,719</u>	<u>6,637,484</u>	<u>10,036,203</u>

5 (a) Governance costs

Group and Charity	2020	2019
	£	£
Staff costs	51,622	49,428
Audit fees	13,900	13,500
Legal and professional fees	8,125	9,034
Pension consultancy costs	24,104	15,471
VAT advisory services	2,325	12,220
	<u>100,076</u>	<u>99,653</u>

6 Net expenditure

This is stated after charging:

	2020	2019
	£	£
Auditor's remuneration:		
Audit fee with respect to audit of St Columba's Hospice Ltd consolidated and charity only accounts	11,800	11,450
Audit fee with respect to audits of subsidiary undertakings	2,100	2,050
VAT advisory and tax compliance services	4,240	14,072
Depreciation	994,929	1,040,031
Operating lease payments recognised as an expense	119,834	79,628

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

7. Analysis of staff costs, Governor remuneration and expenses, and the cost of key management personnel

Group and Charity	2020	2019
	£	£
Wages and salaries	5,778,678	5,381,606
Social security costs	536,715	498,448
Pension costs	917,955	780,541
	<u>7,233,348</u>	<u>6,660,595</u>

The average number of employees during the year was:

	2020	2019
Full-time	96	93
Part-time	140	134
	<u>236</u>	<u>227</u>

No remuneration or expenses were paid to the Governors (2019: £Nil)

The number of employees whose emoluments were above £60,000 for the year were:

	2020	2019
Between £60,000 and £69,999	1	1
Between £70,000 and £79,999	2	2
Between £90,000 and £99,999	-	1
Between £100,000 and £109,999	1	-
Between £120,000 and £129,999	1	1
	<u>5</u>	<u>5</u>

Pension costs for the above employees were £80,355 (2019: £58,764).

The key management personnel of the Hospice comprise the Governors and the executive management committee, which includes the Chief Executive Officer, Medical Director, Clinical Services Director, Director of Income Generation, Director of Education & Research, Director of Finance, Human Resources manager, Estates & Facilities manager and the Volunteer Services manager. The total employee benefits of the key management personnel of the Hospice were £763,998 (2019: £715,870).

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

8. Tangible assets

Group and Charity	Freehold Land & Buildings £	Motor Vehicles £	Furniture & Equipment £	Leasehold Improvements £	Total £
Cost:					
At 1 April 2019	21,439,889	37,206	1,765,894	30,557	23,273,546
Additions	-	-	10,657	33,680	44,337
Disposals	-	-	(216,040)	-	(216,040)
At 31 March 2020	<u>21,439,889</u>	<u>37,206</u>	<u>1,560,511</u>	<u>64,237</u>	<u>23,101,843</u>
Depreciation:					
At 1 April 2019	5,477,037	36,408	1,583,041	509	7,096,995
Amount provided in year	857,596	798	131,514	5,021	994,929
Disposals	-	-	(216,040)	-	(216,040)
At 31 March 2020	<u>6,334,633</u>	<u>37,206</u>	<u>1,498,515</u>	<u>5,530</u>	<u>7,875,884</u>
Net book value:					
At 31 March 2020	<u>15,105,256</u>	<u>-</u>	<u>61,996</u>	<u>58,707</u>	<u>15,225,959</u>
At 31 March 2019	<u>15,962,852</u>	<u>798</u>	<u>182,853</u>	<u>30,048</u>	<u>16,176,551</u>

9. Investments

Group	Cash deposits	Listed Investments	Total
	£	£	£
Cost or valuation			
At 1 April 2019	4,163,248	41,515,238	45,678,486
Additions at cost	4,200,000	15,893,601	20,093,601
Disposals	(2,345,630)	(21,003,979)	(23,349,609)
Unrealised gain/(loss) on revaluation	7,330	(2,409,829)	(2,402,499)
Movement in cash balance	(255,512)	-	(255,512)
At 31 March 2020	<u>5,769,436</u>	<u>33,995,031</u>	<u>39,764,467</u>

Charity	Cash deposits	Listed Investments	Subsidiaries	Total
	£	£	£	£
Total investments as above:	5,769,436	33,995,031	-	39,764,467
Investments in subsidiaries:	-	-	10,100	10,100
At 31 March 2020	<u>5,769,436</u>	<u>33,995,031</u>	<u>10,100</u>	<u>39,774,567</u>
At 31 March 2019	<u>4,163,248</u>	<u>41,515,238</u>	<u>10,100</u>	<u>45,688,586</u>

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

9. Investments (cont'd)

Details of the subsidiary undertakings, which are registered in Scotland and also have a 31 March accounting year end, are as follows: -

Name	Principal Activity	Proportion of ordinary shares held
St Columba's Trading Limited	Fundraising activities	100%
St Columba's Hospice (2007) Limited	Property design-and-build services, used for construction of new hospice building. As of 1 April 2019 the company is now dormant.	100%

St. Columba's Trading Limited (registered company number SC169588) generates profit through the sale of goods and the running of a weekly prize draw. All profits are passed on to the Hospice by gift aid. In the year to 31 March 2020 the company had turnover of £359,443 (2019: £402,374), expenditure of £164,170 (2019: £168,495) and generated a profit of £195,273 (2019: £233,879). At 31 March 2020 the aggregate amount of assets, liabilities and funds was £93,831 (2019: £80,999).

St. Columba's Hospice (2007) Limited (registered company number SC335221) provided services to the Hospice. In the year to 31 March 2020 the company had turnover of £nil (2019: £200), expenditure of £nil (2019: £200) and generated a profit of £nil (2019: £nil). At 31 March 2020 the aggregate amount of assets, liabilities and funds was £100 (2019: £100). The company has been dormant from 1 April 2019.

10. Debtors

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
VAT receivable	54,642	44,862	56,460	50,218
Legacy debtors	1,089,062	200,360	1,089,062	200,360
Other debtors	190,194	247,432	190,194	247,257
Amounts due from group companies	-	-	4,420	10,195
	<u>1,333,898</u>	<u>492,654</u>	<u>1,340,136</u>	<u>508,030</u>

11. Cash & Cash Equivalents

Group	At 1 April 2019	Cashflows	Foreign Exchange Movement	At 31 March 2020
	£	£	£	£
Interest bearing deposit and current accounts	1,131,719	394,215	-	1,525,934
Cash	6,073	1,118	-	7,191
Cash at bank and in hand	1,137,792	395,333	-	1,533,125
Cash on deposit within investments	4,163,248	2,169,655	(563,467)	5,769,436
	<u>5,301,040</u>	<u>2,564,988</u>	<u>(563,467)</u>	<u>7,302,561</u>

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

11. Cash & Cash Equivalents (cont'd)

	At 1 April 2019	Cashflows	Foreign Exchange Movement	At 31 March 2020
Charity	£	£	£	£
Interest bearing deposit and current accounts	989,850	388,194	-	1,378,044
Cash	5,993	1,118	-	7,111
Cash at bank and in hand	995,843	389,312	-	1,385,155
Cash on deposit within investments	4,163,248	2,169,655	(563,467)	5,769,436
	<u>5,159,091</u>	<u>2,558,967</u>	<u>(563,467)</u>	<u>7,154,591</u>

12. Creditors: Amounts falling due within one year

	Group 2020	2019	Charity 2020	2019
	£	£	£	£
Trade creditors	150,493	108,803	136,928	103,401
Other taxes and social security	136,171	131,712	136,171	131,712
Other creditors and accruals	347,082	263,670	344,272	258,270
Deferred income (Note 14)	66,378	83,047	23,909	38,717
Amounts owed to group companies	-	-	100	100
	<u>700,124</u>	<u>587,232</u>	<u>641,380</u>	<u>532,200</u>
Current pension liability	526,000	-	526,000	-
	<u>1,226,124</u>	<u>587,232</u>	<u>1,167,380</u>	<u>532,200</u>

13. Creditors: Amounts falling due after more than one year

	Group 2020	2019	Charity 2020	2019
	£	£	£	£
Non-current pension liability	<u>1,578,000</u>	<u>-</u>	<u>1,578,000</u>	<u>-</u>

14. Deferred Income

Deferred income comprises funds received in respect of fundraising events which took place after the year end or were deferred to a later date due to Covid-19. In addition, income has been deferred for staff secondments invoiced in advance and prize draw monies received in advance.

	Group £	Charity £
Balance as at 1 April 2018	25,091	25,091
Amount released to income earned from charitable activities	(25,091)	(25,091)
Amount deferred in year	83,047	38,717
Balance as at 31 March 2019	<u>83,047</u>	<u>38,717</u>
Amount released to income earned from charitable activities	(83,047)	(38,717)
Amount deferred in year	66,378	23,909
Balance as at 31 March 2020	<u>66,378</u>	<u>23,909</u>

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

15. Analysis of Charitable Funds: Restricted Funds

Group and Charity	At 1 April 2019	Income	Expenditure	At 31 March 2020
	£	£	£	£
Endowment				
McConnell Memorial Fund	20,568	200	-	20,768
Croom Fund	21,738	200	-	21,938
	<u>42,306</u>	<u>400</u>	<u>-</u>	<u>42,706</u>
Restricted Income Funds				
Wellbeing Project				
Art Fund	6,815	-	-	6,815
Relief of Destitute	2,000	-	(1,204)	796
Children & Family Bereavement	104,822	-	(43,213)	61,609
Nutrition Fund	1,573	4,873	(6,446)	-
Virtual Reality Research	1,345	-	(1,345)	-
Playlist for Life	1,855	-	-	1,855
Complementary Therapy	4,000	8,000	(3,369)	8,631
Music Therapy	3,229	-	-	3,229
Specialist Equipment	-	23,750	-	23,750
Playground Fund	-	10,500	-	10,500
Body Composition Analyser	-	4,000	(3,808)	192
	<u>125,639</u>	<u>51,123</u>	<u>(59,385)</u>	<u>117,377</u>
Total	<u>167,945</u>	<u>51,523</u>	<u>(59,385)</u>	<u>160,083</u>

Group and Charity	At 1 April 2018	Income	Expenditure	At 31 March 2019
	£	£	£	£
Endowment				
McConnell Memorial Fund	20,368	200	-	20,568
Croom Fund	21,538	200	-	21,738
	<u>41,906</u>	<u>400</u>	<u>-</u>	<u>42,306</u>
Restricted Income Funds				
Wellbeing Project				
Art Fund	9,179	-	(2,364)	6,815
Relief of Destitute	2,000	-	-	2,000
Children & Family Bereavement	15,000	102,743	(12,921)	104,822
Nutrition Fund	23,932	-	(22,359)	1,573
Virtual Reality Research	-	6,345	(5,000)	1,345
Playlist for Life	-	2,500	(645)	1,855
Complementary Therapy	-	4,000	-	4,000
Music Therapy	-	3,229	-	3,229
	<u>50,111</u>	<u>118,817</u>	<u>(43,289)</u>	<u>125,639</u>
Total	<u>92,017</u>	<u>119,217</u>	<u>(43,289)</u>	<u>167,945</u>

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

15. Analysis of Charitable Funds: Restricted Funds (cont'd)

The McConnell Memorial Fund was gifted to provide funds for nurse education, whilst the Croom Fund was established to provide funds for staff training. As endowment funds, only the income is available to spend and this is used every 3-5 years when sufficient funds have been built up.

The Art Fund was funding received to develop the Arts Strategy and will be used to fund a Community Artist post in 2020/21. The Relief of Destitute funding was received to assist patients in financial difficulty and has been used to buy mattresses for the homeless during the year.

The Children & Family Bereavement Fund funds this service which works with children facing or experiencing loss through bereavement, and employs a number of models including working with families, peer groups, local schools and community groups to empower them with knowledge and skills to support children and one another. Additional restricted funding has been sourced to supplement the designated fund and grow the service. The restricted funds will be exhausted in 2020/21 and the designated fund will then be used to fund the key employee posts.

The Nutrition Fund was income received from a number of Trusts to support research over 12-18 months into the use and impact of nutrition on health and well-being towards the end of life. A part-time dietician has been employed on a fixed term contract to review the existing research and evidence on nutrition in advanced illness, review our existing practices and trial alternative models of care and support. It is anticipated the research results may influence practice in hospice care across the UK. The Virtual Reality Research fund was a research project to investigate the benefits of using virtual reality experiences to improve the wellbeing of patients. The Playlist for Life fund is Trust funding to buy equipment to create music playlists. The Complementary Therapy and Music Therapy funds are to fund posts to develop patient wellbeing. The Specialist Equipment fund are funds to purchase additional equipment for larger, heavier patients allowing the Hospice to care for and move patients in a safer, more comfortable manner. The Playground Fund is trust funding received to create 2 play areas for children receiving bereavement counselling or visiting patients. The Body Composition Analyser fund is funding to provide equipment to set up a unique Hospice biobank where data on symptoms, quality of life, weight loss and function will be collected on patients. This will inform future work on rehabilitation and nutrition, which are key research themes within St Columba's Hospice.

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

16. Analysis of Charitable Funds: Unrestricted Funds

Group 2020	At 1 April 2019	Income	Expenditure	Other gains/(losses)	Transfers	At 31 March 2020
	£	£	£	£	£	£
Designated Funds						
Fixed Asset fund	16,176,551	-	(994,929)	-	44,337	15,225,959
Sustainability fund	21,300,000	-	-	-	600,000	21,900,000
Wellbeing Project						
Children & Family Bereavement	100,000	-	-	-	-	100,000
Art Strategy	78,649	50,000	(41,322)	-	-	87,327
	37,655,200	50,000	(1,036,251)	-	644,337	37,313,286
General fund	15,106,028	8,352,796	(9,582,035)	2,981,646	(810,337)	16,048,098
Investment Revaluation reserve	7,040,636	-	-	(5,497,835)	-	1,542,801
Pension reserve	2,324,000	-	(23,000)	(2,467,000)	166,000	-
	24,470,664	8,352,796	(9,605,035)	(4,983,189)	(644,337)	17,590,899
	62,125,864	8,402,796	(10,641,286)	(4,983,189)	-	54,904,185
Group 2019	At 1 April 2018 Restated	Income	Expenditure Restated	Other gains/(losses)	Transfers Restated	At 31 March 2019 Restated
	£	£	£	£	£	£
Designated Funds						
Fixed Asset fund	17,186,025	-	(1,040,031)	-	30,557	16,176,551
Sustainability fund	19,000,000	-	-	-	2,300,000	21,300,000
Wellbeing Project						
Children & Family Bereavement	100,000	-	-	-	-	100,000
Art Strategy	50,000	50,000	(21,351)	-	-	78,649
	36,336,025	50,000	(1,061,382)	-	2,330,557	37,655,200
General fund	19,944,780	7,774,821	(9,032,084)	1,687,068	(5,268,557)	15,106,028
Investment Revaluation reserve	5,861,580	-	-	1,179,056	-	7,040,636
Pension reserve	(331,000)	-	(68,000)	(215,000)	2,938,000	2,324,000
	25,475,360	7,774,821	(9,100,084)	2,651,124	(2,330,557)	24,470,664
	61,811,385	7,824,821	(10,161,466)	2,651,124	-	62,125,864
Charity 2020	At 1 April 2019	Income	Expenditure	Other gains/(losses)	Transfers	At 31 March 2020
	£	£	£	£	£	£
Designated Funds						
Fixed Asset fund	16,176,551	-	(994,929)	-	44,337	15,225,959
Sustainability fund	21,300,000	-	-	-	600,000	21,900,000
Wellbeing Project						
Children & Family Bereavement	100,000	-	-	-	-	100,000
Art Strategy	78,649	50,000	(41,322)	-	-	87,327
	37,655,200	50,000	(1,036,251)	-	644,337	37,313,286
General fund	15,035,029	8,184,934	(9,427,005)	2,981,646	(810,337)	15,964,267
Investment Revaluation reserve	7,040,636	-	-	(5,497,835)	-	1,542,801
Pension reserve	2,324,000	-	(23,000)	(2,467,000)	166,000	-
	24,399,665	8,184,934	(9,450,005)	(4,983,189)	(644,337)	17,507,068
	62,054,865	8,234,934	(10,486,256)	(4,983,189)	-	54,820,354
Charity 2019	At 1 April 2018 Restated	Income	Expenditure Restated	Other gains/(losses)	Transfers Restated	At 31 March 2019 Restated
	£	£	£	£	£	£
Designated Funds						
Fixed Asset fund	17,186,025	-	(1,040,031)	-	30,557	16,176,551
Sustainability fund	19,000,000	-	-	-	2,300,000	21,300,000
Wellbeing Project						
Children & Family Bereavement	100,000	-	-	-	-	100,000
Art Strategy	50,000	50,000	(21,351)	-	-	78,649
	36,336,025	50,000	(1,061,382)	-	2,330,557	37,655,200
General fund	19,866,022	7,613,988	(8,863,532)	1,687,108	(5,268,557)	15,035,029
Investment Revaluation reserve	5,861,580	-	-	1,179,056	-	7,040,636
Pension reserve	(331,000)	-	(68,000)	(215,000)	2,938,000	2,324,000
	25,396,602	7,613,988	(8,931,532)	2,651,164	(2,330,557)	24,399,665
	61,732,627	7,663,988	(9,992,914)	2,651,164	-	62,054,865

ST. COLUMBA'S HOSPICE LIMITED
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For the year ended 31 March 2020

16. Analysis of Charitable Funds: Unrestricted Funds (cont'd)

The Fixed Asset fund is a designated fund representing the current net book value of the Hospice's fixed assets. This is the historical purchase price offset by depreciation.

The Sustainability fund has been designated by the Governors for the purpose of providing sustainable core income for the future operational requirements of the Hospice in view of current uncertain economic conditions and the potential downward impact on investment income and income from legacies. The Governors have decided to designate a fund of £21.9 million (2019 £21.3 million) which represents annual operating costs over a two year period.

St Columba's Hospice have designated £100,000 for the implementation of the Children and Family Bereavement Service.

St Columba's Hospice have designated £50,000 per year for three years for the implementation of the Art Strategy. The Art Strategy funds have facilitated the recruitment of core staff to lead an in-house arts programme including art, writing, music, complementary therapy to name a few. This strategy holds wellbeing at its core and recognises patients as individuals, with stories to tell, meaningful lives to live, and the potential for creativity.

The General fund represents the 'free reserves' of the charity after allowing for all designated funds.

The Investment Revaluation reserve represents the cumulative unrealised gains on listed investments and equates to the difference between fair value and historic cost of listed investments.

The Pension reserve represents the expected cessation deficit on the defined benefit pension scheme. In 2019, the Board transferred £2.9m from the general fund to the Pension Reserve in order to meet the expected deficit on exiting the Lothian Pension Fund at 31st August 2019. The final cessation deficit of £3.1m has been recognised in these accounts and the Pension reserve is no longer required.

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

17. Analysis of Net Assets between Funds

Group 2020	Restricted Funds	Designated Funds	General Funds	Total
	£	£	£	£
Tangible fixed assets	-	15,225,959	-	15,225,959
Investments	42,706	22,087,327	17,634,434	39,764,467
Cash at bank and in hand	117,377	-	1,415,748	1,533,125
Other net current assets	-	-	118,717	118,717
Non-current pension liabilities	-	-	(1,578,000)	(1,578,000)
	<u>160,083</u>	<u>37,313,286</u>	<u>17,590,899</u>	<u>55,064,268</u>

Group 2019	Restricted Funds	Designated Funds Restated	General Funds Restated	Total
	£	£	£	£
Tangible fixed assets	-	16,176,551	-	16,176,551
Investments	42,306	21,478,649	24,157,531	45,678,486
Cash at bank and in hand	125,639	-	1,012,153	1,137,792
Other net current liabilities	-	-	(85,020)	(85,020)
Non-current pension liabilities	-	-	(614,000)	(614,000)
	<u>167,945</u>	<u>37,655,200</u>	<u>24,470,664</u>	<u>62,293,809</u>

Charity 2020	Restricted Funds	Designated Funds	General Funds	Total
	£	£	£	£
Tangible fixed assets	-	15,225,959	-	15,225,959
Investments	42,706	22,087,327	17,644,534	39,774,567
Cash at bank and in hand	117,377	-	1,267,778	1,385,155
Other net current assets	-	-	172,756	172,756
Non-current pension liabilities	-	-	(1,578,000)	(1,578,000)
	<u>160,083</u>	<u>37,313,286</u>	<u>17,507,068</u>	<u>54,980,437</u>

Charity 2019	Restricted Funds	Designated Funds Restated	General Funds Restated	Total
	£	£	£	£
Tangible fixed assets	-	16,176,551	-	16,176,551
Investments	42,306	21,478,649	24,167,631	45,688,586
Cash at bank and in hand	125,639	-	870,204	995,843
Other net current liabilities	-	-	(24,170)	(24,170)
Non-current pension liabilities	-	-	(614,000)	(614,000)
	<u>167,945</u>	<u>37,655,200</u>	<u>24,399,665</u>	<u>62,222,810</u>

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

18. Financial commitments

At 31 March 2020 the group and charity were committed to making payments under non-cancellable operating leases as follows:

Group	Lands and Buildings 2020 £	2019 £	Other 2020 £	2019 £
Minimum payments due:				
Within one year	73,250	99,000	17,184	17,184
Between two and five years	97,630	213,130	20,332	37,516
After more than five years	-	18,417	-	-
	<u>170,880</u>	<u>330,547</u>	<u>37,516</u>	<u>54,700</u>

Charity	Lands and Buildings 2020 £	2019 £	Other 2020 £	2019 £
Minimum payments due:				
Within one year	73,250	83,000	17,184	17,184
Between two and five years	97,630	213,130	20,332	37,516
After more than five years	-	18,417	-	-
	<u>170,880</u>	<u>314,547</u>	<u>37,516</u>	<u>54,700</u>

ST. COLUMBA'S HOSPICE LIMITED
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For the year ended 31 March 2020

19. Pensions

Staff have been automatically enrolled into a new defined contribution scheme from 1 April 2014 unless eligible to join the National Health Service scheme. This scheme is administered by Royal London and the scheme is available to new employees. The assets of the scheme are held separately from those of the Hospice in an independently administered fund and the charge for the year amounted to £321,466 (2019: £233,312). Employee contributions vary between 3% to 8% and Hospice contributions between 6% to 20% depending on age.

Being an "admitted body", the Hospice participates in defined benefit schemes operated by the National Health Service and the Lothian Pension Fund. The National Health Service scheme is not funded but benefits from statutory protection. The balance of the pension cost charge as shown in note 7 comprises the Hospice's contributions (being 20.9% and 36.9% respectively) to these two schemes. The amount outstanding in respect of the Lothian Pension Fund was £nil (2019: £19,839) and for the National Health Service £58,838 (2019: £49,394). Contribution rates for the current year for employees for both schemes range from 5% to 10% and relate to earnings.

The Hospice closed the Lothian Pension Fund to new entrants as at 31 March 2015. During the 2019 & 2020, the Governors consulted with the employees participating in the Lothian Pension Fund about closing the pension scheme in order to limit the increasing pension liabilities and move towards harmonising pension arrangements. The Board of Governors took the decision to close the Lothian Pension scheme with effect from 31 August 2019. An actuarial calculation of the pension deficit on cessation was £3.1m and the Hospice has agreed a repayment plan over 5 years with an initial £1m payment followed by £526k per annum. The pension liability for the full £3.1m cessation deficit is not recognised in the Statement of Financial Activities since there was already a deficit recognised in the prior year accounts.

The Lothian Pension Fund is a funded multi-employer scheme. An actuarial valuation for FRS 102 purposes at 31 August 2019 was carried out by a qualified independent actuary. The major assumptions used by the actuary are shown below. The actuarial liability recognised in the FRS102 valuation, which is calculated on an ongoing basis, is less than the cessation deficit which is valued on the more cautious gilts basis.

	2020 % per annum	2019 % per annum
Inflation/Pension increase rate	2.3	2.5
Salary increase rate	4.0	4.2
Discount rate	1.8	2.4

Life expectancy is based on the Fund's VitaCurves. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2020		2019	
	Males years	Female years	Males years	Female years
Current pensions	21.7	24.3	21.7	24.3
Future pensioners	24.7	27.5	24.7	27.5

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

ST. COLUMBA'S HOSPICE LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31 March 2020

19. Pensions (cont'd)

Balance sheet	2020	2019
	£'000	£'000
Fair value of employer assets	11,049	10,211
Present value of funded liabilities	(11,778)	(10,825)
Cessation deficit	(2,375)	-
Deficit contribution this year	1,000	-
Net pension liability	<u>(2,104)</u>	<u>(614)</u>

The pension liability is to be paid in equal instalments over the next 4 years with the next payment of £526k due in February 2021.

Fair value of Employer Assets	2020	2019
	£'000	£'000
Equities	-	3,778
Bonds	-	5,820
Property	-	409
Cash	-	204
	<u>-</u>	<u>10,211</u>

Reconciliation of Fair Value of Employer Assets	2020	2019
	£'000	£'000
Opening fair value of employer assets	10,211	9,486
Interest income on plan assets	102	256
Plan participants' contributions	17	44
Contributions by employer	105	210
Return on assets excluding amounts included in net interest	716	499
Benefits paid	(102)	(284)
Transfer at cessation 31/08/2019	<u>(11,049)</u>	<u>-</u>
Closing fair value of employer assets	<u>-</u>	<u>10,211</u>

Recognition in statement of financial activities

Defined benefit cost charged to net income	2020	2019
	£'000	£'000
Current service cost	121	269
Interest cost	109	265
Expected return on employer assets	<u>(102)</u>	<u>(256)</u>
	<u>128</u>	<u>278</u>

Remeasurements recognised in other recognised (losses)/gains

	2020	2019
	£'000	£'000
Return on assets excluding amounts included in net interest	716	499
Changes in financial assumptions	(808)	(714)
Changes in demographic assumptions	-	-
Other experience	-	-
Deficit on cessation	<u>(2,375)</u>	<u>-</u>
	<u>(2,467)</u>	<u>(215)</u>

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For the year ended 31 March 2020

20. Related party transactions

Mr D N Dunsire, Governor, is a consultant with Lindsays since the 1 January 2018.

Lindsays invoiced the group £15,469 during the 2020 financial year (2019: £18,405). There were amounts payable to Lindsays of £957 (2019: £2,772) at the balance sheet date.

21. Charitable Company status

The Hospice is a charitable company which is limited by guarantee and has no share capital. At 31st March 2020 the charitable company had 23 (2019: 22) members each guaranteeing £1.00 to the charitable company's assets if it should be wound up.

22. Reconciliation of net income to net cash flow from operating activities

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Net (expenditure)/income for the reporting period	(4,199,074)	1,024,943	(4,211,906)	1,032,662
Adjustments for:				
Depreciation charges	994,929	1,040,031	994,929	1,040,031
(Gains)/Losses on investments	1,952,722	(3,285,660)	1,952,722	(3,285,660)
Dividends and interest from investments	(1,228,879)	(1,106,974)	(1,228,816)	(1,106,917)
Pension cost less contributions	(977,000)	68,000	(977,000)	68,000
(Increase) in stocks	(1,385)	(2,981)	-	-
(Increase)/Decrease in debtors	(841,244)	539,115	(832,106)	542,769
Increase/(Decrease) in creditors	112,892	(70,548)	109,180	(55,647)
Net cash flow used in operating activities	(4,187,039)	(1,794,074)	(4,192,997)	(1,764,762)

23. Financial assets and liabilities at fair value through net income

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Financial assets held at fair value through net income	33,995,031	41,515,238	33,995,031	41,515,238

Financial assets held at fair value through net income includes the investment portfolio.

24. Prior year restatement

It is important for readers of the accounts to have an understanding of the level of the general or free reserves of the charity. The reserves which are tied up in the fixed assets are not available as part of the general reserves of the charity. The Building Fund, representing the net book value of the Hospice buildings, has been replaced with the Fixed Asset Fund, representing the net book value of the Hospice fixed assets. Funds have been moved from the general fund in order to reflect the increase in value from the Building Fund to the Fixed Asset Fund. As a result of this change, and to ensure consistency and comparability, we have restated the analysis of funds in Note 16, Note 17 and in the Consolidated and Charity Balance sheets as at 31st March 2019. This change had no impact on the results for either the year or comparative year, nor to the overall unrestricted or restricted funds balances at 31 March 2020 or 2019.

25. Subsequent events

The Hospice has evaluated events from 1st April 2020 through to the date that the financial statements were issued. There are no subsequent events that need disclosure.