

**St Michael's
Hospice**

incorporating the
Freda Pearce Foundation



**Annual Report and Consolidated Financial Statements
For the year ended 31st March 2025**

Company Registration Number: 01634942 (England and Wales)

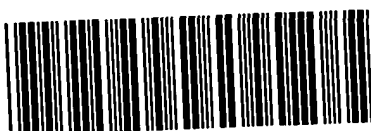
Charity Registration Number: 511179

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St Michael's Hospice

Now and always: Caring to make a difference

Our service is completely free of charge

St Michael's Hospice provides its care, free of charge, to patients, their families, and carers. This care is made possible by supporters taking part in fundraising events, playing our lottery, shopping at our retail outlets, making charitable donations, leaving gifts in their wills, or giving freely of their time to volunteer.

If you would like to support St Michael's, you can find out more about what we do and ways you can help by visiting our website.

To share your comments or suggestions with us, please contact:

**Quality and Compliance Team
St Michael's Hospice
Bartestree
Hereford
HR1 4HA**

✉ quality@smhospicehereford.org

St Michael's Hospice (incorporating the Freda Pearce Foundation)

For the year ended 31 March 2025

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St Michael's Hospice (incorporating the Freda Pearce Foundation)
For the year ended 31 March 2025
Reference and Administrative Information

Charity Name	St Michael's Hospice (incorporating The Freda Pearce Foundation)	
Charity Number	511179	
Company Number	01634942	
Address of Registered Office	St Michael's Hospice Bartestree Hereford, HR1 4HA	
Country of Registration	England and Wales	
Country of Incorporation	United Kingdom	
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: Mr D R Teague, Chair Ms P A Greenwood (resigned 6 th June 2025) Mrs C J Winney Mr E D Drummond Mr I D A Entwisle (resigned 12 th March 2025) Mr C A Akle Dr P F Downey Mrs C E Davies (previously Associate Trustee, appointed 11 th June 2025) Mr G H James (previously Associate Trustee, appointed 11 th June 2025) Mr M Molyneux (appointed 11 th June 2025)	
Associate Trustees	Mrs D Holloway Mrs R Kirk Mrs L Goodridge (appointed 4 th November 2024)	
Life Patrons	Dr J J Kramer BEM Mr A J Walshe	
Chief Executive Officer	Mr M J D Fellows	
Strategic Management Team	Mrs E J Cotton, Finance and Operations Director Mrs R S Jones, Income Generation, Marketing and Communications Director Mrs L O'Neil, People Director Mrs N Proctor, Care Director (appointed 1 st April 2025) Mrs J Dyke-Whitfield, Nursing Director (appointed 1 st April 2025)	
Company Secretary	Mr M J D Fellows	
Bankers	The Royal Bank of Scotland PLC Drummond House 1 Redheughs Avenue Edinburgh EH12 9JN	Barclays Bank PLC 54 High Street Worcester Worcestershire WR1 2QQ
Independent Auditor	Crowe U.K. LLP Statutory Auditor Fourth Floor St James House St James Square Cheltenham GL50 3PR	

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Chair's Foreword
For the year ended 31 March 2025

This year has brought some special occasions at St Michael's.

October 2024 marked the 40th anniversary from when St Michael's opened its doors to our first patients. We celebrated the life of Dr Richard Miller one of our founders with a memorial service at Hereford Cathedral in May 2024. We were then so pleased to hear the news that our last surviving founder Dr Jeff Kramer had been awarded a British Empire Medal in recognition of his dedication to quality palliative care, and that we were asked to host the presentation of the award by the Lord Lieutenant of Herefordshire at St Michael's Hospice in October 2024. We opened our new Whitestone store in May 2024, having refurbished it following our purchase of the site in the previous autumn, and I am pleased to tell you that it is very much performing in line with our expectations.

The world was a very different place in 1984, and our founders back then showed incredible foresight and vision, hard work, skill and bravery to do what they did. We must never forget their attitude of *"we will do this whatever the setbacks and whatever the scepticism"*.

In these 40 years St Michael's has continually grown its provision of palliative and end of life care to our Community. 2,495 patients were seen in this year through our inpatient unit, hospice at home, day services and our education dept. And of course, all of this is free to patients and their families.

The number of patients seen has increased by 6% from 2,353. Our ambition is to keep progressing, so that more and more in our community have the same high level of palliative and end of life care. This of course requires more funding and more collaboration. On the latter point, we are actively working to develop partnerships with like-minded organisations, so that we can all work together to achieve the goal of fulfilling such an important need. We also look to steer Government, though our membership of Hospice UK, to help the Hospice sector achieve these ambitions, although I have to tell you that we are not basing our plans on any material changes from their current stance. Government has taken the decision to abolish NHS England and to amalgamate our Integrated Care Boards. We have yet to see what impact this will have on the Hospice sector.

Without our supporters none of what we do would be possible. We are forever grateful for your ongoing support in terms of the cash you give us from our various fundraising activities and your volunteering. Our commitment to you is that we will always look to spend your money wisely for both today and for the future, and that we will continue to be innovative in looking at ways to improve our effectiveness and efficiencies, whilst not in any way losing that very special personal touch.

Social media has been full of the financial issues and struggle for volunteers faced by some hospices. St Michael's is in a sound financial position, and we have a dedicated and passionate pool of volunteers. I am pleased to tell you that we had a small financial surplus of income over costs amounting to £117,275 for the year and our cash reserves at the year-end stand at £9.6 million. Reserves are important, not just to allow us to weather any future storms in our path, but just as importantly to allow us to invest for the future. The purchase of the Whitestone site is one great recent example of this, where using our reserves for the purchase allows us to make plans to secure income for the longer term.

The direct costs of us providing our care in the year totalled £7.8 million, of which Government only provided funding of £2.4 million, a paltry 31%, leaving a shortfall of £5.4 million that needed to be found through our various fundraising activities. And that is why our need for funds is never ending and why we are always looking for new ways to generate funds.

You may ask why successive Governments have not constructively tackled end of life issues and left it to the charitable sector to fill the gaps. We will attempt to work with Government on this, but whether we will be listened to is another matter. I personally despair at their lack of joined up thinking.

Matt Fellows took over from Mike Keel as our new Chief Executive at the start of the financial year. We wish Mike well in his retirement and thank him for all his work over the six and a half years he was with us.

Finally, it leaves me to thank our staff and all of our supporters, whether through volunteering or our fundraising activities, for all that you do for us, continuing to strengthen the very special partnership between us to achieve our ambitions; and it would be remiss of me not to also thank my fellow Trustees and Associate Trustees, who served during the financial year, for their continuing commitment to St Michael's.

The passion that you all bring is remarkable. It is the St Michael's way.

The estimated
value of our
volunteer
contribution is over
£2.5 million

Our Hospice at
Home service
supported **891**
people making
13,284 visits

Our 40th anniversary
year digital campaign
secured over
£400,000 in
just **40** hours

We had **284**
admissions, down 4.3%
on last year with the
average length of stay
increasing to **18.9**
days

Our Year

We have supported and
cared for **2,495** people
in 2024/25, up 6%

Our shops
delivered a profit
margin of **34%**

On average **110**
new patients per
month were referred
to our services
throughout 2024/25,
an increase of **8.9%**

In Numbers

Over
£1,000,000
income was
generated by Events
& Community
fundraising

88,325 individual
contacts were made,
including **334** video
consultations

In 2024/25 **1,329**
individuals received
Supportive &
Rehabilitative Care
including physical,
emotional, psychological
& Spiritual well-being

St Michael's Hospice (incorporating the Freda Pearce Foundation)

Report of the Trustees

For the year ended 31 March 2025

The Trustees of St Michael's Hospice ('St Michael's') present their report and the audited financial statements for the year ended 31 March 2025. Reference and administrative information set out on page 4 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their financial statements in accordance with FRS 102.

The Trustees of St Michael's are charity Trustees for the purpose of the Charities Act and are Directors of St Michael's and Directors for the purposes of the Companies Act. The Trustees form the Trustee Board of St Michael's. Although the Strategic Management Team's (SMT) job titles include the word 'Director', these people are not Directors within the meaning of the Companies Act.

The Trustee Board is responsible under St Michael's governing document for controlling the management and administration of St Michael's within the law. It is ultimately responsible for everything St Michael's does and how it does it. The overriding duty is to act in good faith within charity law and to make sure St Michael's pursues its aims (as set out in the governing document); uses its assets only to pursue those aims; and acts for its community. It does this by:

- Safeguarding and promoting the values and mission of St Michael's;
- Determining the strategy and structure of St Michael's;
- Ensuring St Michael's operates in an effective, responsible, and accountable manner, securing future sustainability;
- Ensuring the effective functioning of the Board of Trustees;
- Ensuring the organisation meets all statutory requirements.

The Trustee Board is made up of unremunerated volunteers. During the year, the Trustee Board met five times for their regular general meetings, and once for a Strategic Planning Day. In addition to these, there were sixteen subcommittee meetings. The Trustee Board is made up of members according to an analysis that identifies skills, experience and qualities needed for the good governance of St Michael's. Trustees routinely review the composition of the Board, considering the need for the right blend of skills, knowledge, experience, and diversity. Just as importantly the Trustees need to fit together to work constructively and effectively as a Board and with the management team. Trustees recognise the importance of achieving the right balance on the Board between new blood and stability.

Trustee annual appraisals include whether longer serving Trustees remain fresh and up to date, relevant and have not lost their drive to perform at the highest level.

A new level of Associate Trustee has been created to compliment the Board and to assist in the process of Trustee succession. Associate Trustees are expected to attend Board meetings and the relevant Committee meetings. They do not have voting rights. The intention is that this role will be a way of introducing those who are keen to provide their skills and experience to St Michael's, but who do not have the time or wish to initially become trustees.

Trustees serve for terms of 3 years before retiring. They can be appointed for three successive terms. On completion of a third term, they can be reappointed only in exceptional circumstances. Trustees consider these situations on a case-by-case basis.

Related Parties and Relationships with other Organisations

St Michael's is the parent undertaking of a group consisting of:

- SMH Trading Limited - St Michael's uses this subsidiary for non-primary purpose trading activities.
- St Michael's Hospice Development Company Limited - St Michael's used this subsidiary for redeveloping the hospice buildings and surroundings. This company is dormant.

Both subsidiaries are English registered companies and Gift Aid all available profits to St Michael's where applicable.

Operating Structure and Charity Governance Code

The Board retains ultimate operational responsibility and sets the aims, policies, and objectives of St Michael's together with performance monitoring. It has however devolved authority for its strategic implementation, attainment, performance and day-to-day running to the Chief Executive Officer and his strategic management team who are also responsible for St Michael's meeting all its statutory and contractual obligations.

St Michael's Governance Manual describes these arrangements and was updated in 2024 to reflect the inclusion of the Associate Trustee role. A full review will be carried out in 2025 with reference being paid to the Charity Governance Code and Charity Commission guidance. St Michael's has a comprehensive range of operational policies and procedures that it maintains in line with the requirements of the Care Quality Commission, which regulates the clinical activity of St Michael's, and the Gambling Commission that regulates the Lottery and the Fundraising Regulator.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Report of the Trustees
For the year ended 31 March 2025

Objectives and Activities

Objectives

The Founders set up St Michael's on 12 May 1982 as the Freda Pearce Foundation. St Michael's is governed by its original Memorandum and Articles of Association, which St Michael's has subsequently amended by special resolutions on 2 November 1998, 2 October 2002, 15 April 2009, 7 November 2012, 28 September 2017 and 25 March 2020. St Michael's changed its name to St Michael's Hospice (incorporating the Freda Pearce Foundation) on 2 November 1998. The Articles, as amended, state the objects of St Michael's are to promote the relief of sickness in such ways as the Charity shall from time to time think fit, and in particular (but without prejudice to the generality of such object):

- By establishing maintaining and conducting a residential home in the County of Herefordshire for the reception and care of persons of either sex (without regard to race or creed) who are suffering (at any age) from any chronic or terminal illness or from any disability or disease whether attributable to old age or otherwise or from any other physical infirmity, disability or disease, and by providing medical or other treatment and attention for such persons as aforesaid in their own homes.
- By conducting or promoting or encouraging research into the care and treatment of persons suffering from any illness, disability, disease or infirmity as aforesaid and particularly into the care and treatment of persons suffering from cancer or terminal illness and to disseminate the results thereof to the public.
- By promoting or encouraging or assisting in the teaching or training of doctors, nurses, physiotherapists and other persons engaged in any branch of medicine, surgery, nursing or allied services, and in the teaching or training of students in any branch of medicine, surgery, nursing or allied services.
- By providing or assisting or encouraging the provision of spiritual help and guidance for any persons resident (either as patients or otherwise) or working in any such home or homes as aforesaid.
- By providing or assisting or encouraging the provision of palliative care for any persons receiving care (whether as residents or otherwise) in any such home or homes as aforesaid or for such persons in their own homes.
- By maintaining and up keeping the garden and grounds of any such home or homes as aforesaid for the benefit of the residents and local community.

Our mission is to make sure palliative and end of life care is available to all who can benefit from it, regardless of gender, diagnosis, social group or setting. This includes supporting those people close to the dying person throughout the pre- and post-bereavement stages too.

St Michael's knows it cannot do all of this on its own and so works with communities, groups, and organisations to support them and help them understand the importance of good palliative care and how they can play their part to ensure there is a spectrum of services to meet patient and family needs.

St Michael's also recognises it must help change people's perception and understanding of end-of-life care as well as their readiness to talk about it – not only their own plans but their families and friends too.

St Michael's encourages patients (with their families where appropriate) to produce a plan that describes their needs and preferences as they come to the end of their life. This helps ensure they receive the right care, in the right place, delivered by the right people.

Our vision is that everyone in Herefordshire and the surrounding areas who needs and wants palliative care has timely access to it, delivered in a way that suits them.

Principal Activities

St Michael's fulfils its purpose through its principal activity of providing adult hospice care to the people of Herefordshire and immediate surrounding areas as follows:

1. Adult inpatient palliative medical and nursing care in a twenty-bed purpose-built unit (sixteen beds in use during this reporting period).
2. Adult outpatient palliative medical and nursing care in Day Services and appropriate therapy (physiotherapy, occupational, music, art and complementary).
3. Hospice at Home Service, which includes 24-hour telephone advice, care co-ordination service, urgent care team and planned home care packages. St Michael's provides this care in people's homes or places they regard as home (e.g. nursing and residential homes).

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For the year ended 31 March 2025

4. The provision of education and training. St Michael's seeks to influence and guide the quality of palliative care in other settings and given by other providers through its education and training programmes thereby sharing the experience, expertise and knowledge St Michael's has built up from 40 years of working in palliative care. St Michael's also ensures its own staff and volunteers have opportunities to develop their skills, knowledge, and competence as these have a direct bearing on the quality of support St Michael's can provide.
5. Underpinning the main services is the Supportive Care service, which social workers, bereavement care workers, spiritual workers and counsellors deliver. They offer this to all patients and families who access the Inpatient Unit, Day services and Hospice at Home services. These services provide the vital social and psychological elements of support that characterises holistic care and to which St Michael's aspires. The holistic approach not only considers the patient's condition, life, and circumstances, but also supports and cares for the patient's family and friends. The Supportive and Rehabilitative Care service also collaborates with another charity called Hope Support, to provide care and support to children who are close to our patients.

Support for Principal Activities

The facilities teams (catering, housekeeping and maintenance) provide essential support for the principal activities. The management and administration team provide the necessary governance, oversight and operational management plus finance, human resources (HR), information technology (IT) and administrative support.

The fundraising and retail teams maintain the necessary income needed by St Michael's to deliver its services, as recurrent statutory funding (from Health and Social Care sources – the NHS) remains inadequate.

St Michael's has over 800 volunteers who provide regular support to all service areas. Many more provide ad-hoc support at events etc. or volunteer via their workplaces, communities, and other organisations for the benefit of St Michael's. The contribution these people make is vital to St Michael's success and survival. These volunteers support 321 employed staff (including bank staff) to provide the quality care service and the required support services for patients and their families to meet and go beyond regulatory requirements.

Public Benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing St Michael's objectives and in planning its future activities.

The Trustees consider how planned activities will contribute to the objectives that have been set; reporting the success of each key activity and the benefits St Michael's has brought to those groups of people that it is set up to help, and the wider public benefit. The Trustees regularly review the objectives and activities of St Michael's ensuring they remain focused on its stated purposes.

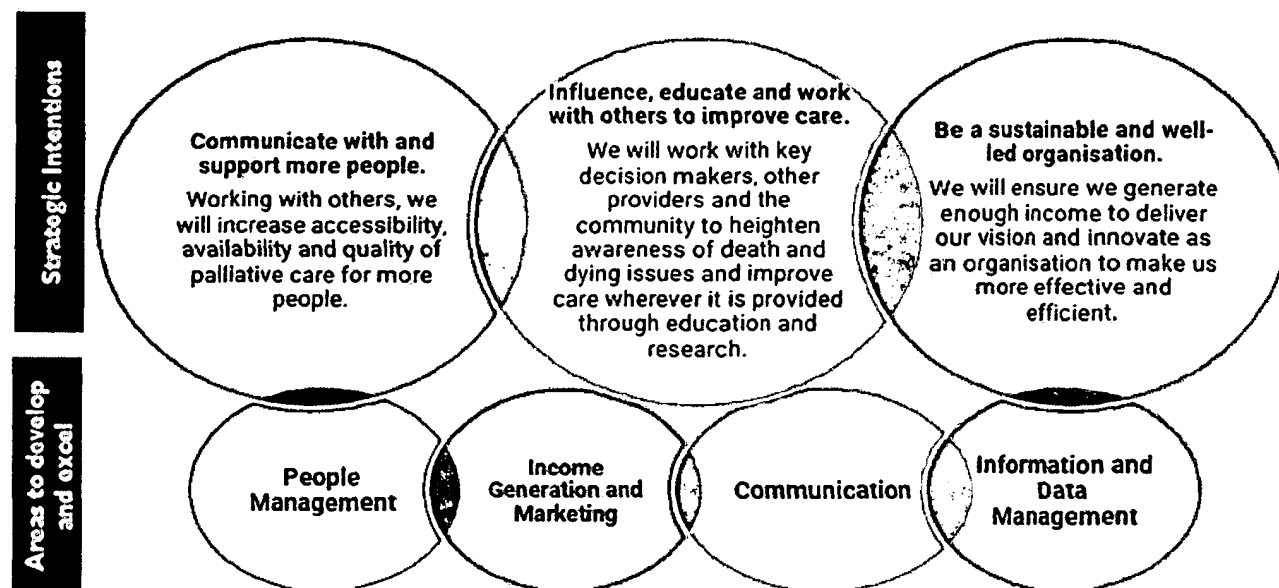
The Trustees continue to recognise three strategic intentions underpinned by four key areas in which St Michael's must continue to develop and excel to successfully deliver the objectives and activities.

The Strategic Report that follows sets out our ongoing strategy and looks at what St Michael's has achieved, and the outcomes of its work, in the reporting period.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Report of the Trustees
For the year ended 31 March 2025

Strategic Report

Our ongoing strategy is to have a multi-faceted approach that focuses on ensuring our long-term sustainability and ability to operate in the new health economy; as well as initiatives to do more, in partnership with other organisations, to give patients greater choice; ensure they receive the best support available free of charge; and to significantly enhance our engagement in our communities.



Achievements and Performance 2024/25

Over the past year, St Michael's has expanded its reach, delivering care and support to more individuals and families than ever before. This progress has been achieved despite the ongoing pressures of rising costs across key areas such as fuel, utilities, salaries, and medical supplies.

What continues to define St Michael's is its people. The commitment, adaptability and compassion shown by our volunteers and staff are the driving forces behind the high-quality care we provide – regardless of the external challenges we face. Their collective resilience ensures that those in our community receive the support they need, when they need it most.

In response to economic pressures, our Income Generation team has continued to innovate and diversify income streams to help offset escalating operational costs, a notable achievement given the current financial climate.

At a strategic level, we remain actively engaged with the NHS Herefordshire and Worcestershire Integrated Care Board (ICB) and partner hospices in the region. Together, we are working to shape a more equitable and sustainable funding model that reflects the true value and needs of hospice care in our communities.

Strategic Intention One: Communicate with and support more people

This year has seen the medical team play a pivotal role in expanding access to specialist palliative care, reaching more people across more locations than ever before. By adapting staffing structures, we've gained the flexibility to innovate in how care is delivered, strengthening our commitment to high-quality inpatient care while also advancing our ambition to shift more services into the community and people's homes.

We have deepened our presence across the wider healthcare system through increased representation in a range of multidisciplinary specialist groups and community services. Our progress towards a 'One Herefordshire' palliative care model continues, with increasingly close collaboration with Wye Valley NHS Trust and other community colleagues.

Several new initiatives have helped transform care delivery. A new Admissions and Discharge Nurse role has significantly improved patient flow and experience. Feedback has been overwhelmingly positive, with measurable improvements in discharge planning and timely admissions.

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Report of the Trustees

For the year ended 31 March 2025

A newly formed multidisciplinary response team now provides urgent, reactive care to patients on the inpatient waiting list, delivering care directly to patients' homes and reducing the need for hospital admission. This enables same-day access to specialist treatment, no longer reliant on inpatient bed availability.

A new service improvement project is underway to better understand the needs of harder-to-reach populations and those affected by health inequalities. Alongside this, research is being supported into the unique challenges facing rural communities in accessing palliative care.

A medical day services lead has been appointed, fostering innovation and quality improvement projects that are the first steps towards offering a broader range of services. We welcomed a new consultant to our specialist on-call rota, strengthening our ability to provide 24/7 specialist support. We've also enhanced out-of-hours service provision to ensure round-the-clock availability of advice for patients and professionals.

Staff have continued to engage at local, regional, and national levels, contributing to the development of regional guidance, supporting community healthcare providers for those with chronic or neurological illness, and representing the organisation on national palliative care forums.

Sustaining a resilient medical workforce has been a longstanding challenge. This year, we've turned a corner. Despite ongoing uncertainty about specialist registrar allocations, we've demonstrated the flexibility and resilience to adapt. We continue to plan proactively, aiming to deliver value and efficiency without compromising on the quality of care or our commitment to innovation.

Looking ahead, we aim to extend the remit of our response team and work towards a 'virtual ward' model, offering more specialist care in the home. With renewed focus on service user feedback, we plan to develop day and outpatient services further, increasing our reach and responsiveness.

In nursing, many new starters have joined the Inpatient Unit, including those at the start of their nursing careers. Nurses have upskilled across practice areas, and three Registered Nurse Degree Apprenticeship (RNDA) are expected to qualify by winter 2025.

Nursing achievements this year include a stronger focus on enabling patients to die in their preferred place and increasing community-based referrals to wider hospice services. We have restructured our community services to promote person-centred care and enhance collaboration with external providers for a more seamless patient journey.

Caseloads in day services have grown, enabling us to support more patients and families. The day hospice model has been adapted from a 12-week to an 8-week placement, increasing capacity. Health and wellbeing services continue to flourish, with rising demand prompting discussions about expanding service availability. A new joint triage clinic ensures comprehensive patient assessments ahead of service engagement, allowing early signposting to relevant services.

Cross-department collaboration remains a cornerstone of care delivery. A team member now attends the weekly Community Specialist Palliative Care multidisciplinary team meeting, ensuring integrated care planning. Carers and support groups remain well attended, with specialist support groups for neurological conditions seeing high demand. A monthly Multiple System Atrophy clinic, supported by the Wye Valley Trust therapy team, and a monthly Motor Neurone Disease Association support group now meet at St Michael's, both strengthening collaborative care pathways.

To widen access, we have introduced a monthly Wellbeing Café to engage those who have yet to connect with our services or are on waiting lists. The bi-monthly Liver multidisciplinary team meeting now includes our team, enabling us to support more patients with palliative liver disease. We have also welcomed an artist and poet—funded through a lottery grant—into our day services. Their contributions have had a profound impact on patients, and we are exploring further funding to sustain this initiative, including the possibility of an exhibition of patient work.

An Admissions and Discharge Nurse role was introduced to improve coordination and efficiency in patient transitions, and a community nurse was embedded within the rapid response team to support patients awaiting inpatient beds, enabling hospital avoidance and promoting care at home. Community engagement was also strengthened through events such as the Carers' Christmas Lunch and fundraisers for St Michael's 40th anniversary, including a fashion show involving patients and our Chief Executive.

Leadership and professional development have been a major focus. Team members completed ILM Level 3 and the Mary Seacole leadership programme, while the Nursing Director graduated from a Chartered Management Degree Apprenticeship with distinction. A Nursing Associate joined the team after completing a two-year programme, adding new capacity to the Nursing and Midwifery Council registered workforce.

We have also navigated systemic challenges, such as changes in referral processes following the Integrated Care Board's (ICB's) assumption of fast-track patient referrals.

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Report of the Trustees

For the year ended 31 March 2025

These required swift adaptation, clear communication, and proactive education to maintain accurate, timely service allocation. Space constraints in day services remain a challenge, as the number of groups and clinics grows, but the team continues to find flexible solutions to accommodate need.

The Supportive Care Team has expanded its reach across Herefordshire through a variety of bereavement groups, including walking and talking groups, online sessions, and a newly launched Bereavement Choir. We secured funding for an Art Therapist to support care home residents with life-limiting illness, and we continue to collaborate with partners to expand our reach.

The mindfulness service was recognised as the UK's first Gold Standard Mindfulness offering in a hospice by Breathworks. We're now sharing this successful model with other hospices. We also joined phase two of the NHS eye donation programme, enabling us to assess every patient on admission for donation eligibility. To date, over 40 donations have taken place at St Michael's, and our team was invited to present this work nationally. We've since been asked to pilot eye donation facilitation in community settings, with outcomes to be shared at the Hospice UK conference.

Supportive Care has strengthened ties with community partners such as Carers Links, social prescribers, and faith-based organisations. Our Spiritual Care team is working with theological colleges to train students, and our Complementary Therapy team is exploring new partnerships with local natural health centres.

We continue to be inspired by the voices of those we care for. As one patient said after receiving support, "I feel so much more relaxed... the pain has reduced and the ease with which I'm moving now is so much better." Another bereaved individual reflected, "I was rather anxious about coming, but everyone was so welcoming and supportive and I really enjoyed the conversations I had."

Our ongoing commitment is to extend high-quality, compassionate care to even more people—by listening, responding, innovating, and working together across the health and care system to deliver truly person-centred support.

Strategic Intention Two: Influence, educate and work with others to improve care

St Michael's educational programmes continue to ensure staff and volunteers both at St Michael's and in other partner organisations are competent and confident in the delivery of high-quality palliative care.

The programmes also support more wider organisational development with management training, customer service courses, communication skills at 3 levels and leadership skills acquisition. We work closely with our hospice colleagues in Worcestershire to deliver education and training together to increase capacity and widen the impact across the ICB area. We are currently engaging with the Hospice UK and Helpforce in the 'Volunteer to Career' programme.

Project Echo continues at St Michael's, and has been expanded to create 'communities of practice' to engage, support and educate healthcare professionals across a variety of care settings. We have also created 'Palliative Champions' through ECHO delivery and on-going support targeting nursing and residential care settings across Herefordshire. St Michael's continues to use this platform to engage more with care homes and General Practitioners.

We have developed a programme of learning and clinical experiences for Student Paramedics, instilling knowledge and confidence to better prepare them for supporting palliative & end of life patients.

We have expanded our use of 'Bluestream' e-learning platform, which enables staff and volunteers to receive most of their training more flexibly and electronically, whilst recording completion levels, and the ability to record additional training. This ensures we meet our regulatory requirements set by the Care Quality Commission and we can easily evidence this.

Strategic Intention Three: Be a sustainable and well-led organisation

At St Michael's, we are committed to operating efficiently and responsibly, continually reviewing our suppliers, cutting out waste, and identifying areas for improvement. As an active member of the Hospice Quality Partnership (HQP), we benefit from collaborative procurement opportunities with hospices across the UK, helping us to achieve best value through collective contracting and shared expertise.

Our diverse and well-balanced portfolio of income streams remains a key strength. We are not overly reliant on any single source of funding, drawing instead from a broad mix including donations, legacies, fundraising events, community support, grants from trusts and foundations, corporate partnerships, retail income from our shop network, investment returns, property rental, and a contribution from the NHS, which remains insufficient to meet the true cost of care.

St Michael's Hospice (incorporating the Freda Pearce Foundation)

Report of the Trustees

For the year ended 31 March 2025

We have continued to evolve our leadership and management structures to ensure that decisions are made as close to the point of delivery as possible. Empowering our managers and supervisors across the organisation encourages innovation and responsiveness and helps maintain a supportive and purposeful environment for staff and volunteers. This in turn ensures we deliver the highest possible quality of care for our patients and their families.

Despite ongoing economic pressures, St Michael's financial position remains stable. Through the collective efforts of our staff, volunteers, and Trustees, we continue to maximise income, manage costs carefully, and seek efficiencies wherever possible always without compromising the quality or scope of the care we provide. These efforts remain central to securing our long-term financial sustainability.

Areas that underpin our three strategic intentions

1. People Management

St Michael's continues to thrive thanks to the dedication and contribution of its workforce of volunteers and paid staff. During the year we had 321 (2023/24: 286) staff, equivalent to 211 (2023/24: 190) whole time equivalent posts. 167 (2023/24: 166) work directly in clinical and care areas and associated parts of the service.

In 2024/25, we brought Human Resources and Education together under a single, unified 'People Team' identity. This change, formally announced at the well-attended People Conference in October, reflects our commitment to building a more cohesive, inclusive and people-focused organisation.

At the same event, we launched our new organisational values and began a collaborative process to define the behaviours that underpin them. This has resulted in the publication of a 'Values and Behaviours' guide, which will support a new working group dedicated to embedding these principles in everyday practice across St Michael's.

Throughout the year, the People Team supported strategic workforce planning in response to organisational change and retail expansion, while also strengthening our learning offer to both staff and volunteers. A strong emphasis on wellbeing and engagement has helped shape a more inclusive and supportive culture. Looking ahead, our focus remains on making St Michael's an exceptional place to work and volunteer by embedding 'The St Michael's Way', enhancing engagement, and fostering a culture of continuous development.

2. Income Generation and Marketing

As always, the department strived to increase income and reduce costs, with an outstanding year end net contribution of £5,361,418 (2023/24: £4,050,161). Our 40th anniversary year brought opportunities to re-engage with supporters through a variety of events, and the £400k digital campaign in 40 hours was a highlight of our fundraising activity. We are grateful to all those who generously supported this initiative to help us to surpass the £400,000. Legacies accounted for £1,504,293 this year and Trusts and Grants were a significant contributor with £455,329 secured. Special thanks this year go to significant funding from The Kildare Trust, The Eveson Trust, The Albert Hunt Trust, The Street Foundation and John Osborn CBE.

During the year our retail portfolio returned to Hay-on-Wye, thanks to an established and dedicated team of volunteers. After many years of searching, we finally found suitable premises in a great location, next to the town's main car park. In May we opened what we believe to be the Midland's largest charity superstore, located in Whitestone Business Park. We welcomed thousands of people in the first week, with nearly £20,000 through the till on day one alone – a very proud moment for St Michael's.

The Whitestone site with its donation centre, shop and café went from strength to strength, with the store's turnover reaching £1 million by mid-February, an incredible achievement for the team and testament to everyone's commitment and hard work. This site will continue to grow with our desires for it to be a community hub, with the ability to welcome many more people to enjoy the facilities in coming years.

Retail income increased once again this year to £5,383,708 (2023/24: £4,083,290) with a net contribution of £1,809,655 (2023/24: £1,431,305). Retail will be a continued growth area for St Michael's with plans in 2025 to reconfigure the Leominster Home and Living store and open a new store in Ludlow, having acquired planning permission on an identified site.

This year saw the Events and Community landscape shift considerably with a clear focus on experiences over mass participation events. We are facing a crowded events market with significant competition for ticket sales so remaining innovative in our offering is key. Despite these challenges the team delivered a significant increase in gross income, surpassing £1,000,000 (over £170,000 more than 2023/24). The increase was achieved through some significant community events celebrating our 40th anniversary of care, along with the second overseas Trek to Spain with 17 trekkers taking on the Camino Way.

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Although a fantastic gross total for community and events, there have been significant increases in expenditure driven by, in particular, the effect of inflation, as well as changes in government policy.

It is always a pleasure to welcome supporters to events at St Michael's. During our special 40th year we hosted a series of events for lottery players, regular givers and significant donors, two Open Gardens, the annual Plant Fair (now over three days) and a series of Christmas events, and in total we welcomed over 8,000 people through the doors.

Throughout this year we have shifted focus to encourage regular donations. By year end the total given by those committed to giving monthly surpassed £5,000. This gives St Michael's a sustainable and known income - something that is vitally important as we navigate through the future, and one we wish to grow.

St Michael's is always appreciative of companies that choose to support through a variety of initiatives including volunteering and getting involved in fundraising. Radnor Hills donated £7,500 as a partner again this year and HCC continued to sponsor RUN Hereford at £3,500. Total income generated from companies exceeded £59,000, in addition to many organisations committing to giving their time to make a difference.

Our Lottery and Raffles continue to be a significant income stream for St Michael's contributing £421,130 gross income (2023/24: £420,942), with the net contribution achieving £283,723. It continues to be a challenging environment with some players cancelling subscriptions due to tightening finances. However, single ticket sales in our shops have meant the total income has been sustained this year. For the 2025/26 financial year a canvassing agency has been secured, so we will focus on selling lottery subscriptions in venues across the county, with the aim of growing the lottery for the long-term and a Superdraw is in place to celebrate 25 years of the lottery. Raffles remain an important income stream for St Michael's with an income of £67,496 being generated during 2024/25 from the two raffles.

We generated £10,323,794 (2023/24: £7,954,645) from voluntary and other income sources (excluding income directly related to our charitable activities). The cost of raising funds, including the reallocation of support cost, was £4,977,151 (2023/24: £3,824,398).

For every £1 raised, 52p goes on delivering and improving our care and support for people living with life-limiting illness, and 48p goes on generating further income. With increasing cost pressures, we are pleased that this ratio has not reduced.

3. Communication

In 2024/25, we were able to assess the effectiveness of our new website following a full year of use. The site has proven to be a sound investment, with traffic and reach across all areas almost doubling compared to previous years. This increase has been driven in part by a more refined social media strategy, which incorporated educational content such as a series of myth-busting posts to help make hospice care feel more approachable and inclusive. Follower numbers and engagement across platforms have continued to meet and exceed targets, with steady growth in all areas.

At the heart of all our communications is a clear priority: ensuring that people receive the right information at the right time. Whether it's raising awareness about how to make a referral, accessing support services, or helping to reduce fear and anxiety around hospice care, our goal is always to make St Michael's feel accessible, reassuring, and responsive to people's needs. This values-led approach underpins every piece of communication we create, whether online, in print, or in person.

This year saw the introduction of two important additions to our communications portfolio: a new Hospice Brochure and a Fundraising Brochure. Both resources have helped extend our reach and explain the full breadth of support and services available through St Michael's. Our biannual magazine, Messenger, also underwent a successful refresh, moving to an A5 format that made financial sense while retaining its strong community focus. A great deal of care went into maintaining the magazine's accessible and feel-good tone, and feedback from readers has been overwhelmingly positive.

Brand refinement was a central focus throughout the year. A consistent and high-quality look and feel was embedded more deeply across all materials and channels. Our full fleet of vans was rebranded under the "On the road for St Michael's" banner, creating a strong and recognisable presence across the county. Our new Hospice at Home vehicles also adopted the refreshed brand identity.

The opening of the Whitestone superstore offered a major milestone in retail brand development. A distinct visual style and colour palette were created for the shop, along with a flexible signage library tailored to different retail environments. Since then, our wider retail portfolio has been grouped into clear categories; High Street, Pound Shops, Home & Living, and Superstore, each with its own recognisable branding to help supporters navigate where to shop or donate based on their needs. Supporter communications continued to perform strongly, with more people choosing to stay informed about news, campaigns, and opportunities to get involved with St Michael's.

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4. Responsible Fundraising

St Michael's is registered with the Fundraising Regulator and is a member of the Institute of Fundraising, the Hospice Income Generation Network, the Hospice Lotteries Association, and the Charity Retail Association, and is committed to adhering to the Code of Fundraising Practice. We have had no adjudications and are committed as a team to continual learning and improvement. The new Code of Fundraising Practice comes into effect on 1 November 2025 so preparations are in order to ensure continued compliance.

We continue to focus on our Data Protection procedures and communication preferences with all our supporters and feel well placed to communicate with donors appropriately. We ask supporters their preferences as to how we communicate with them. We give them the option to let us know if they wish to change their preferences or no longer wish to hear from us and always respect their wishes. We do not sell or exchange lists of data with any other charities or companies.

We review compliance through non-financial audit, mystery shoppers, surveys, monitoring feedback and at our Income Generation and Marketing Committee and take corrective action when required to ensure that all St Michael's fundraisers and those who work on our behalf are aware of and adhering to our high standards.

If we encounter someone showing signs of distress, confusion, or vulnerability our fundraisers will politely refuse any donation offered in such circumstances. In the unlikely event of a donation being received in such circumstances, we will refund the donation. The fundraising team follow the guidelines of the Chartered Institute of Fundraising's 'Treating Donors Fairly' guide. St Michael's has a system in place to record and learn from all concerns or complaints. During the year there were no significant complaints that were escalated.

5. Information and Data Management

With the ability to collect vast amounts of data and information easily these days, St Michael's needs to be able to analyse and use this data to increase our effectiveness and understanding of our work. Much of our work uses computers and so we have a strategy to develop and secure these systems appropriately and to best effect.

St Michael's achieved Cyber Essential Plus accreditation (Certificate Number: 46b9d4c6-508c-4966-b3a6-ad158987df9d) in May 2023 and is seeking reaccreditation in 2025/26.



s172(1) Statement

Section 172 of the Companies Act 2006 requires Trustees to act in a way they consider, in good faith, would be most likely to promote the success of St Michael's for the benefit of its stakeholders as a whole.

In doing so Trustees must have regard (amongst other matters) to:

- The likely consequences of any decision it makes in the long term;
- The interests of volunteers and staff who are vital to the successful delivery of St Michael's services, operations and activities;
- The need to foster business relationships with other providers (NHS, Social Care and private sector), suppliers and others;
- The impact of St Michael's operations on the community and the environment;
- The need for St Michael's to maintain its high reputation for the way it conducts itself: and
- The need to act fairly, respectfully and ethically in all its activities.

In fulfilling this role, St Michael's seeks to empower its volunteers and staff to work together to reach the best possible decisions, in the best possible way and at the best possible time, operating always within the Structure, Governance and Management framework shown on page 19.

St Michael's depends on the trust and confidence of its stakeholders to operate effectively and sustainably in the long term and, as such, engagement with stakeholders informs the basis of the Trustee Board's strategic planning and decision-making processes.

The Trustees Annual report highlights our commitment to engaging with our main stakeholder groups, including our patients and their families, our volunteers and staff, our supporters, our health and social care partners, our suppliers, and our wider community. This engagement is primarily through the provision of our care services, fundraising, volunteering, education, partnership working and employment.

The trust and confidence that St Michael's depends upon is built on its reputation for high standards of business conduct, which is based on a range of policies and processes that promote corporate responsibility for, and ethical behaviour towards, our stakeholders. These include policies on fundraising, receipt of gifts, safeguarding of vulnerable people, bullying and harassment, and whistleblowing. These policies are reviewed periodically to ensure they remain relevant and effective.

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Volunteer and Staff Engagement

At St Michael's, we recognise that our people, both staff and volunteers, are at the heart of everything we do. Supporting their development, wellbeing, and engagement remains a central priority. We continue to invest in learning opportunities, coaching, and skills development to help individuals grow in their roles and contribute meaningfully to our mission.

As a responsible employer, we are committed to offering fair pay, appropriate benefits, and a positive working environment. The health, safety, and wellbeing of our workforce are integral to how we operate, and we strive to foster a culture where everyone feels valued, supported, and equipped to thrive.

By nurturing our people and recognising their vital contribution, we aim to build a motivated and resilient workforce capable of delivering the highest standards of care and service.

Community and Environment

St Michael's has sustainability and environmental responsibility firmly embedded in its culture and strategies. Sustainability runs through all aspects of our operations and activities, from energy-saving, recycling and resource-sharing policies in our offices to supporting our voluntary sector partners in our community through sharing our expertise and capabilities. The Board and Executive team are committed to formalising our many areas of best practice into a structured approach to embedding sustainability which will include capturing and communicating the value of our efforts in this area.

Culture and Values

St Michael's culture is characterised by clear responsibility, mutual respect, trust and professionalism. St Michael's is focused on people, with patients and their families, volunteers and staff being at its heart.

St Michael's embraces diversity, flexibility, sustainability and continuous improvement.

Streamlined Energy and Carbon Reporting

Under the Energy and Carbon Reporting Regulations 2018 St Michael's is required to report on its key environmental impacts. A summary of the Carbon emissions of St Michael's activities are as follows:

	2024/25	2023/24
Consumption (kWh)		
- Gas	707,971	562,925
- Electricity	681,072	596,242
Consumption (miles)		
- Volunteers and staff	73,824	60,764
- Hospice at Home	98,459	81,824
- Other	94,510	79,689
Emissions (tCO2e)		
- Gas	130	103
- Electricity	121	123
- Transport fuel - volunteers and staff	20	16
- Transport fuel - Hospice at Home	23	19
- Transport fuel - Other	38	32
Total emissions	332	293
Intensity ratio – total tCO2e per head count (per note 11)	1.03	1.02

Methodology

The key environmental impacts for St Michael's are electricity and gas usage at its Bartestree site and across its retail portfolio, and the use of vehicles for the delivery of care and support as well as for the collection and delivery of retail donated goods and servicing of the retail units. Energy usage has been calculated using opening and closing mileage and meter readings. The UK Government Greenhouse Gas Conversion factors for Company Reporting 2025 have been used to provide the required conversion rates.

Future Plans

St Michael's continually reviews opportunities to increase energy efficiency and is currently taking the following steps to reduce its carbon emissions:

- Changing light bulbs to LED
- Enhanced recycling initiatives
- Increasing solar panel arrays
- Increasing EV charging facilities

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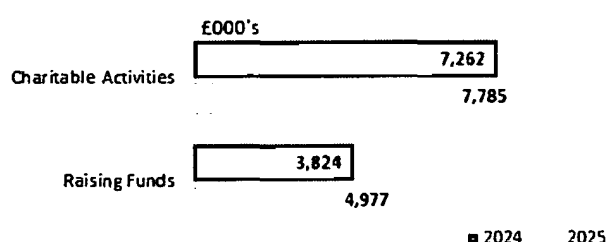
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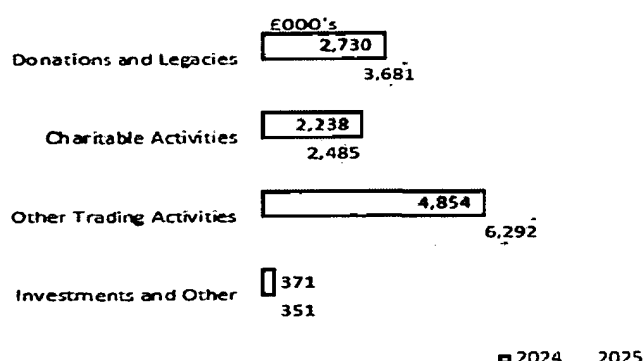
Financial Review

The consolidated financial statements that follow later in this report comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows, and related notes, which include the results of the group companies. The result for the year was a surplus of £117,275 (2023/24: £695,815 deficit).

Total expenditure for the year increased by 15.12% to £12,762,247 (2023/24: £11,085,886); 69% of this relates to increased staffing costs, with a further 25% relating to increased fundraising and other trading activities. 61.0% was spent on charitable activities.



Total income for the year increased by 25.67% to £12,809,104 (2023/24: £10,192,618).



There follows a brief overview of the financial management that has fed into these reports.

Investment Policy and Returns

Because of the uncertainty of fundraising income streams, it is necessary to ensure that funds are always readily available for use to ensure that levels of care are not adversely affected in the event of any short-term income reduction. The Trustees have decided to maintain a lower-risk investment strategy to protect reserves, and therefore services, rather than seeking higher return investments which increase the risk profile. Performance is measured against agreed inflation and market indices.

In the current economic crisis, maintaining pace with inflation remains exceptionally hard. With net gains of £70,418 (2023/24: £197,453), and total return of £349,077 (2023/24: £457,066), the overall return on the portfolio was 4.69%.

Reserves Policy

The Trustees have reviewed the reliability of future income streams, the commitment to future expenditure and risks faced as a Charity. St Michael's has determined that it needs reserves for the following reasons:

- To fund shortfalls in income (whether statutory, retail, lottery, donations, legacies, or other fundraising activities) when it does not reach expected levels. St Michael's is dependent on fundraised income as well as statutory funding which remains low in comparison. The fundraised income is subject to fluctuation as economic conditions change and statutory funding could be affected by government policy and the financial position of NHS and local authority commissioners;
- To fund unexpected expenditure, for example when legislation changes, or unplanned events occur. This could also be for unexpected building maintenance costs and to provide a degree of flexibility for innovation;
- To fund working capital. The greatest cost is salaries and therefore the timing of cash outflows is relatively fixed whereas both fundraised and statutory income fluctuate in terms of cash inflow over the year;
- To fund future developments to ensure we continue to meet the needs of our community.

At the end of March 2025, the cash reserves, including easily realisable assets, within general funds increased to £9,556,027 (2023/24: £8,981,387), an amount which equates to 8.6 months of budgeted 2025/26 operating costs, marginally below our reserve policy of 9 months. With the expectation of future surpluses, reserves levels will be restored.

The net book values of freehold land and buildings are held in a designated reserve called the Property Fund, totalling £12,211,619 at 31 March 2025 (2023/24: £12,260,095). By designating these funds, the Trustees aim to give a clear presentation of the free reserves available to St Michael's to meet its continuing operational commitments. At the year-end, restricted reserves totalled £106,110 (2023/24: £84,522). At the year-end, the designated capital investment fund totalled £nil (2023/24: £107,211) and the designated development fund totalled £462,562 (2023/24: £803,990). In total, £207,308 was de-designated during the year.

The level of reserves is monitored regularly by the Finance, Investments and Operations Committee and St Michael's reserves policy is reviewed annually by the Trustees when the budgets are approved. This will ensure that appropriate steps are in place to maintain reserves at the appropriate levels.

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Principal Risks and Uncertainties

Over the course of 2024/25 year, the Trustees did not identify any new major risks that are thought to have a catastrophic effect on service delivery, income generation or compliance with regulations. They continue to consider the following material risks:

- Unpredictability of the legacy income stream, which currently represents 11.7% (2023/24: 13.9%) of all income.
- A risk to donations because of the economic and political climate and competition for funds.
- Uncertainty over the NHS contribution due to austerity measures and economic climate.
- Demand for hospice services outstripping capacity both in terms of volume and skill.
- An ageing workforce and volunteer cohort.
- Challenges in recruitment, particularly in nursing nationally and locally.
- Failure in the provision of the service.

St Michael's continues to mitigate these risks through the training and development of staff, the careful management of expenditure, stewardship and diversification of income streams, maintaining appropriate reserve levels and raising the profile of St Michael's invaluable services.

Going Concern

The Trustees have reviewed financial forecasts into 2029 and have paid special consideration to reviewing the risks to St Michael's services and finances as a result of the current economic and political climate. The Trustees are confident that St Michael's will continue as a going concern for the foreseeable future.

Future Plans

St Michael's continues to monitor its strategy and its realisation operationally. It is also of critical importance that our entire community understand why we exist and the importance of us continuing to do so.

In response to this and as a first step in revising our strategy, the Trustee Board approved the revision of our Purpose, Mission and Principal Activities in September 2024 to:

Our Purpose

We believe everyone should have access to care that enables them, and those close to them, to live and die well.

Our Mission

Working alongside our community, our mission is to ensure that adults in Herefordshire and the surrounding areas, benefit from palliative and end-of-life care when needed. This includes supporting loved ones throughout bereavement and beyond.

Our Principal Activities

In realising our belief that everyone should have access to care that enables them, and those close to them, to live and die well. Our Principal Activities are:

- Adult inpatient care.
- Adult outpatient care.
- Adult community care.
- Supportive care in all settings (inpatient, outpatient and community).
- Education and Training.

When evaluating our progress against, and the continued validity of our existing strategy through this new lens the Trustees took the opportunity, working alongside colleagues at all levels, to develop a revised strategy to be effective from April 2025.

The following five Strategic Intentions will direct how we work towards achieving our Mission and inform the development of more detailed strategic and operational plans for each intention:

- Increase accessibility and availability of care.
- Improve quality of care wherever it is provided.
- Be a sustainable and well led organisation.
- Be a great place to work and volunteer.
- Generate funding to deliver care in the most efficient and responsible way.

Ultimately, realising our Mission and delivering upon our Purpose lays in the hands of our most valuable asset, our People. In collaboration with all of our colleagues and as an output of our People Conference in October 2024 we launched our new Values:

"What matters to you is what's important to us"

To ensure we deliver upon this every day, we empower people to work collaboratively to reach the **best possible decisions**, realise them in the **best possible way** and at the **best possible time**.

We value:

- Knowledge, judgment, and kindness in reaching the **best possible decisions**,
- courage, integrity, and passion in realising those decisions in the **best possible way**, and
- honesty, empathy, and determination in doing so at the **best possible time**.

Living our values influences **the way we behave**. The way we behave informs **the way we do things**. The way we do things is **the St Michael's way**.

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Further, one of the core activities of the People Conference was colleagues collaborating to develop these Values into the Behaviours we expect from each other on a day-to-day basis. These Behaviours and achieving the high standards we have set for ourselves will form an integral part of our future success.

Against the backdrop of increasing costs driven by a myriad of factors and both increasing demand and complexity we extend our thanks to our community for their continued generosity. We are fortunate to be so well supported by our community who disproportionately meet the vast majority of the cost of care delivered by St Michael's. We exist only as a result of the actions of our community and their continued support.

Structure, Governance and Management

Trustees

Trustees (and Associate Trustees) are unremunerated volunteers. They give their time voluntarily and receive no benefits from St Michael's. Any expenses reclaimed from St Michael's are set out in note 10 to the financial statements, of which there was £120 (2023/24: £nil). The Trustee Board continually considers the skills mix and diversity of its members. Recruitment is an open competitive process involving public advertising, networking, and the services of professional recruiters as appropriate.

St Michael's provides potential Trustee (and Associate Trustee) candidates with information about the organisation and about their role, including the role description and expectation of the Trustee Board, and the length of tenure of appointment. The Board of Trustees make appointments.

Every Trustee (and Associate Trustee) must sign a Commitment and Disclosure Form before they are eligible to become a Trustee (or Associate Trustee), including a declaration of interest form, which is renewed each year. On appointment or election as a Trustee, a Trustee becomes a member of St Michael's. Trustees hold membership of St Michael's only during their Trustee Term of Office. Retirement, resignation or removal as a Trustee ends their membership of St Michael's.

It is St Michael's policy and practice to provide Trustee Board Members and Associate Trustees with appropriate training to undertake their role and to ensure that new Trustee Board Members receive an induction to St Michael's and to the role of a Charity Trustee and Company Director. New Trustees attend a corporate induction day, and we look to provide them with a mentor Trustee to provide specific support over the first 12 months of their Trustee Term. Trustees are elected initially for a three-year term and are appraised annually.

The Trustee Board delegate day-to-day responsibility to the Chief Executive, who in turn delegates some management functions to the Strategic Management Team (SMT). The Schedule of Delegation is set out in the Governance Manual. The Trustee Board has four sub-committees that meet quarterly and are responsible for reviewing St Michael's activities in their respective areas of expertise in more detail than full Board meetings can achieve. These are:

- Clinical Governance & Care Committee;
- People & Facilities Committee (People Committee from 1 January 2025);
- Finance & Investment Committee (Finance, Investments & Operations Committee from 1 January 2025);
- Income Generation, Marketing & Communications Committee.

Committee membership consisted of at least three Trustees and a member of SMT. A Trustee chairs the meetings and presents a report at The Trustee Board, which meets quarterly.

Remuneration Policy for Key Management Personnel

The aim of St Michael's pay policy is to offer fair pay to attract and keep appropriately qualified staff to lead, manage, support, and deliver St Michael's aims. Trustees are ultimately responsible for setting the Chief Executive's remuneration level and agreeing the annual cost of living award.

The Chief Executive sets grading levels for the Strategic Management Team with Trustee oversight (except medical staff who are on the relevant NHS schemes). The Strategic Management Team sets grading levels for all other staff under a remuneration structure approved by Board.

When deciding the Chief Executive and Strategic Management Team's salary levels, consideration is given to:

- the purpose, aims and values of St Michael's, and its beneficiaries' needs;
- how pay is linked to the skills, experiences and competencies St Michael's needs from its senior staff and the scope of their roles and how St Michael's can maintain the ability to recruit and retain suitably qualified and experienced management;
- St Michael's current business plan and how implementing it may affect the number of senior staff St Michael's needs to employ or recruit, and the nature of these roles;

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- St Michael's ability to pay, including:
 - the benefit to St Michael's that such positions will bring,
 - the cost to St Michael's of increasing remuneration levels.

St Michael's regularly benchmarks its salaries against other similar organisations and, in the case of clinical staff, with the NHS and local authority in Herefordshire.

Policy for Employment of Disabled Persons

St Michael's fully and fairly considers all applications for recruitment to contracted or volunteer roles made by disabled persons and gives regard to their aptitude and abilities. Opportunities for training, career development and promotion are considered in the same way for those employed or volunteering. Should an employee or volunteer become disabled, St Michael's arranges appropriate training and support to enable continued employment at St Michael's where possible.

Employee Information

St Michael's is committed to providing its' People (staff and volunteers) with information on matters of concern to them. Colleague engagement is important for St Michael's. We do this through various methods. During the year we have moved from an HR function which supports 'staff' and 'volunteers' to a People Team which supports all our colleagues with real equity.

We have a Joint Staff Consultative Group (and equivalent Volunteer Group), where organisational proposals that might impact staff and volunteers are discussed and feedback is actively sought to ensure any changes are managed effectively and we get it right first time, every time. During the year and in line with our changes in the management and support of our workforce we constituted a 'Values & Behaviours' Steering Committee which will replace these separate groupings representing two distinct elements of our workforce and which will champion the implementation of our revised organisational values, and the behaviours these demand.

We hold regular colleague meetings and informal gatherings to encourage workforce engagement. The Trustees carry out regular planned visits to meet and talk with colleagues, as do the management team.

Our intranet and internal communications channels keep colleagues informed of what is happening at St Michael's and provides opportunity for feedback.

The Chief Executive shares a weekly all colleague communication alongside a bi-monthly colleague newsletter to share successes across the organisation and key information that might impact people; this includes the impact of external factors (like national economic challenges or political changes) as well as St Michael's own performance and forecasts. This is in addition to all other internal communications routes.

During 2024/25 we have continued to market benchmark salaries and have reviewed the benefits offered by St Michael's to incentivise and reward staff. Following feedback from staff a Death in Service Benefit was introduced for those staff not in the NHS Pension Scheme (which already includes this benefit), and staff can obtain eye test vouchers and various discount schemes with local suppliers.

Work has continued during 2024/25 to engage with and grow our volunteer base. We are proud to have retained most of our volunteers and plan to grow this workforce further.

The Trustees wish to record their thanks to the many volunteers without whom St Michael's would be unable to maintain the quality of service and deliver care within our cost constraints. The estimated value of the volunteer contribution to St Michael's is in excess of £2.5 million per annum.

Funds Held as Custodian Trustees on Behalf of Others

Within deferred income is £128,500 held as a cash investment which provides a lifelong annuity to an individual. St Michael's and a GP surgery are joint beneficiaries of the residual capital.

Statement of Trustees Responsibilities

The Trustees (who are also directors of the company for the purposes of company law) are responsible for preparing the Trustees annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume St Michael's will continue in operation

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

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

Members of St Michael's guarantee to contribute an amount not exceeding £2 to the assets of St Michael's in the event of winding up. The Trustees are members of St Michael's, but this only entitles them to voting rights. The Trustees have no beneficial interest in St Michael's.

The Trustees annual report, which includes the strategic report, has been approved by the Trustees on 10 September 2025 and signed on their behalf by:



Mr D Teague – Chair

**Independent Auditor's Report
To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation)
For the year ended 31 March 2025**

Opinion

We have audited the financial statements of St Michael's Hospice (Incorporating the Freda Pearce Foundation) (the "charitable company") and its subsidiaries (the "group") for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, Group Balance Sheet, Charity Balance Sheet, Consolidated Statement of Cash Flows and notes to the financial statements, including 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 charitable company's affairs as at 31 March 2025 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Independent Auditor's Report
To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation)
For the year ended 31 March 2025**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102).

**Independent Auditor's Report
To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation)
For the year ended 31 March 2025**

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context were the Gambling Commission, CQC Regulations and General Data Protection Regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be recognition of legacy income, the completeness and accuracy of grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and Investments Committee about their own identification and assessment of the risks of irregularities, sample testing on legacy and grant income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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



Helen Blundell LLB FCA FCIE DCHA
Senior Statutory Auditor
For and on behalf of

Crowe U.K. LLP
Statutory Auditor
Fourth Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 12 November 2025

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Financial Activities (incorporating an income and expenditure account)
For the year ended 31 March 2025

	Note	Unrestricted £	Restricted £	2025 Total £	2024 Total £
Income from:					
Donations and legacies	3	3,548,168	133,072	3,681,240	2,730,241
Charitable activities	4	2,317,713	167,597	2,485,310	2,237,973
Other trading activities	5	6,291,533	-	6,291,533	4,853,469
Investments	6	330,040	-	330,040	357,245
Other	7	20,981	-	20,981	13,690
Total income		12,508,435	300,669	12,809,104	10,192,618
Expenditure on:					
Raising funds	9	4,976,299	852	4,977,151	3,824,398
Charitable activities	9	7,759,191	25,905	7,785,096	7,261,488
Total expenditure	9	12,735,490	26,757	12,762,247	11,085,886
Net (loss) / income before net gains / (losses) on investments		(227,055)	273,912	46,857	(893,268)
Net gains on property investments	15	-	-	-	40,000
Net gains on listed investments	16	70,418	-	70,418	157,453
Net income / (loss) for the year		(156,637)	273,912	117,275	(695,815)
Transfers between funds	25	252,324	(252,324)	-	-
Net movement in funds		95,687	21,588	117,275	(695,815)
Reconciliation of funds:					
Total funds brought forward	25	23,695,395	84,522	23,779,917	24,475,732
Total funds carried forward	25	23,791,082	106,110	23,897,192	23,779,917

The notes on pages 28 to 48 form part of these financial statements.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated and Charity Balance Sheets
As at 31 March 2025

		Group		Charity	
	Note	2025 £	2024 £	2025 £	2024 £
Fixed assets					
Tangible fixed assets	14	13,772,493	13,802,807	13,772,493	13,802,807
Investment properties	15	740,000	740,000	740,000	740,000
Investments	16	7,290,929	8,442,415	7,290,929	8,442,415
		<u>21,803,422</u>	<u>22,985,222</u>	<u>21,803,422</u>	<u>22,985,222</u>
Current assets					
Stock	19	19,091	15,275	5,749	1,254
Debtors	20	1,840,318	726,760	2,070,304	851,029
Cash at bank and in hand		1,381,417	1,018,793	1,129,497	887,780
		<u>3,240,826</u>	<u>1,760,828</u>	<u>3,205,550</u>	<u>1,740,063</u>
Liabilities					
Creditors: amounts due within one year	21	(1,147,056)	(966,133)	(1,112,344)	(945,932)
Net current assets:		<u>2,093,770</u>	<u>794,695</u>	<u>2,093,206</u>	<u>794,131</u>
Total net assets		<u>23,897,192</u>	<u>23,779,917</u>	<u>23,896,628</u>	<u>23,779,353</u>
Funds of the Group and Charity:	25				
Restricted income funds		106,110	84,522	106,110	84,522
Unrestricted funds					
Designated funds		12,674,181	13,171,296	12,674,181	13,171,296
General funds		11,116,901	10,524,099	11,116,337	10,523,535
Total unrestricted funds		<u>23,791,082</u>	<u>23,695,395</u>	<u>23,790,518</u>	<u>23,694,831</u>
Total Group and Charity funds		<u>23,897,192</u>	<u>23,779,917</u>	<u>23,896,628</u>	<u>23,779,353</u>

The Charity's net income for the year was £117,275 (2023/24: £695,815 net expenditure).

The notes on pages 28 to 48 form part of these financial statements.

Approved and authorised for issue by the Board of Trustees on 10 September 2025 and signed on their behalf by:



Mr D Teague (Chair)

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Consolidated Statement of Cash Flows
For the year ended 31 March 2025

	Note	2025 £	2024 £
Cash flows from operating activities			
Net cash used in operating activities	26	(715,264)	(633,358)
Cash flows from investing activities:			
Dividends, interest, and rents from investments		330,040	357,245
Proceeds from the sale of fixed assets		18,000	825
Purchase of fixed assets		(492,405)	(3,288,880)
Proceeds from the sale of investments		1,657,945	3,464,006
Purchase of investments		(444,608)	(1,659,669)
Movement in investments – cash holdings		<u>8,566</u>	<u>(2,683)</u>
Net cash used in investing activities		1,077,538	(1,129,156)
Change in cash and cash equivalents in the year		362,274	(1,762,514)
Cash and cash equivalents at the beginning of the year		<u>1,011,683</u>	<u>2,774,197</u>
Cash and cash equivalents at the end of the year	27	<u>1,373,957</u>	<u>1,011,683</u>

The notes on pages 28 to 48 form part of these financial statements.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2025

1. Accounting policies

a) Statutory information

St Michael's Hospice (incorporating the Freda Pearce Foundation) is a charitable company limited by guarantee (Company number 01634942 and Charity number 511179) and is incorporated in the United Kingdom. The registered office address and principal place of business is St Michael's Hospice, Bartestree, Hereford, HR1 4HA. This is also the address of its 100% wholly owned subsidiaries.

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

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

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

These financial statements consolidate the results of the charitable company and its wholly owned subsidiaries - SMH Trading Limited and St Michael's Hospice Development Company Limited - on a line-by-line basis. Transactions and balances between the charitable company and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the companies are disclosed in the notes of the charitable company's Balance Sheet. A separate Statement of Financial Activities, or income and expenditure account, for the charitable company itself is not presented as permitted by the exemptions afforded by section 408 of the Companies Act 2006 not to include it. The charitable company has also taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only cashflow and certain financial instrument disclosures.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The Trustees consider that there are no material uncertainties about the group's ability to continue as a going concern following their review of the financial position, reserves levels and future plans. In arriving at their decision, the Trustees have thoroughly reviewed the impact of the current economic and political climate on service demand and delivery and income levels and have taken appropriate mitigating action to minimise risk. The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from voluntary sources is received by way of donations, gifts, and fundraising events, and is included in full in the Statement of Financial Activities when receivable. Income from gift aid tax reclaims is recognised for all donations made prior to the year-end where valid gift aid declarations are held.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2025

1. Accounting policies (continued)

For legacies, entitlement is taken as the earlier of the date on which either: the charitable company is aware that probate has been granted, the estate has been finalised and the executor has made notification to the charitable company 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 charitable company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charitable company, or the charitable company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material in note 3.

Income from charitable activities is recognised as services are performed. Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services, and facilities

In accordance with the Charities SORP (FRS 102), the value of services provided by volunteers is not recognised. The Trustees' annual report contains further information about the invaluable contribution provided by volunteers. On receipt, donated gifts, professional services, and donated facilities are recognised based on the value of the gift to the charitable company which is the amount the charitable company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. Clothing and other goods donated for resale are included in income when they are sold. If an item is significant in value, it would be measured and valued at the year-end.

g) Interest receivable and dividends

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

h) Fund accounting

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for a specific purpose. The notes to the financial statements provide further details. Once the terms and conditions of the restrictions have been met, tangible fixed assets purchased with restricted monies, are transferred to unrestricted funds.

Unrestricted funds are those available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and which have not been designated for any other purpose.

Designated amounts within the unrestricted funds represent the total Net Book Value of the freehold land and buildings and assets in the course of construction held at the balance sheet date and funds designated for the development projects and capital investment. Designated funds may also comprise amounts that have been set aside by the Trustees for particular purposes, notably for the purchase of other assets used within the business.

i) Expenditure and irrecoverable VAT

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

Raising funds - this relates to the costs incurred by the charitable company in procuring voluntary contributions to it, as well as the costs of any activities with a fundraising purpose, including charity shop running costs and investment manager fees.

This includes salaries of staff engaged in fundraising activities, direct expenditure, and support costs. The cost of fundraising activities is recognised in the year in which it is incurred although the income derived from the activities may arise in future years.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2025

2. Accounting policies (continued)

Charitable activities - this includes the costs of delivering services, and other educational activities undertaken to further the purposes of the charitable company and their associated support costs.

Irrecoverable VAT is charged against activities on the same basis as the allocation of support costs. Governance costs are included within support costs and relate only to external audit fees.

j) Allocation of support costs

Expenditure is allocated to the activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Inpatient Care	50.0%
In reach (Day Care Services)	2.5%
Supportive & Rehabilitative Care	1.0%
Education & Training	1.0%
Hospice at Home	25.0%
Charitable Activities	79.5%
Raising Funds	20.5%

k) Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

l) Tangible fixed assets

Items are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities based on the use of the related assets in those activities. Assets are reviewed for impairment annually to consider if their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

The depreciation rates in use are as follows:

Freehold buildings	
- Main Structure	50 years
- Roof	10 - 40 years
- Windows and doors	25 years
Leasehold property	Over the period of the lease
Medical and nursing equipment and beds	5 - 10 years
Motor vehicles	3 - 7 years
IT Equipment and development	3 - 5 years
Plant and machinery	15 - 25 years
Fixture, fittings, and equipment	3 - 5 years

Land and buildings are included at cost. Land and assets in the course of construction are not depreciated. In accordance with the Statement of Recommended Practice, freehold buildings have been categorised into those components which have substantially different useful economic lives.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2025

1. Accounting policies (continued)

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the Statement of Financial Activities. The valuation method used to determine fair value is stated in the notes to the financial statements.

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the Balance Sheet date using the closing quoted middle market price.

Any change in fair value will be recognised in the Statement of Financial Activities. Investment gains and losses are combined and shown in the heading "Net gains / (losses) on investments" in the Statement of Financial Activities. The charitable company does not directly acquire put options, derivatives, or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

q) Debtors

Trade debtors, other debtors, accrued income and amounts owed by group entities are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Cash at bank and in hand

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

s) Creditors

Creditors are recognised where the group 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 are normally recognised at their settlement amount after allowing for any trade discounts due.

t) Financial instruments

The group 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. Listed investments are shown at market value.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2025

1. Accounting policies (continued)

u) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where these estimates and judgements have been made include the following:

i) Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the tangible assets and note l) for the useful lives of each class of asset.

ii) Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, the Trustees consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 20 for the net carrying amount of the debtors and associated impairment provision.

iii) Accrued legacy income

Legacy income is accrued if probate has been granted prior to the year-end, and the estate has been finalised, or the executor has made notification to the charitable company that a distribution will be made, or when a distribution is actually received, mitigating estimation uncertainty as income can be measured reliably.

iv) Dilapidations

The charitable company has estimated the anticipated costs of dilapidations across its retail shops based on the age of the leases and historic costs incurred.

v) Pensions

Defined benefit scheme

The charitable company contributes to the NHS pension scheme for eligible staff. Such contributions are a fixed percentage of salary. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the scheme. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, it is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to that scheme for the accounting period. The charitable company has no ongoing liability once the standard contributions to the scheme are made.

Defined contribution schemes

Where staff are not eligible to join the NHS pension scheme, they can opt to join a group personal pension plan scheme. St Michael's also contributes to the personal schemes of individual employees. Such contributions are a fixed percentage of salary. In accordance with workplace pension legislation, eligible employees who are not already in a compliant pension scheme are automatically enrolled into a workplace pension scheme. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the schemes.

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2025

2. Detailed comparatives for the Statement of Financial Activities

	Note	Unrestricted £	Restricted £	2024 Total £
Income from:				
Donations and legacies	3	2,712,968	17,273	2,730,241
Charitable activities	4	2,237,973	-	2,237,973
Other trading activities	5	4,853,469	-	4,853,469
Investments	6	357,245	-	357,245
Other	7	13,690	-	13,690
Total income		10,175,345	17,273	10,192,618
Expenditure on:				
Raising funds	9	3,818,510	5,888	3,824,398
Charitable activities	9	7,246,287	15,201	7,261,488
Total expenditure	9	11,064,797	21,089	11,085,886
Net income before net gains on investments		(889,452)	(3,816)	(893,268)
Net gains on property investments	15	40,000	-	40,000
Net losses on listed investments	16	157,453	-	157,453
Net income / (expenditure) for the year		(691,999)	(3,816)	(695,815)
Transfers between funds	25	5,071	(5,071)	-
Net movement in funds		(686,928)	(8,887)	(695,815)
Reconciliation of funds:				
Total funds brought forward	25	24,382,323	93,409	24,475,732
Total funds carried forward	25	23,695,395	84,522	23,779,917

St Michael's Hospice (incorporating the Freda Pearce Foundation)
Notes to the financial statements
For the year ended 31 March 2025

3. Income from donations and legacies

	Unrestricted	Restricted	2025 Total	2024 Total
	£	£	£	£
Donations	1,117,325	50,000	1,167,325	574,915
Trusts and foundation grants	372,257	83,072	455,329	228,186
Community fundraising activities	554,293	-	554,293	506,419
Legacies	1,504,293	-	1,504,293	1,420,721
Total	3,548,168	133,072	3,681,240	2,730,241

As at 31 March 2025 the charity had been notified of several legacies, the values of which were uncertain as the executors were awaiting confirmation of other claims on the estate and may also be in the process of realising assets such as residential property. The estimated total of these legacies could be up to £1,659,000. None of these legacies have been accrued in the financial statements.

4. Income from charitable activities

	Unrestricted	Restricted	2025 Total	2024 Total
	£	£	£	
Nursing & medical care	1,081,494	167,597	1,249,091	1,001,080
Trusts and foundation grants	-	-	-	2,700
Hospice at Home	1,173,251	-	1,173,251	1,166,253
Other care services	3,840	-	3,840	2,014
Education and training	59,128	-	59,128	65,926
Total	2,317,713	167,597	2,485,310	2,237,973

£2,146,528 (2023/24: £2,092,201) was received from NHS Herefordshire and Worcestershire. £37,900 (2023/24: £30,392) was received from Powys Local Health Board. £70,317 (2023/24: £44,740) was received from NHS Wales. £24,900 (2023/24: £24,900) was received from Health Education England towards Registered Nurse Degree Apprenticeships. £16,760 (2023/24: £26,935) was received from the Hereford and Worcester acute hospitals for the provision of training and room hire for study days. £3,840 (2023/24: £3,398) was received from Taurus Healthcare for use of the Mobile Hospice Support Vehicle.

On 19th December 2024, Department of Health and Social Care Ministers announced that Government was supporting the hospice sector by providing a £100 million capital funding boost for adult and children's hospices in England. This Hospice Capital Grant funding, administered and disseminated to hospices via Hospice UK, is to support hospices to improve or maintain their physical estate. £167,597 was received during the year and expended on eligible capital investment schemes.

There were no unfulfilled conditions or other contingencies attached to these income receipts.

5. Income from other trading activities

	Unrestricted	Restricted	2025 Total	2024 Total
	£	£	£	£
Fundraising events	447,387	-	447,387	316,856
Lottery	404,787	-	404,787	406,802
Retail shops	5,383,708	-	5,383,708	4,083,290
Other	55,651	-	55,651	46,521
Total	6,291,533	-	6,291,533	4,853,469

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6. Income from investments

	Unrestricted £	Restricted £	2025 Total £	2024 Total £
Bank interest received	21,930	-	21,930	25,882
Investment interest & dividends	278,659	-	278,659	299,613
Rental income	29,451	-	29,451	31,750
Total	<u>330,040</u>	<u>-</u>	<u>330,040</u>	<u>357,245</u>

7. Other Income

	Unrestricted £	Restricted £	2025 Total £	2024 Total £
Crematorium Fees	2,542	-	2,542	7,954
Disposal of fixed assets	11,915	-	11,915	-
Other	6,524	-	6,524	5,736
Total	<u>20,981</u>	<u>-</u>	<u>20,981</u>	<u>13,690</u>

8. Net income for the year

This is stated after charging:	2025 £	2024 £
Depreciation	532,023	466,490
Net profit on disposal of fixed assets	4,405	300
Operating lease rentals: - property	314,622	349,678
- other	42,587	47,591
Auditor's remuneration: - audit	18,500	17,975
- other services	4,380	2,500
Interest receivable	21,930	25,882

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9. Analysis of expenditure

9. Analysis of expenditure	Charitable Activities						Governance costs	Support costs	2025 Total	2024 Total
	Cost of raising funds	Inpatient Care	In reach / Day Care	Supportive & Rehab Care	Hospice at Home & Community	Education & Training				
	£	£	£	£	£	£	£	£	£	£
Staff costs (Note 10)	2,731,155	2,812,828	349,044	468,673	1,432,163	10,650	-	960,908	8,765,421	7,613,917
Medical Consultants	-	102,001	32,938	-	-	-	-	-	134,939	116,583
Other Staff Costs	11,847	60,650	281	129,764	14,979	548	-	64,463	282,532	288,776
Retail Purchases	90,890	-	-	-	-	-	-	-	90,890	65,617
Lottery Prizes	83,540	-	-	-	-	-	-	-	83,540	83,100
Events	134,318	-	-	-	-	-	-	-	134,318	84,445
Community	80,941	-	-	-	-	-	-	-	80,941	37,685
Investment Management Fees	18,563	-	-	-	-	-	-	-	18,563	13,546
Education	509	11,876	85	85	4,242	170	-	-	16,967	24,297
Communications	9,908	7,431	619	619	4,954	1,239	-	-	24,770	31,449
Premises & Equipment	590,029	45,725	97	97	197	29	-	194,153	830,327	846,487
Transport & Travel	85,353	656	615	2,813	55,801	10	-	12,479	157,727	142,923
Telephones & Computers	66,525	29,713	6,181	6,792	31,658	486	-	290,956	432,311	368,057
Catering & Cleaning	209,601	148,439	1,068	1,068	1,068	-	-	24,181	385,425	243,993
Professional Fees	53,095	-	-	5,773	-	-	18,500	23,037	100,405	85,631
Depreciation	152,409	31,796	2,122	1,847	13,870	65	-	329,914	532,023	466,490
Medical & Nursing Supplies	-	232,118	-	433	1,044	-	-	-	233,595	219,291
Other Supplies & Services	224,465	17,110	1,832	10,305	5,122	222	-	198,497	457,553	353,599
	4,543,148	3,500,343	394,882	628,269	1,565,098	13,419	18,500	2,098,588	12,762,247	11,085,886
Support costs	430,210	1,049,295	52,465	20,985	524,647	20,986	-	(2,098,588)	-	-
Governance costs	3,793	9,249	463	185	4,625	185	(18,500)	-	-	-
Total expenditure 2025	4,977,151	4,558,887	447,810	649,439	2,094,370	34,590	-	-	12,762,247	-
Total expenditure 2024	3,824,398	4,277,514	374,967	635,357	1,941,948	31,702	-	-	-	11,085,886

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10. Staff costs and numbers

Staff costs were as follows:

	2025 £	2024 £
Salaries and wages	7,478,001	6,480,741
Redundancy and termination costs	63,502	68,966
Social security costs	636,003	540,542
Pension contributions – defined benefit scheme	227,574	214,548
Pension contributions – defined contribution schemes	393,950	346,281
	<u>8,799,030</u>	<u>7,651,078</u>
Less: Recharged to capital	(33,609)	(37,161)
Note 9	<u>8,765,421</u>	<u>7,613,917</u>

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

	2025 No.	2024 No.
£60,000 - £69,999	2	2
£70,000 - £79,999	4	2
£80,000 - £89,999	-	-
£90,000 - £99,999	1	1

The charitable company considers its key management personnel during the year to comprise the Trustees and the Strategic Management Team - who are the Chief Executive and three other key directors. The total cost (including employer national insurance costs and pension contributions) of the key management personnel who served during the year was £376,530 (2023/24: £290,320). With the exception of travel expenses for Dr P Downey of £120 (2023/24: £nil), the Trustees were not paid nor received any other benefits or employment with St Michael's in the year (2023/24: £nil).

11. Staff numbers

The average number of employees (head count based on number of staff employed) and whole-time equivalents (WTE) during the year were as follows:

	2025 Head Count	2025 WTE	2024 Head Count	2024 WTE
Inpatient Care	91	63	96	61
In reach / Day Care Services	18	10	17	8
Supportive & Rehabilitative Care	18	11	16	11
Hospice at Home	39	31	36	29
Externally provided education and training	1	1	1	1
Support	31	23	26	20
Raising funds	123	72	94	60
	<u>321</u>	<u>211</u>	<u>286</u>	<u>190</u>

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12. Related party transactions

During the year, the charitable company entered into transactions for the purchase of services as described below:

One family member of a Trustee who served during the year (Mrs J Winney) was employed by St Michael's on standard employment terms and conditions – their total remuneration (including employer national insurance costs and pension contributions) was £17,383 (2023/24: £14,802).

During the year, a management charge was made by the charitable company to SMH Trading Limited of £284,216 excluding VAT (2023/24: £139,279). At the end of the year gift aid of £16,356 (2023/24: £6,283) was payable by SMH Trading Limited to the charitable company. The total year-end balance owed to the charitable company was £231,180 (2023/24: £124,479).

13. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

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For the year ended 31 March 2025

14. Tangible fixed assets – Group and Charity

	Freehold land & buildings £	Assets in the course of construction £	Leasehold property £	Medical & nursing equipment & beds £	Fixtures, fittings & equipment £	Information technology £	Plant & machinery £	Motor vehicles £	Total £
Cost									
At the start of the year	14,239,882	169,971	321,566	290,556	786,745	232,369	1,392,008	222,237	17,655,334
Additions in year	151,361	40,885	6,839	70,888	99,318	65,576	80,439	-	515,306
Transfers in year	108,931	(169,971)	-	-	61,040	-	-	-	-
Disposals in year	-	-	(78,836)	-	(12,294)	(40,647)	-	(93,322)	(225,099)
At the end of the year	14,500,174	40,885	249,569	361,444	934,809	257,298	1,472,447	128,915	17,945,541
Depreciation									
At the start of the year	1,979,787	-	236,231	184,699	650,851	153,854	466,091	181,014	3,852,527
Charge for the year	308,768	-	38,247	19,915	47,147	25,849	75,232	16,865	532,023
Disposals in year	-	-	(77,958)	-	(12,293)	(38,825)	-	(82,426)	(211,502)
At the end of the year	2,288,555	-	196,520	204,614	685,705	140,878	541,323	115,453	4,173,048
Net book value									
At the end of the year	12,211,619	40,885	53,049	156,830	249,104	116,420	931,124	13,462	13,772,493
At the start of the year	12,260,095	169,971	85,335	105,857	135,894	78,515	925,917	41,223	13,802,807

Land with a value of £1,129,789 (2023/24: £1,451,289) is included within Freehold Land and Buildings and is not depreciated. All the above assets are used for charitable purposes.

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15. Investments Properties – Group and Charity

	2025 £	2024 £
Fair value at the start of the year	740,000	700,000
Revaluation during the year	-	40,000
Fair Value at the end of the year	<u>740,000</u>	<u>740,000</u>

The properties were last valued on an open market valuation basis on 26th March 2025 by Alister Walshe FNAEA FNAVA of Stooke, Hill & Walshe. Being a previous related party, and now Life Patron, the Board of Trustees have approved the valuation.

16. Investments – Group and Charity

	2025 £	2024 £
Fair value at the start of the year	8,419,332	10,066,216
Transfers	-	-
Additions at cost	444,608	1,659,669
Disposal proceeds	(1,657,945)	(3,464,006)
Net gain / (loss) on change in fair value	70,418	157,453
	<u>7,276,413</u>	<u>8,419,332</u>
Investments - cash holdings	<u>14,516</u>	<u>23,083</u>
Fair value at the end of the year	<u>7,290,929</u>	<u>8,442,415</u>

Investments comprise:	2025 £	2024 £
UK Fixed Interest	4,258,304	3,955,650
International Fixed Income	-	-
Equities	1,142,074	1,100,847
Alternative Investments	719,544	751,840
Cash Funds	1,170,996	2,634,067
	<u>7,290,918</u>	<u>8,442,404</u>
Investment in subsidiary undertakings incorporated in the UK	1	1
Investment in Hospice Quality Partnership	<u>10</u>	<u>10</u>
	<u>7,290,929</u>	<u>8,442,415</u>

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17. Subsidiary undertakings

The charitable company owns the whole of the issued ordinary share capital of SMH Trading Limited, a company registered in England, company number 06545386. St Michael's uses the subsidiary for non-primary purpose trading activities.

All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustee Ms P A Greenwood who served during the year was also a director of the subsidiary. This appointment ceased on retirement from her Trustee role, with Trustee E Drummond taking up the appointment. Available profits are gift aided to the charitable company within 9 months of the year-end.

The table below shows a summary of the subsidiary's results.

	2025	2024
	£	£
Turnover	489,396	244,748
Cost of sales	(183,787)	(94,985)
Gross profit	305,609	149,763
Distribution costs	(113,075)	(55,412)
Administrative expenses	(171,141)	(83,867)
Other operating expenditure	(5,037)	(4,201)
Operating profit	16,356	6,283
Taxation	-	-
Profit after taxation	16,356	6,283
Retained earnings at the start of the year	563	563
Profit for the year	16,356	6,283
Gift aid donation	(16,356)	(6,283)
Retained earnings at the end of the year	563	563
The aggregate of the assets, liabilities and funds was:		
Assets	266,456	145,244
Liabilities	(265,892)	(144,680)
	564	564
Funds:		
Share capital	1	1
Retained profits	563	563
	564	564

Distribution costs and administrative expenses totalling £284,216 (2023/24: £139,279) represent a management charge from the parent entity. Amounts owed to the parent undertaking are shown in note 20. Transactions between the parent entity and trading subsidiary are included in note 12.

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17. Subsidiary undertakings (continued)

The charitable company also owns the whole of the issued ordinary share capital of St Michael's Hospice Development Company Limited, a company registered in England, company number 07039211. St Michael's used the subsidiary for the redevelopment of the hospice buildings and surroundings.

All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustee Mr D Teague who served during the year is also a director of the subsidiary. Available profits are covenanted to the charitable company as appropriate within 9 months of the year-end. The company is dormant and did not have any trading activity in either the current year or the prior year.

A summary of the results of the subsidiary is shown below:

	2025 £	2024 £
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Other operating expenditure	-	-
Operating profit / (loss)	-	-
Taxation	-	-
Profit / (Loss) after taxation	-	-
Retained (losses) / earnings at the start of the year	-	-
Profit / (Loss) for the year	-	-
Gift aid donation	-	-
Retained profit / (losses) at the end of the year	-	-
The aggregate of the assets, liabilities and funds was:		
Assets	1	1
Liabilities	-	-
	1	1
Funds:		
Share capital	1	1
Retained losses	-	-
	1	1

St Michael's Hospice Development Company Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A.

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18. Parent charity

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

	2025	2024
	£	£
Gross income and gains / (losses) on investments	12,690,698	10,290,885
Gross expenditure	12,573,423	10,986,700
Net income / (expenditure)	117,275	(695,815)

19. Stock

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Goods for resale	19,091	15,275	5,749	1,254
	<u>19,091</u>	<u>15,275</u>	<u>5,749</u>	<u>1,254</u>

20. Debtors

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Trade debtors	81,395	92,260	80,201	92,260
Amounts owed by group undertaking	-	-	231,180	124,479
Other debtors	131,098	127,190	131,098	126,980
Prepayments	236,289	218,683	236,289	218,683
Accrued income	1,391,536	288,627	1,391,536	288,627
	<u>1,840,318</u>	<u>726,760</u>	<u>2,070,304</u>	<u>851,029</u>

Trade debtors are stated after impairment provision totalling £nil (2023/24: £nil). Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. The carrying values of these are shown above and in note 21 below.

21. Creditors: amounts due within one year

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Bank overdraft	7,460	7,110	7,460	7,110
Trade creditors	219,978	272,257	216,180	266,752
Taxation and social security	153,458	134,702	153,458	134,702
Other creditors	183,988	114,430	159,139	103,490
Accruals	324,157	207,551	318,092	203,795
Deferred income	258,015	230,083	258,015	230,083
	<u>1,147,056</u>	<u>966,133</u>	<u>1,112,344</u>	<u>945,932</u>

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22. Deferred income

Deferred income comprises advance ticket sales for the lottery, fundraising income for events that did not occur until after the balance sheet date and a legacy deferred for legal reasons. Except for the legacy of £128,500 (2023/24: £128,500), all the deferred income of the previous year was released in the current year.

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Balance at the beginning of the year	230,083	225,516	230,083	225,516
Amount released to income in the year	(101,583)	(97,016)	(101,583)	(97,016)
Amount deferred in the year	129,515	101,583	129,515	101,583
Balance at the end of the year	<u>258,015</u>	<u>230,083</u>	<u>258,015</u>	<u>230,083</u>

23. NHS pension scheme

The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS employees and certain employees of other approved organisations allowed under the direction of the Secretary of State in England and Wales. St Michael's is an approved organisation.

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2025, is based on valuation data as at 31 March 2023, updated to 31 March 2025 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the Statement by the Actuary, which forms part of the annual NHS Pension Scheme Annual Report and Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

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23. NHS pension scheme (continued)

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (considering recent demographic experience), and to recommend the contribution rate payable by employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 to 23.7% of pensionable pay. The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

The 2024 actuarial valuation is currently being prepared and will be published before new contribution rates are implemented from April 2027.

All pension charges are charged to unrestricted funds in line with the fund out of which the wages and salaries are paid. The amount charged to the Statement of Financial Activities in the year was £227,574 (2023/24: £214,548). Employee and employer contributions outstanding as at 31 March 2025 was £29,944 (2023/24: £29,784).

24. Analysis of group net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	1,560,874	12,211,619	-	13,772,493
Investments	8,030,929	-	-	8,030,929
Net current assets	1,525,098	462,562	106,110	2,093,770
Net assets at the end of the year	11,116,901	12,674,181	106,110	23,897,192

24a Analysis of group net assets between funds (prior year 2024)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	1,542,712	12,260,095	-	13,802,807
Investments	9,182,415	-	-	9,182,415
Net current (liabilities) / assets	(201,028)	911,201	84,522	794,695
Net assets at the end of the year	10,524,099	13,171,296	84,522	23,779,917

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25. Movements in group funds (current year)

	At 1 April 2024 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	At 31 March 2025 £
Restricted funds:						
Patient care	70,385	118,072	(23,251)	(69,727)	-	95,479
Funds for other specific items	14,137	182,597	(3,506)	(182,597)	-	10,631
Total restricted funds	84,522	300,669	(26,757)	(252,324)	-	106,110
Unrestricted funds:						
Designated funds						
Property fund	12,260,095	-	(308,768)	260,292	-	12,211,619
Capital investment fund	107,211	-	-	(107,211)	-	-
Development fund	803,990	-	(241,331)	(100,097)	-	462,562
Total designated funds	13,171,296	-	(550,099)	52,984	-	12,674,181
General funds	10,524,099	12,508,435	(12,185,391)	199,340	70,418	11,116,901
Total unrestricted funds	23,695,395	12,508,435	(12,735,490)	252,324	70,418	23,791,082
Total funds	23,779,917	12,809,104	(12,762,247)	-	70,418	23,897,192

Transfers represent the release of restricted and designated funds as they are expended on capital items or released back to general funds.

Purpose of restricted funds - Restricted funds totalling £106,110 (2023/24: £84,522) comprise:

- i **Patient Care** - In addition to £70,385 (2023/24: £78,981) at the start of the year restricted for care purposes an additional £118,072 (2023/24: £15,584) was received during the year via grant-making trusts and individual donations. £23,251 (2023/24: £19,109) was expended for these purposes during the year. A further £69,727 was expended on capital items and released to general funds.
- ii **Funds for other specific items** - In addition to £14,137 (2023/24: £14,428) at the start of the year, £nil (2023/24: £1,689) was received from individual donations. £3,506 (2023/24: £1,980) was expended during the year. A further £15,000 from Worcestershire County Council's Marches Energy Grant, and £167,597 of Hospice Capital Grant, disseminated via Hospice UK. £182,597 was receipted, expended on capital items and released to general funds.

Purpose of designated funds - Designated funds totalling £12,674,181 (2023/24: £13,171,296) comprise:

- i **The property fund** - This equates to the net book value of the freehold land and buildings. £308,768 (2023/24: £275,500) of depreciation was charged in the year. The transfer of £260,291 represents freehold property capital expenditure at the Whitestone retail unit.
- ii **The capital investment fund** - With no immediate plans for expenditure, the £107,211 held at the start of the year has been released back to general funds.
- iii **The development fund** - £803,990 (2023/24: £921,274) was held at the start of the year to support workforce and care service development initiatives. £241,331 was expended for these purposes during the year. With alternative funding secured for planned capital spend, £100,097 was released back to general funds.

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25a. Movements in group funds (prior year 2024)

	At 1 April 2023 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	At 31 March 2024 £
Restricted funds:						
Patient care	78,981	15,584	(19,109)	(5,071)	-	70,385
Funds for other specific items	14,428	1,689	(1,980)	-	-	14,137
Total restricted funds	93,409	17,273	(21,089)	(5,071)	-	84,522
Unrestricted funds:						
Designated funds						
Property fund	9,670,431	-	(275,500)	2,865,164	-	12,260,095
Capital investment fund	107,211	-	-	-	-	107,211
Development fund	921,274	-	(91,584)	(25,700)	-	803,990
Total designated funds	10,698,916	-	(367,084)	2,839,464	-	13,171,296
General funds	13,683,407	10,175,345	(10,697,713)	(2,834,393)	197,453	10,524,099
Total unrestricted funds	24,382,323	10,175,345	(11,064,797)	5,071	197,453	23,695,395
Total funds	24,475,732	10,192,618	(11,085,886)	-	197,453	23,779,917

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

	2025 £	2024 £
Net income / (expenditure) for the reporting period (as per Consolidated Statement of Financial Activities)	117,275	(695,815)
Depreciation	532,023	466,490
Gains on investments	(70,418)	(197,453)
Dividends, interest and rent from investments	(330,040)	(357,245)
Profit on disposal of fixed assets	(11,914)	(825)
Loss on disposal of fixed assets	7,511	972
(Increase) / Decrease in stocks	(3,816)	329
(Increase) / Decrease in debtors	(1,113,558)	82,084
Increase in creditors	157,673	68,105
Net cash provided by operating activities	(715,264)	(633,358)

27. Analysis of cash and cash equivalents

	At 1 April 2024 £	Cash flows £	At 31 March 2025 £
Cash at bank and in hand	1,018,793	362,624	1,381,417
Bank overdrafts	(7,110)	(350)	(7,460)
Increase in the year	1,011,683	362,274	1,373,957

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28. Operating lease commitments

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

	Property		Equipment	
	2025	2024	2025	2024
	£	£	£	£
Less than one year	286,523	277,579	25,270	26,155
Later than one to five years	1,019,817	728,360	41,543	26,929
Over five years	423,121	545,771	-	-
	<u>1,729,461</u>	<u>1,551,710</u>	<u>66,813</u>	<u>53,084</u>

29. Capital commitments

At the balance sheet date, there were no capital commitments (2023/24: £nil).

30. Financial Instruments

Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. Listed investments are shown at market value. Financial assets include cash at bank and in hand, trade and other debtors and accrued income. Financial liabilities include bank overdrafts, trade and other creditors and accruals. The carrying values of these are shown in notes 16, 20, 21 and 27.

31. Legal status of charity

St Michael's is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £2.

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