

Registered number: 2588103
Charity number 1003859

HOPE HOUSE CHILDRENS HOSPICES
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

WR
Whittingham Riddell
chartered accountants

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HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the charity, its trustees and advisers	1 - 2
Trustees' report	3 - 12
Independent auditors' report	13 - 14
Consolidated statement of financial activities	15
Consolidated balance sheet	16
Company balance sheet	17
Consolidated cash flow statement	18
Notes to the financial statements	19 - 38

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2012**

Trustees

Appointed Officers of the Board

Barbara J Evans, Chair, Retired Local Government Officer
Janette Welch, Vice Chair, Retired Company Director
Philip R Inch, Treasurer, Financial Director
David Gwyn Bartley, Secretary, Retired Solicitor

Members of the Board

Michael H Mortimer, Charity General Manager
Dr Peter Aston, Retired GP (resigned 8 December 2012)
Dr Philip Minchom, Consultant Paediatrician
Meinir A Wigley, Marketing Executive
Jacquelyn A Blundell, NHS Business Performance Manager
Dr Jean B Watt, Retired Consultant Paediatrician
Stephen R Henly, Company Managing Director (appointed 24 September 2012)

Company registered number

2588103

Charity registered number

1003859

Registered office

Nant Lane, Morda, Oswestry, Shropshire, SY10 9BX

Company secretary

David Gwyn Bartley

Chief executive officer

Andy Goldsmith

Senior management team

Kath Jones, Director of Care
Simi Epstein, Director of Fundraising
Dave Plume, Director of Finance and Administration

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2012**

Advisers (continued)

Independent auditors

Whittingham Riddell LLP, Belmont House, Shrewsbury Business Park, Shrewsbury, Shropshire, SY2 6LG

Bankers

HSBC Bank Plc, The Cross, Oswestry, Shropshire, SY11 2SR

Solicitors

Howell Jones and Company, 36 Station Road, Llanrswt, Conwy, LL26 0DA

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The Trustees (Who are also Directors of the Charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Hope House Children's Hospice (the company) for the year ended 31 December 2012. The Trustees confirm that the Annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. Constitution

Hope House Children's Hospices is a charitable company limited by guarantee incorporated on 4th March 1991. The company was established under a Memorandum of Association which established the objectives and powers of the charitable company and is governed under its Articles of Association. The liability of members is limited and in the event of the company being wound up members may be required to contribute an amount not exceeding one pound.

Hope House Children's Hospices is a registered charity, number 1003859 and is a company limited by guarantee, incorporated under the Companies Act 1985, number 2588103. The Directors of the charitable company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The principal object of the charity is to strive to be centres of excellence for palliative care, serving families with children and young people who are not expected to reach the age of 25.

There has been no change in our charitable objectives since the last annual report.

b Method of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

In accordance with the Articles of Association at the Annual General Meeting to be held every year one third of the Board for the time being, or if the number is not a multiple of three then the nearest to one-third, shall retire from office. Members may offer themselves for re-election.

The members of the Board to retire shall be those who have been longest in office since their last election or appointment.

The 2013 AGM will be held at Hope House on Wednesday 25th September.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

c Organisational structure and decision making

The organisation is governed by its Memorandum and Articles of Association, and these vest the management of the company in the Board. The Trustees making up the Board are drawn from the community served by the organisation. The Trustees have no pecuniary interest in the company and give their services voluntarily.

The specialist Sub Committee structure adopted by the Board continues to provide an efficient mechanism for discharging the Board's Corporate Governance responsibilities. The Sub Committees currently in place are

- Clinical Governance
- Fundraising
- Investments
- Senior Managers' Remuneration

The Chair and Vice Chair meet regularly with the Senior Management Team to discuss day to day operational matters.

The day to day operation and management of the company is vested in the Chief Executive Officer and senior management team.

d. Related party relationships

The company operates two wholly owned subsidiary companies, Hope House (Trading) Ltd and Hope House (Lottery) Ltd. The purpose of these subsidiary companies is to raise funds for the charity by undertaking activities that may not fall within the hospices' charitable remit.

The two subsidiary companies (Trading and Lottery) have Boards that meet Quarterly.

e. Risk management

The Trustees have assessed the major risks to which the company is exposed, in particular those relating to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

Objectives and Activities

a. Policies and objectives

The objectives and activities of the company remain

- To endeavour to provide care and support for families looking after life-limited children, young people and young adults by the provision of an in-house hospice care and an outreach nursing service
- To provide a comprehensive psychosocial support service staffed by appropriately trained and experienced staff
- To raise, by public subscription, sufficient funds each year to provide such care
- To conduct a continuing dialogue with local health providers regarding service provision to ensure the expertise of Hope House Children's Hospices can be used to effect a positive improvement in the quality of life of terminally-ill children, young people and their families
- To discuss with other providers deficiencies in service provision for terminally-ill children, young people, young adults and their families and determine what Hope House Children's Hospices can do to fulfil identified needs
- To ensure appropriate staff are provided to efficiently run the business of the Company and to empathetically and professionally provide care for life-limited children and their families
- To at all times comply with the requirements of the Charity Commissioners, Companies House, the regulatory bodies for independent healthcare in England and Wales and any other Statutory Bodies regulating the conduct of charity business and the operation of children's hospices
- To ensure all policies and procedures from time to time agreed by the Board of Trustees are implemented by the staff of the organisation

In setting the objectives the Board of Trustees have referred to the guidance contained in the Charity Commission's definition of charitable purposes for "The relief of those in need, by reason of ill health, disability or other disadvantage"

Our Principles

Hope House Children's Hospices respect the cultural and spiritual beliefs and backgrounds of all ethnic groups and take steps to ensure care is accessible and acceptable to all service users, staff and the wider community. We are fully committed to the reality of diversity and wish to support all who need us, regardless of gender, sexual orientation, disability, class or age

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

b. Strategies and activities for achieving objectives

The company operates two hospices for children and young adults, one in Oswestry, North Shropshire and the other in Conwy, North Wales. The hospices provide respite care for life limited and life threatened children and young people up to the age of 25 and their families. In addition we provide end of life care at the hospices.

Our outreach nursing team provides respite and end of life care at home.

Through our psychosocial support services we offer social work and sibling support for families, bereavement support and counselling. This includes support to families in the community coping with the death of a child and also children and young people who have been bereaved through traumatic circumstances.

c Volunteers

The charity is grateful for the unstinting efforts of its volunteers who are involved in service provision, charity shops and fundraising without whom we could not function. This important social capital is a critical element of our continued success. The contribution made by our many dedicated volunteers and the considerable hours worked cannot be overstated, not only do they support the paid staff but act as ambassadors for the organisation within their own communities.

In September 131 volunteers were awarded their badge and certificate in recognition of completing 3, 5, 10, 15, or 20 years service to the organisation.

Volunteer Type	2012	2011
Shops	303	260
Friends Groups & Individual Fundraising	258	281
Hospice based roles	27	22
Trustees	11	12
Total	599	575

Achievements and performance

a. Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

b. Review of activities

Who used and benefited from our services?

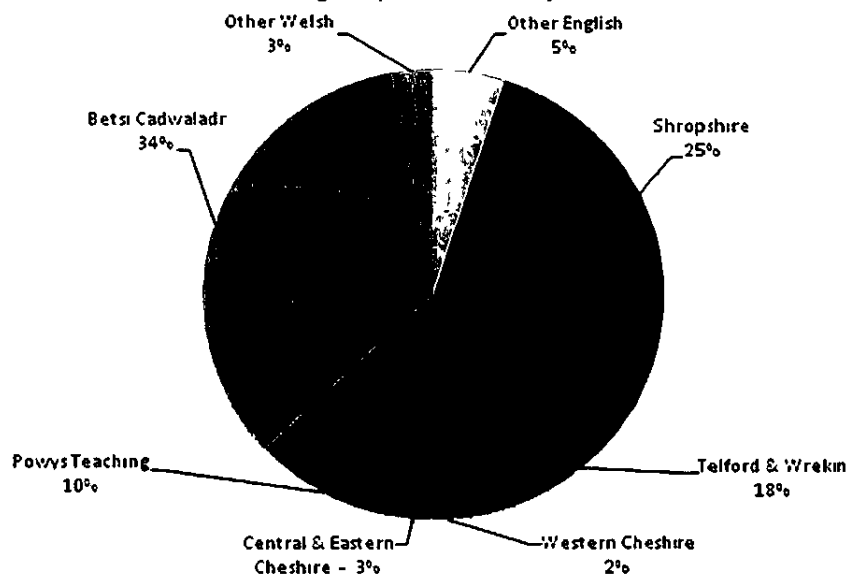
Families receiving support

Hope House Children's Hospices defined catchment area is children and families resident in Shropshire, Cheshire, North and Mid Wales

During the year Hope House Children's Hospices provided care and support for 530 children and families. We increased the number of outreach nursing support offered by 7% to over 10,000 hours almost doubled the amount of social work and sibling support and delivered a 36% increase in the number of counselling hours delivered.

The majority of service users in 2011 were resident in the Shropshire PCT, Telford and Wrekin PCT and Betsi Cadwaladr LHB (North Wales) areas.

Place of residence of children accessing hospice services by PCT/LHB area 2012



The comparison of residency of service users over the last four years is shown below

	2012	2011	2010	2009
Shropshire (including Telford)	43%	49%	45%	43%
Cheshire	5%	6%	7%	7%
Other areas of England	5%	2%	6%	6%
North Wales	34%	31%	31%	33%
Mid Wales	10%	12%	11%	11%

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

House Hospice Services

Hope House Children's Hospices operates two hospices, Hope House in Morda near Oswestry, Shropshire and Ty Gobaith in Conwy, North Wales. During the course of the year both Hope House and Ty Gobaith have remained open and available to children, young people and their families 24/7, 365 days.

During 2012, 174 children and young people accessed Hope House and 78 Ty Gobaith.

Outreach and Community Support

The organisation is extensively involved in providing nursing care in the family homes, as well as psychosocial support. Such support may be individual or in specific groups; such as the sibling support programme.

In 2012, 10,326 nursing hours were provided to children and young people in the home.

The growth in psychosocial support provided continued in the year in response to identified need as shown below.

Type of support provided in hours	2012	2011	2010	2009
Social Work & Sibling Support	6626	3696	3149	3127

Counselling and Bereavement Support

The demand to provide counselling to family members who have experienced, or will experience, the loss of a child continues to grow. The charity provides support to families bereaved after palliative care provided by the organisation and to non-hospice families coping with the death of a child and also children and young people who have been bereaved through traumatic circumstances. 2012 saw a continuing increase in the number of counselling hours provided.

Type of support provided in hours	2012	2011	2010	2009
Counselling	2702	1983	1883	1535

c. Fundraising activities/Income generation

Statutory income

Statutory income during the period exceeded expectations at £879,402, amounting to 20% of total expenditure on care.

Fundraising Activities

The Fundraising Team gave a strong performance in the face of a slow economic growth and rising household costs. Donations continued a fall of 13% from the 2011 levels partly offset by an increase in income from legacies. The net effect therefore was up on the previous year so overall our voluntary income fell in 2012 by 4%.

Subsidiary Company Contributions

Both the Lottery and Trading company had strong trading years contributing via Gift Aid £704,707 to the Charity.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

Lottery

Membership of the Lottery continued steady growth thanks to a decision to allocate funds to a third party recruitment agency paid on results

Trading

The Trading Company continued to perform well. The Bangor shop relocated in the year to significantly larger premises and the Chester and Mold shops were refurbished. Trading was affected by the summer floods with damage caused in two shops and a number of trading days lost.

d. Investment policy and performance

The Investment Portfolio is managed by a Specialist Committee of the Board of Trustees. In general terms the aim is to spread risk across several sectors as follows -

- Cash in UK registered current, deposit and overnight accounts. Decisions are taken from time to time whether to be ultra cautious and limit exposure by limiting the amount in any one bank (and its subsidiaries)
- Shares traded on the London Stock Exchange
- Freehold and leasehold land
- Shares and other investments donated to the charity (after a full financial review of the investment at the next appropriate Investment Committee meeting)
- Shares in subsidiary companies
- Unit Trusts, open ended investment companies, trust companies and the like

Whilst a balanced portfolio, as outlined above, is the norm for most private and corporate investments, the Investment Committee is mindful of its key responsibility of keeping the finances of the charity as secure as possible. Equities can offer good returns for the extra risk involved, but they can also yield significant losses. As a result, the Committee approaches any equity investment with caution and will only proceed with the unanimous approval of all Committee members.

Investment income in 2012 was £73,044, a slight fall from the previous year reflecting the continued poor performance of the financial markets.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

Financial review

a Financial and risk management objectives and policies

In view of the economic climate and in line with the Organisations five year plan a deficit of £500,000 was forecast for 2012. The income achieved was above expectations whilst the service was delivered within budget resulting in a surplus of £67,746 for the year.

b Principal risks and uncertainties

The Trustees examine the major risks that the organisation faces each financial year during a full day strategy meeting, when the strategic plan is updated and budgets are set. The organisation has developed systems to monitor and control the risks identified and mitigate any impact that they may have on the organisation's future. A key element is the management of financial risk by the setting of a reserves policy regularly reviewed by Trustees. The Board is apprised at each meeting of the current financial situation by the Treasurer who has regular meetings with the CEO and Director of Finance.

Income received from the statutory sector in England (Department of Health and Primary Care Trusts) is uncertain from 2013 with the effect of the replacement of Primary Care Trusts by Clinical Commissioning Consortia as yet unknown. The Department of Health has committed to maintain the central grant to Children's Hospices at current levels pending the investigation of the viability of introducing a tariff based system from 2015.

In Wales the situation is a little more certain with the Welsh Government confirming the current level of funding through the central grant for 2013 and no indication that the level of funding by Local Health Boards will change in the coming year.

c Reserves policy

The Board of Trustees are conscious that the organisation's income is susceptible to fluctuations in donations and legacies resulting from events beyond its control. The Board remains confident that the Senior Management Team will be able to ensure an acceptable level of income from diverse sources during the current year.

Taking account of the above factors, the Trustees feel that it is prudent to maintain a level of free unrestricted reserves that enable the organisation to

- Cover provision of care, fundraising and administration for a full operational year. In the coming twelve months this sum equates to £5 million.

- Provide a pool of funds equal to 10% of the preceding year's charitable expenditure from which funds can be designated to specific palliative care projects.

Unrestricted reserves at the year end amounted to £11.2 million, but because reserves are used to fund fixed assets and medium term investments (which generate income for the organisation), the free reserves amounted to £5 million and thus match the amount required by the policy.

As the UK experiences slow economic growth from recession we are seeing pressure on donations to the organisation. This is coupled to a programme of public sector austerity that is likely to result in at best a freeze in statutory income sources and quite possibly an overall reduction in statutory income.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

The net result is that expenditure is forecast to outstrip income for the next three years (2013 to 2015). Funding the deficit budget through reserves will further deplete reserves to a position forecast for the end of 2015 of just over 9 months operational costs remaining in reserves.

The current policy is that the organisation should make no move to reduce service delivery until reserves reach a level of six months operational costs.

A number of contingency plans have been developed previously to reduce costs, built around the approach of reducing the service as a whole, rather than targeting one specific area. By adopting such a strategy families could still access the full range of professional support, though they may get less of it.

Given the current situation it is not proposed to implement these contingencies although it is prudent for the organisation to continually keep under review what level of losses could be sustained for a continued period before cuts in service delivery are required to constrain costs.

Plans for the future

a Future developments

The period between 2003 and 2009 saw income increase at a significant rate. In late 2009 a decision was made to invest in the Sunstone counselling centre and its opening in 2011 saw the end of a period of sustained growth for the organisation.

Income fell sharply in 2010, and has stayed at reduced levels for the last two years. We are budgeting for a slow rate of growth over the next five years.

Given the financial forecast and the major developments in service provision over the preceding years the proposed strategy for the period 2012 to 2015 is one of stability. This translates in terms of the overall objective to

- Concentrate on achieving and maintaining operational excellence in the delivery of our current services
- Seek to improve efficiency and achieve cost savings
- Develop and maximise the opportunity of existing income streams

In particular the following objectives have been set

- To develop the hospice services to better meet the needs of families receiving care within local Neonatal Intensive Care Units and to raise awareness of the help and support we can offer
- To take forward the work on supporting young adults and their families as they transition from children's to adult services
- To grow the lottery by 3000 players
- To introduce gift aid on donated goods sold through our shops
- To open a minimum of two new shops each year
- To develop a range of new goods and an on line route to market

Trustees' responsibilities statement

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

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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

Provision of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable group's auditors in connection with preparing their report and to establish that the charitable group's auditors are aware of that information.

This report was approved by the Trustees on 24 April 2013 and signed on their behalf by



Barbara J Evans
Chair of Trustees

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOPE HOUSE CHILDRENS HOSPICES

We have audited the financial statements of Hope House Childrens Hospices for the year ended 31 December 2012 set out on pages 15 to 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standard (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

WR

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOPE HOUSE CHILDRENS HOSPICES

Matters on which we are required to report by exception

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

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



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG
22 May 2013

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	3,492,960	-	3,492,960	3,506,916
Activities for generating funds	3	2,024,869	-	2,024,869	1,902,403
Investment income	4	73,045	-	73,045	78,126
Incoming resources from charitable activities	5	-	879,402	879,402	750,117
TOTAL INCOMING RESOURCES		5,590,874	879,402	6,470,276	6,237,562
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	6	725,946	-	725,946	707,480
Fundraising expenses and other costs	3	1,322,502	-	1,322,502	1,273,130
Charitable activities	12	3,513,212	879,402	4,392,614	4,296,492
Governance costs	8	39,230	-	39,230	49,152
TOTAL RESOURCES EXPENDED	11	5,600,890	879,402	6,480,292	6,326,254
NET RESOURCES EXPENDED BEFORE INVESTMENT ASSET DISPOSALS		(10,016)	-	(10,016)	(88,692)
Gains and losses on disposals of investment assets	16	77,762	-	77,762	6,649
NET INCOMING RESOURCES / (RESOURCES EXPENDED) FOR THE YEAR		67,746	-	67,746	(82,043)
NET MOVEMENT IN FUNDS FOR THE YEAR		67,746	-	67,746	(82,043)
<i>Total funds at 1 January 2012</i>		<i>11,181,126</i>	<i>-</i>	<i>11,181,126</i>	<i>11,263,169</i>
TOTAL FUNDS AT 31 DECEMBER 2012		11,248,872	-	11,248,872	11,181,126

All activities relate to continuing operations

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

The notes on pages 19 to 38 form part of these financial statements

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)
REGISTERED NUMBER: 2588103

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	15		6,232,341		6,116,306
Investments	16		4,477,183		4,199,522
			<u>10,709,524</u>		<u>10,315,828</u>
CURRENT ASSETS					
Stocks	17	43,155		44,034	
Debtors	18	98,984		311,084	
Cash at bank and in hand		703,297		761,676	
		<u>845,436</u>		<u>1,116,794</u>	
CREDITORS: amounts falling due within one year	19	<u>(306,088)</u>		<u>(251,496)</u>	
NET CURRENT ASSETS			<u>539,348</u>		<u>865,298</u>
NET ASSETS			<u>11,248,872</u>		<u>11,181,126</u>
CHARITY FUNDS					
Unrestricted funds	20		<u>11,248,872</u>		<u>11,181,126</u>
TOTAL FUNDS			<u>11,248,872</u>		<u>11,181,126</u>

The financial statements were approved by the Trustees on 24 April 2013 and signed on their behalf, by

Barbara J. Evans

Barbara J. Evans (Chair of Trustees)

The notes on pages 19 to 38 form part of these financial statements

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)
REGISTERED NUMBER 2588103

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	15		5,988,932		5,940,883
Investments	16		4,477,187		4,199,526
			<u>10,466,119</u>		<u>10,140,409</u>
CURRENT ASSETS					
Debtors	18	750,303		784,461	
Cash at bank and in hand		209,509		375,788	
		<u>959,812</u>		<u>1,160,249</u>	
CREDITORS . amounts falling due within one year	19	(196,925)		(139,391)	
NET CURRENT ASSETS			<u>762,887</u>		<u>1,020,858</u>
NET ASSETS			<u>11,229,006</u>		<u>11,161,267</u>
CHARITY FUNDS					
Unrestricted funds	20		11,229,006		11,161,267
TOTAL FUNDS			<u>11,229,006</u>		<u>11,161,267</u>

The financial statements were approved by the Trustees on 24 April 2013 and signed on their behalf, by



Barbara J. Evans (Chair of Trustees)

The notes on pages 19 to 38 form part of these financial statements

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	22	567,806	9,602
Returns on investments and servicing of finance	23	73,045	78,126
Capital expenditure and financial investment	23	(699,230)	(1,295,553)
DECREASE IN CASH IN THE YEAR		(58,379)	(1,207,825)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 £	2011 £
Decrease in cash in the year	(58,379)	(1,207,825)
MOVEMENT IN NET FUNDS IN THE YEAR	(58,379)	(1,207,825)
Net funds at 1 January 2012	761,676	1,969,501
NET FUNDS AT 31 DECEMBER 2012	703,297	761,676

The notes on pages 19 to 38 form part of these financial statements

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1. ACCOUNTING POLICIES (continued)

1.4 Incoming resources

All incoming resources are included in the Statement of financial activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the company being notified of an impending distribution or the legacy being received.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

1.6 Basis of consolidation

The financial statements consolidate the accounts of Hope House Childrens Hospices and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the company was £67,746 surplus (2011 - £81,989 deficit).

1.7 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 ACCOUNTING POLICIES (continued)

1.8 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	40 years straight line
Freehold land	-	Nil
Plant and machinery	-	25% reducing balance
Motor vehicles	-	25% reducing balance

1.9 Investments

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

The charity makes contributions to certain pension schemes for its employees. One of the schemes, for eligible employees, is the NHS Pension Scheme. The level of contributions is determined annually by the NHS Pensions Agency and the charity has no further liability beyond the contributions determined. Other schemes to which employer contributions are made are money purchase schemes

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

2. VOLUNTARY INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Donations	1,965,412	-	1,965,412	2,252,270
Legacies	1,455,146	-	1,455,146	1,181,870
Tax recovered - Gift Aid	58,193	-	58,193	56,378
Other Income	14,209	-	14,209	16,398
	<u>3,492,960</u>	<u>-</u>	<u>3,492,960</u>	<u>3,506,916</u>

3. TRADING ACTIVITIES

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Charity trading income				
Hope House (Trading) Ltd - Turnover	1,585,409	-	1,585,409	1,542,501
Hope House (Lottery) Ltd - Turnover	439,460	-	439,460	359,902
	<u>2,024,869</u>	<u>-</u>	<u>2,024,869</u>	<u>1,902,403</u>
Fundraising trading expenses				
Hope House (Trading) Ltd - Expenses	1,176,271	-	1,176,271	1,129,499
Hope House (Lottery) Ltd - Expenses	146,231	-	146,231	143,631
	<u>1,322,502</u>	<u>-</u>	<u>1,322,502</u>	<u>1,273,130</u>
Net income from trading activities	<u>702,367</u>	<u>-</u>	<u>702,367</u>	<u>629,273</u>

4. INVESTMENT INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Interest on bank deposits - subsidiaries	245	-	245	151
Interest in UK Government securities	32,771	-	32,771	28,139
Interest on bank deposits	40,029	-	40,029	49,836
	<u>73,045</u>	<u>-</u>	<u>73,045</u>	<u>78,126</u>

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Income from statutory bodies	-	879,402	879,402	750,117

Income from statutory bodies analysed as:

	Unrestricted £	Restricted £	Total 2012 £	2011 £
English PCT grants	-	322,980	322,980	159,073
English Department of Health grant towards pensions	-	-	-	31,992
Department of Health Hospice Initiative	-	299,752	299,752	299,752
Telford & Wrekin contribution towards playroom	-	-	-	6,958
Welsh LHB grants	-	50,635	50,635	50,638
Welsh Health Authority grant towards pensions	-	28,035	28,035	26,704
Welsh Assembly Grant	-	178,000	178,000	175,000
Total	-	879,402	879,402	750,117

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

6. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Restated Total funds 2011 £
Promotional materials	27,724	-	27,724	35,351
Printing, postage and stationary	38,412	-	38,412	36,315
Event expenses	76,578	-	76,578	67,255
Donor details purchased from HHL	51,260	-	51,260	84,908
Insurance	3,937	-	3,937	3,600
Water charges	248	-	248	294
Light and heat	2,115	-	2,115	3,114
Repairs and maintenance	13,635	-	13,635	10,774
Telephone	8,966	-	8,966	8,583
Vehicle running expenses	14,557	-	14,557	14,140
Vehicle lease charges	29,363	-	29,363	31,714
Travelling expenses	5,101	-	5,101	4,334
Training and conferences	4,251	-	4,251	2,944
General expenses	5,700	-	5,700	7,336
Friends' groups' expenses	58	-	58	61
Recruitment	1,276	-	1,276	3,429
Legal expenses	33,233	-	33,233	-
Voluntary income staff costs	409,532	-	409,532	393,328
	<u>725,946</u>	<u>-</u>	<u>725,946</u>	<u>707,480</u>

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Care Costs	3,509,518	879,402	4,388,920	4,292,009
Hospice Administration - Direct Costs	3,694	-	3,694	4,483
	<u>3,513,212</u>	<u>879,402</u>	<u>4,392,614</u>	<u>4,296,492</u>

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

7. EXPENDITURE BY CHARITABLE ACTIVITY (continued)

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £	Total 2011 £
Care Costs	3,559,778	307,399	521,743	4,388,920	4,292,009
Hospice Administration - Direct Costs	-	-	3,694	3,694	4,483
	<u>3,559,778</u>	<u>307,399</u>	<u>525,437</u>	<u>4,392,614</u>	<u>4,296,492</u>

8 GOVERNANCE COSTS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Audit fees - audit services	8,160	-	8,160	9,500
Audit fees - non audit services	-	-	-	2,500
Previous auditors fee	(2,616)	-	(2,616)	-
Trustees' indemnity insurance	784	-	784	634
Trustees' expenses	-	-	-	144
Finance and legal fees	9,241	-	9,241	6,443
Overhead expenses	609	-	609	258
Officers' costs - apportionment	23,052	-	23,052	29,673
	<u>39,230</u>	<u>-</u>	<u>39,230</u>	<u>49,152</u>

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

9 DIRECT COSTS

	Care Costs	Hospice Admin	Total 2012	Total 2011
	£	£	£	£
Repairs and maintenance	57,647	-	57,647	65,107
Heat and light	63,446	-	63,446	70,480
Water charges	8,948	-	8,948	9,062
Printing, postage & stationery	27,553	-	27,553	23,262
Housekeeping	18,343	-	18,343	19,696
Insurance	8,101	-	8,101	9,079
Telephone	9,341	-	9,341	8,723
Food and catering	43,983	-	43,983	57,678
Motor expenses	28,321	-	28,321	25,752
Vehicle lease charges	37,613	-	37,613	42,699
Travelling expenses	25,358	-	25,358	26,685
Training and conferences	49,253	-	49,253	52,947
Recruitment	10,843	3,694	14,537	12,915
General expenses	55,870	-	55,870	41,372
Nursing consumables	23,504	-	23,504	29,964
Loss on disposal of fixed assets	-	-	-	2,993
Wages and salaries	2,683,842	-	2,683,842	2,641,332
National insurance	310,088	-	310,088	311,071
Pension cost	277,801	-	277,801	194,791
Depreciation	307,399	-	307,399	333,302
	<u>4,047,254</u>	<u>3,694</u>	<u>4,050,948</u>	<u>3,978,910</u>

10 SUPPORT COSTS

	Hospice Admin	Total 2012	Total 2011
	£	£	£
Printing, postage and stationery	6,532	6,532	5,799
Telephone	3,944	3,944	3,594
Repairs and maintenance	5,918	5,918	5,690
General expenses	14,321	14,321	13,962
Vehicle running expenses	4,222	4,222	3,297
Vehicle lease charges	13,845	13,845	13,714
Travelling expenses	3,923	3,923	2,812
Training and conferences	914	914	1,658
Wages and salaries	288,047	288,047	267,056
	<u>341,666</u>	<u>341,666</u>	<u>317,582</u>

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £	Total 2011 £
Costs of generating voluntary income	409,531	-	316,415	725,946	707,480
Fundraising expenses	568,681	63,343	690,478	1,322,502	1,273,130
Costs of generating funds	978,212	63,343	1,006,893	2,048,448	1,980,610
Care costs	3,559,778	307,399	521,743	4,388,920	4,292,009
Hospice Administration - Direct Costs	-	-	3,694	3,694	4,483
Charitable activities	3,559,778	307,399	525,437	4,392,614	4,296,492
Governance	23,052	-	16,178	39,230	49,152
	4,561,042	370,742	1,548,508	6,480,292	6,326,254

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2012 £	Support costs 2012 £	Total 2012 £	Total 2011 £
Care costs	4,047,254	341,666	4,388,920	4,292,009
Hospice Administration - Direct Costs	3,694	-	3,694	4,483
Total	4,050,948	341,666	4,392,614	4,296,492

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

13 NET RESOURCES EXPENDED

This is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets - owned by the charitable group	370,739	384,914
Auditors' remuneration	8,160	9,500
	<u>378,899</u>	<u>394,414</u>

During the year, no Trustees received any remuneration (2011 - £NIL)

During the year, no Trustees received any benefits in kind (2011 - £NIL)

During the year, no Trustees received any reimbursement of expenses (2011 - £144)

14 STAFF COSTS

Staff costs were as follows

	2012 £	2011 £
Wages and salaries	3,973,153	3,884,696
Social security costs	310,088	311,071
Other pension costs	277,801	194,791
	<u>4,561,042</u>	<u>4,390,558</u>

The average monthly number of employees during the year was as follows

	2012 No	2011 No
Hospice services	129	126
Fundraising and publicity	19	21
Support	11	10
Employed by non- charitable trading subsidiaries	32	32
	<u>191</u>	<u>189</u>

The number of higher paid employees was

	2012 No	2011 No
In the band £60,001 - £70,000	1	1

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

Number of staff to whom retirement benefits are accruing

	2012 £	2011 £
Under money purchase schemes	105	41
Under NHS Pension scheme	44	43
Total	<u>149</u>	<u>84</u>

15 TANGIBLE FIXED ASSETS

Group	Freehold property £	Commercial Property £	Plant and machinery £	Motor vehicles £
Cost				
At 1 January 2012	6,361,676	281,684	2,091,900	108,337
Additions	35,570	241,522	222,138	-
Disposals	-	-	(98,615)	-
At 31 December 2012	<u>6,397,246</u>	<u>523,206</u>	<u>2,215,423</u>	<u>108,337</u>
Depreciation				
At 1 January 2012	1,276,564	-	1,395,790	54,937
Charge for the year	144,729	-	213,660	12,350
On disposals	-	-	(86,159)	-
At 31 December 2012	<u>1,421,293</u>	<u>-</u>	<u>1,523,291</u>	<u>67,287</u>
Net book value				
At 31 December 2012	<u>4,975,953</u>	<u>523,206</u>	<u>692,132</u>	<u>41,050</u>
At 31 December 2011	<u>5,085,112</u>	<u>281,684</u>	<u>696,110</u>	<u>53,400</u>

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

15. TANGIBLE FIXED ASSETS (continued)

Group	Total £
Cost	
At 1 January 2012	8,843,597
Additions	499,230
Disposals	(98,615)
At 31 December 2012	<u>9,244,212</u>
Depreciation	
At 1 January 2012	2,727,291
Charge for the year	370,739
On disposals	(86,159)
At 31 December 2012	<u>3,011,871</u>
Net book value	
At 31 December 2012	<u><u>6,232,341</u></u>
At 31 December 2011	<u><u>6,116,306</u></u>

Company	Freehold property £	Commercial Property £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1 January 2012	6,361,676	281,684	1,577,204	108,337	8,328,901
Additions	35,570	241,522	79,923	-	357,015
Disposals	-	-	(19,078)	-	(19,078)
At 31 December 2012	<u>6,397,246</u>	<u>523,206</u>	<u>1,638,049</u>	<u>108,337</u>	<u>8,666,838</u>
Depreciation					
At 1 January 2012	1,276,564	-	1,056,517	54,937	2,388,018
Charge for the year	144,729	-	150,318	12,350	307,397
On disposals	-	-	(17,509)	-	(17,509)
At 31 December 2012	<u>1,421,293</u>	<u>-</u>	<u>1,189,326</u>	<u>67,287</u>	<u>2,677,906</u>
Net book value					
At 31 December 2012	<u><u>4,975,953</u></u>	<u><u>523,206</u></u>	<u><u>448,723</u></u>	<u><u>41,050</u></u>	<u><u>5,988,932</u></u>
At 31 December 2011	<u><u>5,085,112</u></u>	<u><u>281,684</u></u>	<u><u>520,687</u></u>	<u><u>53,400</u></u>	<u><u>5,940,883</u></u>

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

15. TANGIBLE FIXED ASSETS (continued)

The commercial properties relate to two shops in Crewe and Bangor which are being rented by Hope House (Trading) Limited. During 2008 the Charity received an interest in a property in North Wales through a legacy which is subject to a life interest by a relative of the deceased. Therefore, the value of the property is not easily quantifiable and as such it has not been included in the value of fixed assets. Unencumbered probate value was £92,000.

16. FIXED ASSET INVESTMENTS

Group	Listed securities £
Market value	
At 1 January 2012	4,199,522
Additions	1,800,000
Disposals	(1,600,000)
Revaluations	77,661
At 31 December 2012	<u>4,477,183</u>

Group investments at market value comprise:

	2012 £	2011 £
Listed investments	<u>4,477,183</u>	<u>4,199,522</u>

All the fixed asset investments are held in the UK

Company	Listed securities £	Unlisted securities £	Total £
Market value			
At 1 January 2012	4,199,522	4	4,199,526
Additions	1,800,000	-	1,800,000
Disposals	(1,600,000)	-	(1,600,000)
Revaluations	77,661	-	77,661
At 31 December 2012	<u>4,477,183</u>	<u>4</u>	<u>4,477,187</u>

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

16. FIXED ASSET INVESTMENTS (continued)

Company investments at market value comprise:

	UK £	Overseas £	2012 £	2011 £
Listed investments	3,609,528	867,655	4,477,183	4,199,522
Group	4	-	4	4
Total	<u>3,609,532</u>	<u>867,655</u>	<u>4,477,187</u>	<u>4,199,526</u>

All the fixed asset investments are held in the UK

Company material investments

	2012 £	2011 £
HSBC Money Market	1,000,000	1,200,000
Co-Operative Bank	500,000	1,000,000
Santander	500,000	1,000,000
Close Bros	500,000	-
Ana Global Property Tracker+	-	400,000
	<u>2,500,000</u>	<u>3,600,000</u>

17. STOCKS

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Finished goods and goods for resale	<u>43,155</u>	<u>44,034</u>	<u>-</u>	<u>-</u>

18. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Amounts owed by group undertakings	-	-	701,902	522,220
Other debtors	1,235	-	-	-
Prepayments and accrued income	97,749	311,084	48,401	262,241
	<u>98,984</u>	<u>311,084</u>	<u>750,303</u>	<u>784,461</u>

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

19. CREDITORS.

Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	79,029	76,136	40,200	45,642
Amounts owed to group undertakings	-	-	50,551	-
Social security and other taxes	85,724	97,784	85,724	91,817
Other creditors	73,999	65,315	-	-
Accruals and deferred income	67,336	12,261	20,450	1,932
	306,088	251,496	196,925	139,391

20. STATEMENT OF FUNDS

	Brought Forward	Incoming resources	Resources Expended	Transfers in/out	Gains/ (Losses)	Carried Forward
	£	£	£	£	£	£
Designated funds						
Designated workforce management fund	250,000	-	(7,775)	7,775	-	250,000
Designated palliative care projects fund	400,000	-	-	40,000	-	440,000
Designated capital development fund	21,000	-	-	(21,000)	-	-
	671,000	-	(7,775)	26,775	-	690,000
General funds						
General Funds - all funds	10,490,265	5,590,874	(5,593,115)	(26,775)	77,762	10,539,011
Reserves	19,861	-	-	-	-	19,861
	10,510,126	5,590,874	(5,593,115)	(26,775)	77,762	10,558,872
Total Unrestricted funds	11,181,126	5,590,874	(5,600,890)	-	77,762	11,248,872

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

20 STATEMENT OF FUNDS (continued)

Designated Funds

Workforce Management Fund - The Trustees, whilst conscious that the Hospices must operate with an appropriately skilled workforce, are also aware of their responsibilities to their employees. Funds are therefore designated to a Workforce Management Fund to accommodate the costs of managing staff and equipping them to carry out their roles more effectively. Payment from this fund can only be considered in cases where benefit to both the employee and the organisation can be demonstrated. The Trustees are persuaded that this arrangement allows the organisation to discharge its moral obligation to people who may not be able to maintain the high standards of service delivery expected by the organisation due to circumstances beyond their control.

Palliative Care Projects Fund - The Trustees feel that it is prudent to provide a pool of funds equal to 10% of the preceding year's charitable expenditure from which funds can be designated to specific palliative care projects.

Capital Development Fund - Funds have been designated over the last three years to a Capital Development Fund to ensure that the Sunstone Counselling Centre costs could be met. At the year end the amount of capital funds that have been expended during the year are transferred back to general reserves.

Restricted funds

Restricted Funds - all funds	-	879,402	(879,402)	-	-	-
Total of funds	11,181,126	6,470,276	(6,480,292)	-	77,762	11,248,872

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	671,000	-	(7,775)	26,775	-	690,000
General funds	10,510,126	5,590,874	(5,593,115)	(26,775)	77,762	10,558,872
	11,181,126	5,590,874	(5,600,890)	-	77,762	11,248,872
Restricted funds	-	879,402	(879,402)	-	-	-
	11,181,126	6,470,276	(6,480,292)	-	77,762	11,248,872

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Tangible fixed assets	6,232,342	-	6,232,342	6,116,307
Fixed asset investments	4,477,183	-	4,477,183	4,199,522
Current assets	845,438	-	845,438	1,116,794
Creditors due within one year	(306,091)	-	(306,091)	(251,497)
	<u>11,248,872</u>	<u>-</u>	<u>11,248,872</u>	<u>11,181,126</u>

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Net incoming resources before revaluations	67,746	(82,043)
Returns on investments and servicing of finance	(73,045)	(78,126)
Gain on investment assets	(77,762)	(6,649)
Depreciation of tangible fixed assets	370,739	388,170
Decrease/(increase) in stocks	879	(17,334)
Decrease/(increase) in debtors	212,100	(192,013)
Increase/(decrease) in creditors	67,149	(2,403)
	-	-
Net cash inflow from operations	<u>567,806</u>	<u>9,602</u>

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	<u>73,045</u>	<u>78,126</u>
	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(499,230)	(1,013,271)
Purchase of unlisted and other investments	(1,800,000)	(1,200,000)
Sale of unlisted and other investments	1,600,000	917,718
Net cash outflow capital expenditure	<u>(699,230)</u>	<u>(1,295,553)</u>

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

24 ANALYSIS OF CHANGES IN NET DEBT

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	761,676	(58,379)	-	703,297
Net funds	761,676	(58,379)	-	703,297

25. CAPITAL COMMITMENTS

At 31 December 2012 the group and company had capital commitments as follows

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Contracted for but not provided in these financial statements	16,818	21,000	14,660	21,000

26. PENSION COMMITMENTS

The charity makes contributions to certain pension schemes for its employees. The assets of these schemes are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions payable by the group to the fund and amounted to £277,801 (2011 - £194,791)

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

27 OPERATING LEASE COMMITMENTS

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as follows

Group	Land and buildings		2012	Other
	2012	2011		
	£	£	£	£
Expiry date:				
Within 1 year	21,500	28,600	26,736	4,039
Between 2 and 5 years	93,750	99,250	54,229	93,676
After more than 5 years	153,500	148,500	-	-

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

Company	Land and buildings		2012	Other
	2012	2011		
	£	£	£	£
Expiry date:				
Within 1 year	-	-	26,736	1,283
Between 2 and 5 years	-	-	35,568	79,854

28. RELATED PARTY TRANSACTIONS

The subsidiary companies, Hope House (Trading) Limited and Hope House (Lottery) Limited, donate their profits to the charity under Gift Aid. The payment for 2012 was £403,781 (2011 £408,654) for Hope House (Trading) Limited and £292,654 (2011 £215,877) for Hope House (Lottery) Limited.

Recharges were also made from Hope House (Lottery) Limited for donor details for £51,260 (2011 £84,908).

At the balance sheet date, Hope House (Trading) Limited owed the charity £409,248 (2011 £413,073). Interest is charged on the balance outstanding, in accordance with the loan agreement dated 1 June 1999, which also contains a provision for security. The charge for the year was £5,467 (2011 £4,419).

At the balance sheet date, Hope House (Lottery) Limited owed the charity £242,104 (2011 £109,148), interest of £710 (2011 £528) was charged during the year and the charity owed the company £2 (2011 £2). No interest has been charged on this amount outstanding.

Hope House (Trading) Limited rent two shops, Crewe and Bangor, from Hope House Children's Hospices. The rent received during the year was £27,000 (2011 £20,000).

During the year some of the Trustees, Directors and members of staff of all group entities made donations to the charity, played the lottery run by Hope House (Lottery) Limited and bought and donated goods to the charity shops of Hope House (Trading) Limited. All these transactions were conducted on an arms length basis in support of the charity.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

29 PRINCIPAL SUBSIDIARIES

Company name	Percentage Shareholding
Hope House (Trading) Limited	100%
Hope House (Lottery) Limited	100%