

Registered number: 2588103
Charity number: 1003859

HOPE HOUSE CHILDRENS HOSPICES

TRUSTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**McLINTOCKS PARTNERSHIP LIMITED
CHARTERED ACCOUNTANTS**

**2 Hilliards Court
Chester Business Park
Chester
CH4 9PX**



HOPE HOUSE CHILDRENS HOSPICES

(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2015

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	Retired Financial Director
Claire J Tellis-Doherty	Secretary	Solicitor

Members of the Board

Stephen R Henly	Company Managing Director
Christopher J Hudson	Retired HR Professional
Jacquelyn A Hughes	NHS Manager
David Gwyn Bartley	Retired Solicitor
Dr Jean B Watt	Retired Consultant Paediatrician
Meinir A Wigley	Marketing Executive
Dr David Sharp	General Practitioner (appointed 16 September 2015)
Michael H Mortimer	Retired Charity General Manager (resigned 16 September 2015)

Independent Directors of Hope House (Trading) Limited

Lucy Hinds (appointed 1 July 2015)
Michael Boote (appointed 1 July 2015)

Company registered number

2588103

Charity registered number

1003859

Registered office

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

Company secretary

Claire J Tellis-Doherty (resigned 17 February 2016)
Andy Goldsmith (appointed 17 February 2016)

Chief executive officer

Andy Goldsmith

Senior management team

Anne Edge	Director of HR and Volunteering
Simi Epstein	Director of Fundraising
Kath Jones	Director of Care
Dave Plume	Director of Finance and Administration

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2015

Administrative details (continued)

Independent auditors

McLintocks Partnership Limited, 2 Hilliards Court, Chester Business Park, Chester, CH4 9PX

Bankers

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

Solicitors

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

Investment manager

Investec Wealth & Investment Limited, Colmore Plaza, Colmore Circus, Birmingham, B4 6AT

Investment advisor

Redbourne Wealth Management Limited, Belmont House, Shrewsbury Business Park, Shrewsbury, Shropshire, SY2 6LG

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) FOR THE YEAR ENDED 31 DECEMBER 2015

The trustees (who are also the 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 Hospices (the charity and the group) for the year ended 31 December 2015. The trustees confirm that the annual report and financial statements of the charity and the group comply with the current statutory requirements, the requirements of the Charity and the group's governing document and the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (Charities SORP (FRS102)).

Structure, governance and management

(a) Constitution

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 company was established under a Memorandum of Association on 4th March 1991 and is governed under its Articles of Association.

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 liability of trustees is limited and in the event of the company being wound up. Trustees may be required to contribute an amount not exceeding one pound.

The principal object of the charity is to strive to be a centre of excellence for the care of children with life limiting and life threatening conditions and support for bereaved children and families, 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 trustees' 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 trustees retire in thirds by rotation at the Annual General Meeting and are eligible for re-election.

A formal policy sets out selection, recruitment, appointment and training of trustees. The power of appointment rests with the members of association at an annual general meeting and on the recommendation of the trustees.

All the trustees give their time voluntarily and receive no benefits from the charity.

At the Annual General Meeting in September 2015, Barbara Evans, Mike Mortimer and Philip Inch retired. Barbara Evans and Philip Inch stood for re-election and were duly elected to the Board of Trustees. Dr David Sharp was appointed to the Board of Trustees at the Annual General Meeting on the 16th September 2015.

The 2016 AGM will be held at Ty Gobaith on Wednesday 14th September 2016.

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(c) Policies adopted for the induction and training of the trustees

Training and development on good governance and the roles and responsibilities of trustees is undertaken. All trustees undertake an annual appraisal with the chair of trustees and this helps to identify areas of interest and development. During the year Trustees undertook Board level training on Health and safety, Incident reporting, Complaint Management, Equality and diversity, Whistleblowing, Loss and Bereavement and Performance management.

d) 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 in place during 2015 were:

- Clinical Governance
- Income and Investments
- Audit and Risk
- Remuneration

In addition, there are subsidiary trading companies of Hope House (Trading) Ltd and Hope House (Lottery) Ltd on which the charity board is represented. The day to day operation and management of the company is vested in the chief executive officer and senior management team. The chair and vice-chair meet regularly with the senior management team to discuss day to day operational matters.

The Senior Management team consists of The Chief Executive and Four Directors (see note 14). The remuneration of these key management personnel is set and reviewed annually by the Trustees who form the Remuneration Committee under powers delegated from the Board of Trustees.

When determining senior management pay, trustees are mindful of their responsibility to act in the best interests of the charity and the charitable objectives and in order to recruit and retain high calibre staff, trustees recognise that the remuneration package offered must be competitive with roles with similar responsibility within the private or public sector.

As an independent provider of children's palliative care services Hope House needs to ensure it recruits and retains senior staff with experience in

- Organisational and financial management
- Charity funding and fundraising
- Paediatric palliative care, counselling and bereavement support.

In particular, we need to employ senior staff with extensive health and social care experience and therefore recruit and retain staff against competition from the NHS, Local Government and large independent health care providers.

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**TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW)
FOR THE YEAR ENDED 31 DECEMBER 2015**

d) Organisational structure and decision making (continued)

When considering remuneration Trustees are guided by the following

- i. Salary benchmark data, most notably
 - Croner Hospice rewards benchmark
 - XpertHR, Voluntary Sector Salary Survey (VSSS)
 - XpertHR National Management Salary Survey (NMSS)
- ii. Regional NHS and Local Authority Salary ranges
- iii. Salaries for posts advertised within the last 12 months within the independent hospice sector

This data is reviewed on an annual basis.

(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.

The strategic risk register is reviewed annually by the Audit and Risk Committee and approved by the Board at the annual strategy meeting in December.

In December 2015 the following matters were identified as the highest risk to the organisation.

Risk	Action required
Financial risks – insufficient income	Implement actions to reduce risk.
Fundraising activities- Reputational risks	Carry the risk with existing mitigation in place. Regular review.
Health, safety and environment	Carry the risk with existing mitigation in place. Regular review.
Supporter dissatisfaction	Carry the risk with existing mitigation in place. Regular review.
Data Protection	Implement actions to reduce risk.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

Objectives and Activities

(a) Policies and objectives

The objectives and activities of the charity 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 charity 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.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

(b) Strategies for achieving objectives

Hope House Children's Hospices strives to be a centre of excellence for the care of children with life limiting and life threatening conditions and support for bereaved children and families, benefiting the public by supporting families with babies, children, and young adults who are not expected to reach the age of 25.

The objective of the charity is to provide children and young adults living with life limiting and life threatening conditions in Cheshire, Shropshire, North and Mid Wales with respite, end of life care and psychosocial support. Counselling is also available to families unconnected to the hospices who have lost a child in any circumstances. Children, young people and young adults (up to the age of 25 years) may also be offered counselling if they have been bereaved of someone close through sudden death or trauma.

(c) Activities for achieving objectives

We provide specialist nursing, care and support to life limited children and young adults and those living with a life threatening condition. Our support extends to the whole family, including brothers, sisters, parents and grandparents – from diagnosis, throughout the lifetime of the child and beyond.

Services provided include; respite care, emergency care and end of life care. Support is provided in one of our two hospices or the family's home. Additional services include physiotherapy and music therapy, sibling support, counselling and family support. Bereavement support is also provided to families previously unknown to the hospice who have lost a child and to children and young people who have been bereaved in traumatic circumstances.

The Big Study facilitated by Together for Short Lives published in 2013 found that in the West Midlands rates of children (age 0-19) living with a life limiting condition that would meet the criteria for hospice services averages out at around **8 to 10 children in 10,000** and in Shropshire CCG area **6 to 8 children in 10,000**. Taking the average figure of 8 per 10,000 found in the 'Big Study' would suggest around **312** children within our catchment area who would benefit from hospice services at any time.

In 2015, 268 children aged 0-18 were registered with Hope House Children's Hospices. This suggests that around 86% of children who would benefit from hospice services in our catchment area are registered with us.

The Charity operates two hospices for children and young adults; one in Oswestry, North Shropshire and the other in Conwy, North Wales. The hospices are open 24 hours a day, 7 days a week.

In order to fund the provision of care the charity raises funds by donations and by the operation of two wholly owned subsidiary trading companies, one that runs our charity shops and the other that operates our lottery.

In addition to paid fundraising staff the charity is supported by over 670 volunteers the majority of whom volunteer in our shops and through fundraising friends groups. Collectively in 2015 our volunteers provided 69,189 hours of volunteering worth an equivalent of £630,000 in salary cost alone.

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.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

Group strategic report

Achievements and performance

(a) Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charitable 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.

(b) Review of activities

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 the number of families registered with Hope House Children's Hospices rose to 728, an increase of 11% on the previous year. Of these 452 actually received some form of service. This is the total for hospice families, bereaved and community families.

The majority of service users were resident in the Betsi Cadwaladr LHB (North Wales) and Shropshire PCT areas. The comparison of residency of service users over the last five years is shown below.

Area of home resident for families receiving support. %.

	2015	2014	2013	2012	2011
Shropshire (including Telford)	31	35	40	43	49
Cheshire	5	6	5	5	6
North Wales	45	41	37	34	31
Mid Wales	11	10	10	10	9
Other areas of England and Wales	8	8	8	8	5

In 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.

321 children and young adults were registered with Hope House Children's Hospices in 2015 an increase of 15% from the previous year. During the year, 191 children stayed at the hospices for a total of 3,358 nights. Other children received outreach support only.

Outreach Support

The organisation is extensively involved in providing nursing care in the family home. In 2015 we provided over 12,500 hours of outreach nursing support a significant increase from the previous year. This significant increase is due to the Young Adult Nurse returning from maternity leave and additional care team hours targeted at this area of work. Another reason is that the Neonatal Link Nurse and Transition Nurse have been able to undertake more direct work with families, having spent a large amount of their time during their first year in post building up relationships and laying the foundations for service development in their specific areas.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

Our outreach services also include psychosocial support such as support for the brothers and sisters of children living with a life threatening condition. We have 643 siblings registered with us and during 2015 our sibling support team actively supported 193 providing over 300 hours of support.

The Social Work Team provides advocacy, guidance and support to the children, young people and families who use Hope House and Tŷ Gobaith. They also provide financial advice, help with housing adaptation applications and support with transition to adult services. In 2015 our social work team provided 1,394 hours of support.

Counselling and Bereavement Support

The demand to provide counselling to family members who have experienced, or will experience, the loss of a child continued to grow at a significant rate. 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 to children and young people who have been bereaved through traumatic circumstances.

It is estimated that in our catchment area as many as 1150 children under the age of 18 are bereaved of a parent each year of which around 480 are sudden or unexpected deaths. An estimated 58 children aged 1-19 die each year. This suggests that there are around 541 families each year who would meet our criteria for accessing counselling support. In addition, our criteria includes young people up to the age of 25 and referrals from outside the immediate nuclear family for example school friends, aunts, uncles, and estranged parents. Thus, the figure of 541 must be considered as a very conservative estimate of need.

In 2015, 320 people received counselling support. 63% of people receiving counselling and bereavement support were community families who had not previously used the hospice.

The number of hours of counselling support provided over the last five years is shown below.

	2015	2014	2013	2012	2011
Counselling hours	3,668	3,649	2,885	2,702	1,983

Monitoring Impact.

We monitor impact through quantitative and qualitative surveys of our service users and through actively encouraging feedback. Some examples of the feedback received during the year include:

- We as a family love visiting Hope House with our son.....he is now 14 and we have been going to Hope House since he was almost 2! They give us the rest we need and also the time to spend with our other 2 children.
- The staff are fantastic and supportive and very kind to our son who stays at Hope House. He is 16 and loves going there and when I go sometimes for a break I know he is in good hands and I can relax. Thank you Hope House.
- The staff are absolutely fabulous and have helped our family so much. Our son passed away last year with cancer after relapsing. They gave him hospice outreach care and also gave, and continue to give, counselling to xxxx's sister and myself. Don't know what we would do without their support.
- They are a massive support to us all.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

An evaluation of the counselling service delivered by Hope House Children's Hospices was undertaken by sending a postal questionnaire to all individuals who were accessing the service as of March 2015. A total of 222 surveys were sent out and 83 were returned, giving a response rate of 37%.

Encouragingly all respondents said they would use the service again and said that they would recommend it to others.

When given an opportunity for free text comments, there was an overwhelming sense of gratitude and a real feel of the value people put on their experience of counselling. These are just a few of the responses:

- It has been excellent support and made the world of difference to my recovery from multiple traumatic events.
- My counsellor xxxx, is just like having a best friend to talk to. Counselling is a huge release from my everyday pain. I wouldn't be where I am now without it. Thank you.
- This is an incredible service and it is helping me put one foot in front of the other. I no longer feel on my own.
- Without the amazing support of my counsellor, I'm not sure if I would still be here right now. Tŷ Gobaith is truly amazing; they helped me and my children more than they will ever know.

(c) Fundraising activities/Income generation

Income from statutory bodies

Income from statutory bodies was in line with expectations. Income from statutory bodies amounted to 16% of total care expenditure.

Fundraising activities

Although slightly down from 2014 fundraising activities delivered above expectation in the year again helped by significant legacy income. Donations were up on the previous year, funding 45% of our total care costs for the year. Whilst this should not be taken as confirmation of continued high levels of funding it does demonstrate the fantastic community support the charity enjoys.

Subsidiary company contributions

Overall the subsidiary companies made a significant contribution of £297,000 via Gift Aid to the running costs of the Charity slightly more than the contribution in 2014.

Lottery

The policy of growing the membership of the Lottery continues and by the end of 2015 there were just over 15,000 weekly players.

Trading

The results for the Trading Company were disappointing being impacted by poor sales in the run up to Christmas and costs associated with restructuring and growth. The shop in Crewe was closed due to being unprofitable and the shop in Llandudno moved into larger high street premises, a move that has proved very successful. We also opened a shop in Denbigh.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

In order to maximise the benefit to the Charity members of the public donating items to the shops operated by Hope House (Trading) Ltd are encouraged to sign a Gift Aid agency agreement. This enables the Hope House Children's Hospices to claim gift aid on the goods sold, during 2015 the amount claimed was £53,548.

To enable Hope House Children's Hospices to claim the gift aid Hope House (Trading) Limited must donate all the sales of these items to the Charity. Removing this income from the Trading company results in the company showing an operating loss in the year.

The Directors of the Trading Company and the Trustees of the Charity have taken professional advice on how this anomaly can be addressed in future.

(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.
- 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 income and investments 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.

The committee have engaged the services of Investec Wealth and Investment to manage the charity's equity portfolio and received independent financial advice from Redbourne Wealth Management.

The Board of Trustees have adopted a Lower Medium risk level for investments (excluding bank deposits) limiting investment in equities to no more than 55% of the portfolio.

The performance of the Investment Manager and Portfolio is reviewed regularly by the Income and Investment Committee and performance is assessed against a benchmark of RPI +2.5% and the ARC cautious Charity Index.

During the year £120,000 was received in investment income and interest on bank deposits.

Early in 2015 the Directors of Hope House (Trading) Ltd decided to cease trading from the shop in Crewe as the changing shopping patterns in the locality was making the operation unviable. The property was let on a rolling agreement from Hope House Children's Hospices.

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FOR THE YEAR ENDED 31 DECEMBER 2015

The Trustees of the Charity subsequently tried to both let and sell the shop having taken independent professional advice as required under Section 119 of the Charities Act 2011. Having failed to attract a purchaser or tenant despite advertising widely for over 12 months, and with the local property market falling Trustees were advised to enter the property into auction. A sale was secured via the auction at the reduced figure. Trustees consider this to have been the best course of action as the property was vacant and was incurring significant management time and would start to attract further significant costs such as business rates maintenance liabilities

Financial review

(a) Financial and risk management objectives and policies

In view of the economic climate and in line with the charity's five year plan a deficit budget was forecast for 2015. Although income was above expectations and the service was delivered within budget depreciation and a fixed asset impairment resulting from the sale of the Crew shop premises has resulted in a deficit in the year of £295,690.

The Board is appraised at each meeting of the current financial situation by the Director of Finance.

The Board have designated funds for Workforce Management, Palliative Care Projects, Business Development and Continuity and these funds hold the majority of the Charity's unrestricted assets.

(b) Principal risks and uncertainties

The audit and risk committee have responsibility for the strategic risks and to oversee risk mitigation measures.

The committee have examined the major risks that the organisation faces and developed systems to monitor and control the risks and mitigate any impact that they may have on the organisation's future.

The major challenge remains in raising sufficient revenue to support the continued work of the charity. As a charity, relying mainly on voluntary donations, we always face the challenge of balancing the uncertainty of income against the certainty of increasing costs. In addition, we are faced with increasing competition for funds and continued uncertainty over funding from statutory sector bodies.

We continue to manage a level of uncertainty over the continuation of funding from statutory bodies due to public sector funding reductions. This risk is reduced by a commitment from the Department of Health to maintain the central grant to children's hospices at current levels pending introducing a new palliative care funding regime and a three-year funding commitment (from April 2015) for the Welsh Government. Our relationship with Clinical Commissioning Group Commissioners also gives us confidence that funding CCGs will continue in 2016.

Trustees are also developing our income generating businesses with investment in the lottery, trading and marketing activities.

The Trustees believe that all major risks are being mitigated, a key element of which is the management of financial risk by the setting of a reserves policy and a designated Continuity fund regularly reviewed by Trustees.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

(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. 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:

- Ensure continuity to provide care, fundraising and administration for a full operation year. In the coming twelve months this sum equates to £6 million; and
- 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. (£530,000)

Unrestricted reserves at the year-end amounted to £12m (2014: £12.2m), of which tangible fixed assets amount to £5.9 million resulting in unrestricted reserves of £6.1 million. Of these 4.2m is designated for specific purposes as noted in the financial statements.

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.

Thus, whilst funds are slightly below the reserves policy no changes have been made to increase reserves whilst the primary objective of retaining 12 months' operational costs is met.

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

Given the financial forecast and the major developments in service provision over the preceding years the proposed strategy for the period to 2020 remains one of stability whilst we review the organisations strategic plan to 2025.

Hope House Children's Hospices has grown substantially since its beginnings in 1991. This growth has been organic and in response to demand rather than in line with an overall strategic vision for the organisation. As the Charity moves in to its third decade it is time to review the needs of the beneficiaries we serve, how they have and continue to change and what outcomes we want to achieve in the next ten years. Doing this will help us to set out a strategic plan that will provide a clear vision of what we hope to achieve and how we will achieve it.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

Trustees' responsibilities statement

The trustees (who are also directors of Hope House Children's Hospices for the purposes of company law) are responsible for preparing the trustees' report (including the group 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. 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 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 (FRS102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

prepare the 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.

Disclosure 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 relevant audit information and to establish that the charitable group's auditors are aware of that information.

This report, incorporating the group strategic report, was approved by the trustees, in their capacity as company directors, on Wednesday 11th May 2016 and signed on their behalf by:



Barbara 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 Children's Hospices for the year ended 31 December 2015 set out on pages 16 to 41. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)

This report is made solely to the Charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charity's members those matters we are required to state to them in an 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 Charity 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 Charity 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 Charity'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2015 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard 102 (FRS 102); 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 (incorporating the strategic review) for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 charity has not kept adequate accounting records, or returns adequate for our audit have not been received by branches not visited by us; or
- the parent charity 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.



Mike Caputo (Senior Statutory Auditor)

for and on behalf of
McLintocks Partnership Limited

Chartered Accountants
Statutory Auditors

2 Hilliards Court
Chester Business Park
Chester
CH4 9PX

11 May 2016

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOME					
Donations and legacies	3	4,780,787	-	4,780,787	4,919,514
Income from trading activities	4	2,091,378	-	2,091,378	1,883,177
Investment income	5	120,056	-	120,056	105,090
Income from charitable activities	6	-	819,274	819,274	763,836
TOTAL INCOME		6,992,221	819,274	7,811,495	7,671,617
EXPENDITURE					
Expenditure on raising funds:					
Raising funds within the Charity	7	869,862	-	869,862	870,905
Expenditure for trading activities	4	1,772,317	-	1,772,317	1,592,005
Expenditure on charitable activities	8	4,478,545	819,274	5,297,819	5,090,057
TOTAL EXPENDITURE		7,120,724	819,274	7,939,998	7,552,967
NET (EXPENDITURE)/ INCOME BEFORE GAINS AND LOSSES ON INVESTMENTS		(128,503)	-	(128,503)	118,650
Net gains/ (losses) on disposal of investments		4,265	-	4,265	(412)
NET (EXPENDITURE)/ INCOME FOR THE YEAR		(124,238)	-	(124,238)	118,238
Fixed asset impairments	12	(155,536)	-	(155,536)	-
(Losses)/ gains on revaluation of investments	17	(15,916)	-	(15,916)	90,824
NET MOVEMENT IN FUNDS FOR THE YEAR		(295,690)	-	(295,690)	209,062
Total funds at 1 January		12,230,903	-	12,230,903	12,021,841
TOTAL FUNDS AT 31 DECEMBER		11,935,213	-	11,935,213	12,230,903

All activities relate to continuing operations.

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

The notes on pages 20 to 41 form part of these financial statements.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	16		5,922,501		6,121,843
Investments	17		5,326,182		4,891,288
			<u>11,248,683</u>		<u>11,013,131</u>
CURRENT ASSETS					
Stocks	18	29,257		19,741	
Debtors	19	579,791		583,409	
Cash at bank and in hand		554,855		991,209	
		<u>1,163,903</u>		<u>1,594,359</u>	
CREDITORS: amounts falling due within one year	20	(477,373)		(376,587)	
NET CURRENT ASSETS			<u>686,530</u>		<u>1,217,772</u>
NET ASSETS			<u>11,935,213</u>		<u>12,230,903</u>
CHARITY FUNDS					
Designated funds	21		4,193,421		4,188,482
Unrestricted funds	21		7,741,792		8,042,421
TOTAL FUNDS			<u>11,935,213</u>		<u>12,230,903</u>

The financial statements were approved by the Trustees on 11 May 2016 and signed on their behalf by:



Barbara Evans
Chair of Trustees

The notes of pages 20 to 41 form part of these financial statements.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

CHARITY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	£	2015 £	2014 £
FIXED ASSETS				
Tangible assets	16		5,757,742	5,930,103
Investments	17		5,326,186	4,891,292
			<u>11,083,928</u>	<u>10,821,395</u>
CURRENT ASSETS				
Debtors	19	1,380,187		1,382,048
Cash at bank and in hand		192,577		586,814
		<u>1,572,764</u>		<u>1,968,862</u>
CREDITORS: amounts falling due within one year	20	(331,251)		(420,029)
			<u>1,241,513</u>	<u>1,548,833</u>
NET CURRENT ASSETS				
NET ASSETS			<u>12,325,441</u>	<u>12,370,228</u>
CHARITY FUNDS				
Designated funds	21		4,193,421	4,188,482
Unrestricted funds	21		8,132,020	8,181,746
TOTAL FUNDS			<u>12,325,441</u>	<u>12,370,228</u>

The financial statements were approved by the Trustees on 11 May 2016 and signed on their behalf by:



Barbara Evans
Chair of Trustees

The notes of pages 20 to 41 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 2015**

	Note	2015 £	2014 £
Cash provided by operating activities	23	235,130	31,803
		<hr/>	<hr/>
Cash flows from investing activities			
Investment income		120,056	105,090
Purchase of tangible fixed assets		(352,285)	(427,540)
Purchase of listed investments		(1,434,831)	(2,591,177)
Sale of listed investments		984,021	1,026,073
Sale of unlisted and other investments		-	1,700,000
		<hr/>	<hr/>
Cash used in investing activities		(683,039)	(187,554)
		<hr/>	<hr/>
(Decrease) in cash and cash equivalents in the year		(447,909)	(155,751)
Cash and cash equivalents at the beginning of the year		991,209	1,146,960
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		543,300	991,209
		<hr/>	<hr/>

The notes on pages 20 to 41 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 2015

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Hope House Children's Hospices meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. At the date of the transition no restatements were required.

1.3 Preparation of the accounts on a going concern basis

The trustees have considered the future trading of the Charity and the Group and have prepared cash flow forecasts for a period of 12 months from the date of these financial statements. They have a reasonable expectation that the Charity and the Group can continue to meet its liabilities as they fall due. On this basis, the trustees consider it appropriate to prepare the financial statements on the going concern basis.

1.4 Group financial statements

The financial statements consolidate the accounts of Hope House Children's Hospices and all of its wholly owned subsidiary undertakings ('subsidiaries'), on a line-by-line basis.

A separate Statement of Financial Activities and Income and expenditure account for the charity has not been presented because the advantage has been taken of the exemption afforded by section 408 of the Companies Act 2006.

1.5 Income

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

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to charities or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.6 Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS102), the general volunteer time is not recognised and refer to the trustees' annual report for more information about their contribution.

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

1.7 Interest receivable

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

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.

1.8 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 charity and which have not been designated for other purposes.

Designated funds are unrestricted funds of the charity that have been set aside by the trustees for specific 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 used in accordance with specific restrictions imposed by donors or which have been raised by the Charity 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 2015

1. ACCOUNTING POLICIES (continued)

1.9 Expenditure

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

- Costs of raising funds comprises fundraising costs incurred in seeking donations, grants and legacies, costs of fundraising activities including the costs of commercial trading, shop trading and the lottery and their associated support costs.
- Expenditure on charitable activities includes the cost of providing care and associated support.

1.10 Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include Head Office costs, finance, personnel, payroll and governance costs and also include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

1.11 Operating leases

The Group classifies the lease of shop premises and vehicles as operating leases. Rentals under operating leases are charged on a straight line basis over the term of the lease.

1.12 Tangible fixed assets

Individual fixed assets costing £1,000 or more are capitalised at cost and depreciated over their estimated useful economic lives on a straight line basis as follows:

Freehold buildings	-	40 years straight line
Freehold land	-	nil
Long term leasehold property	-	nil
Plant and machinery	-	4 – 10 years straight line
Motor vehicles	-	5 – 10 years straight line

1.13 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.

Investments in subsidiaries are valued at cost less provision for impairment.

1.14 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.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.15 Debtors

Debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.16 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 account.

1.17 Creditors and provisions

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

1.18 Pensions

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

1.19 Transition to FRS102

There have been no restatements of opening balances required in making the transition to FRS 102. The transition date was 1 January 2014.

2. LEGAL STATUS

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

3. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	2,364,723	-	2,364,723	2,215,546
Legacies	2,275,517	-	2,275,517	2,536,111
Tax recovered – Gift Aid	122,865	-	122,865	125,857
Other income	17,682	-	17,682	42,000
	<u>4,780,787</u>	<u>-</u>	<u>4,780,787</u>	<u>4,919,514</u>

Unrestricted donations totalling £3,800 (2014: £16,279) were received from the trustees of the Charity in the year.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

4. INCOME FROM TRADING ACTIVITIES

The wholly owned trading subsidiaries, Hope House (Trading) Limited (company number 02691088) and Hope House (Lottery) Limited (company number 05066936) are incorporated in the United Kingdom. Hope House (Lottery) Limited pays all of its profits to the charity under the gift aid scheme.

Hope House (Trading) Limited operates the charity shops, and Hope House (Lottery) Limited operates the lottery scheme.

	Unrestricted funds 2015	Restricted funds 2015	Total funds 2015	Total funds 2014
	£	£	£	£
TURNOVER				
Hope House (Trading) Limited – turnover	1,308,679	-	1,308,679	1,262,014
Hope House (Lottery) Limited – turnover	782,699	-	782,699	621,163
	2,091,378	-	2,091,378	1,883,177
TRADING EXPENDITURE				
Hope House (Trading) Limited – expenses	1,494,313	-	1,494,313	1,335,208
Hope House (Lottery) Limited – expenses	278,004	-	278,004	256,797
	1,772,317	-	1,772,317	1,592,005
Net income from trading activities before impairment charges	319,061	-	319,061	291,172
Impairment charges	(21,852)	-	(21,852)	-
Net income from trading activities after impairment charges	297,207	-	297,207	291,172

The assets and liabilities of the subsidiaries were;

	Hope House (Trading) Limited 2015 £	Hope House (Trading) Limited 2014 £	Hope House (Lottery) Limited 2015 £	Hope House (Lottery) Limited 2014 £
Fixed assets	164,759	191,740	-	-
Current assets	260,485	188,331	202,084	313,418
Current liabilities	(820,335)	(524,259)	(197,217)	(308,551)
Aggregate share capital and reserves	(395,091)	(144,188)	(4,867)	(4,867)

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

5. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Investment income	94,676	-	94,676	86,182
Interest on bank deposits	25,380	-	25,380	18,908
	120,056	-	120,056	105,090

6. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Income from statutory bodies	-	819,274	819,274	763,836

Income from statutory bodies analysed as:

	Unrestricted Funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Welsh LHB Grants	-	184,685	184,685	240,380
NHS England Grant	-	307,553	307,553	230,664
English CCG Grants	-	248,080	248,080	50,082
Welsh Health Authority grant towards pensions	-	34,456	34,456	34,161
Welsh Assembly Grant	-	44,500	44,500	178,000
Family Suite Grant	-	-	-	30,549
Total	-	819,274	819,274	763,836

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

7. RAISING FUNDS WITHIN THE CHARITY

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Promotional materials	26,344	-	26,344	32,787
Printing, postage and stationery	38,765	-	38,765	46,388
Event expenses	82,091	-	82,091	94,726
Donor details purchased from HHL	124,696	-	124,696	118,117
Insurance	2,542	-	2,542	3,374
Water charges	384	-	384	319
Light and heat	3,626	-	3,626	2,785
Repairs and maintenance	3,978	-	3,978	13,288
Telephone	9,629	-	9,629	10,110
Vehicle running expenses	15,126	-	15,126	17,430
Vehicle lease charges	26,796	-	26,796	27,035
Travelling expenses	4,568	-	4,568	3,313
Training and conferences	5,711	-	5,711	5,939
General expenses	11,753	-	11,753	12,338
Friends' groups' expenses	95	-	95	238
Payment processing fees	13,659	-	13,659	12,151
Voluntary income staff costs	500,099	-	500,099	470,567
	869,862	-	869,862	870,905

8. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Care costs	4,421,540	819,274	5,240,814	5,038,893
Governance costs (note 9)	57,005	-	57,005	51,164
	4,478,545	819,274	5,297,819	5,090,057

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. EXPENDITURE BY CHARITABLE ACTIVITY (continued)

SUMMARY BY FUND TYPE

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Care costs:					
Direct costs (note 10)	3,811,168	309,574	675,468	4,796,210	4,610,986
Support costs (note 11)	384,254	-	60,350	444,604	427,907
Governance (note 9)	34,145	-	22,860	57,005	51,164
	4,229,567	309,574	758,678	5,297,819	5,090,057

9. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Audit fees – audit services	9,338	-	9,338	8,520
Trustees' indemnity insurance	1,072	-	1,072	929
Finance and legal fees	11,018	-	11,018	13,800
Overhead expenses	276	-	276	201
Training support for trustees	1,156	-	1,156	-
Administration support for trustees	34,145	-	34,145	27,714
	57,005	-	57,005	51,164

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

10. DIRECT COSTS

	Care costs £	Hospice admin £	Total 2015 £	Total 2014 £
Repairs and maintenance	94,226	-	94,226	85,391
Heat and light	65,021	-	65,021	69,670
Water charges	9,495	-	9,495	9,023
Printing, postage and stationery	26,422	-	26,422	29,561
Housekeeping	21,022	-	21,022	19,457
Insurance	20,929	-	20,929	14,709
Telephone	11,729	-	11,729	10,481
Food and catering	58,398	-	58,398	51,418
Motor expenses	36,227	-	36,227	36,324
Vehicle lease charges	33,121	-	33,121	35,941
Travelling expenses	40,129	-	40,129	40,182
Training and conferences	38,516	-	38,516	66,163
Recruitment	15,337	-	15,337	18,818
General expenses	62,079	-	62,079	64,842
Nursing consumables	32,629	-	32,629	30,034
Family bereavement fund	5,297	-	5,297	-
Investment management fees	23,657	-	23,657	21,080
Bank charges	6,271	-	6,271	-
Marketing costs	61,540	-	61,540	-
Wages and salaries	2,939,100	-	2,939,100	2,955,875
National insurance	347,647	-	347,647	299,051
Pension cost	524,421	-	524,421	435,874
Staff benefit scheme	13,423	-	13,423	-
Depreciation	309,574	-	309,574	317,092
	4,796,210	-	4,796,210	4,610,986

11. SUPPORT COSTS

	Hospice admin £	Total 2015 £	Total 2014 £
Printing, postage and stationery	7,457	7,457	7,933
Telephone	5,399	5,399	5,635
Repairs and maintenance	11,035	11,035	9,937
General expenses	8,815	8,815	14,901
Vehicle running expenses	4,215	4,215	2,867
Vehicle lease charges	14,638	14,638	10,888
Travelling expenses	4,065	4,065	8,251
Training and conferences	4,726	4,726	2,975
Wages and salaries	384,254	384,254	364,520
	444,604	444,604	427,907

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

12. FIXED ASSET IMPAIRMENT

In March 2016, an offer to purchase the Crewe property for £148,000 was accepted by the Hospice. The property was previously held in the financial statements at £281,684 and as such, has been impaired by £133,684 at 31 December 2015.

In addition to the property impairment, there were fixtures and fittings held within the Crewe property with a net book value of £21,852. These assets, held in Hope House (Trading) Limited have been fully impaired at 31 December 2015.

This results in a total impairment charge for the year of £155,536.

13. NET INCOMING RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	309,574	317,092
Auditors remuneration	7,920	8,520
	<u>317,494</u>	<u>325,612</u>

During the year, no Trustees received any remuneration (2014 - £Nil).

During the year, no Trustees received any benefits in kind (2014 - £Nil).

During the year, no Trustees received any reimbursement of expenses (2014 - £Nil). Expenses totalling £1,465 (2014: £1,562) for travel were waived by the trustees in the year.

14. STAFF COSTS

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	4,659,004	4,507,514
Social security costs	347,647	299,051
Other pension costs	524,421	435,874
	<u>5,531,072</u>	<u>5,242,439</u>

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14. STAFF COSTS (continued)

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

	2015 No.	2014 No.
Hospice services	154	135
Fundraising and publicity	19	19
Support	13	12
Employed by non-charitable trading subsidiaries	45	38
	<u>231</u>	<u>204</u>

The number of higher paid employees (excluding employer pension costs) was:

	2015 No.	2014 No.
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	1	1
	<u>1</u>	<u>2</u>

The key management personnel of the parent charity, the Hospice, comprise the trustees, the Chief Executive Officer, Director of HR and Volunteering, Director of Fundraising, Director of Care and Director of Finance and Administration. The total employee benefits of the key management personal of the Hospice were £330,956 (2014: £320,401).

The key management personnel of the group comprise those of the Hospice and the directors of its wholly owned subsidiaries. The key management personnel of Hope House (Lottery) Limited and Hope House (Trading) Limited are the directors, whose employee benefits total £nil (2014: £nil). The employee benefits of key management personnel for the group was therefore £330,956 (2014: £320,401).

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15. 2014 COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
INCOME			
Donations and legacies	4,919,514	-	4,919,514
Income from trading activities	1,883,177	-	1,883,177
Investment income	105,090	-	105,090
Income from charitable activities	-	763,836	763,836
TOTAL INCOME	6,907,781	763,836	7,671,617
EXPENDITURE			
Expenditure on raising funds:			
Raising funds within the Charity	870,905	-	870,905
Expenditure for trading activities	1,592,005	-	1,592,005
Expenditure on charitable activities	4,326,221	763,836	5,090,057
TOTAL EXPENDITURE	6,789,131	763,836	7,552,967
NET INCOME/ (EXPENDITURE) BEFORE GAINS AND LOSSES ON INVESTMENTS	118,650	-	118,650
Net gains/ (losses) on disposal of investments	(412)	-	(412)
NET INCOME/ (EXPENDITURE) FOR THE YEAR	118,238	-	118,238
Gains/(losses) on revaluation of investments	90,824	-	90,824
NET MOVEMENT IN FUNDS FOR THE YEAR	209,062	-	209,062
Total funds at 1 January 2014	12,021,841	-	12,021,841
TOTAL FUNDS AT 31 DECEMBER 2014	12,230,903	-	12,230,903

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16. TANGIBLE FIXED ASSETS

Group	Freehold property £	Commercial property £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1 January 2015	6,589,758	523,206	2,746,887	140,337	10,000,188
Additions	5,166	140,000	207,119	-	352,285
Disposals	-	-	(89)	-	(89)
Impairment	-	(133,684)	(42,941)	-	(176,625)
At 31 December 2015	6,594,924	529,522	2,910,976	140,337	10,175,759
Depreciation					
At 1 January 2015	1,716,195	-	2,065,728	96,422	3,878,345
Charge	149,670	-	230,564	15,768	396,002
Impairment	-	-	(21,089)	-	(21,089)
On disposals	-	-	-	-	-
At 31 December 2015	1,865,865	-	2,275,203	112,190	4,253,258
Net book value					
At 31 December 2015	4,729,059	529,522	635,773	28,147	5,922,501
At 31 December 2014	4,873,563	523,206	681,159	43,915	6,121,843

Included in freehold property is freehold land at valuation of £608,106 (2014 - £608,106), cost £608,106 (2014 - £608,106) which is not depreciated.

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16. TANGIBLE FIXED ASSETS (continued)

	Freehold property £	Commercial property £	Plant and machinery £	Motor vehicles £	Total £
Charity					
Cost					
At 1 January 2015	6,589,758	523,206	1,998,413	140,337	9,251,714
Additions	5,166	140,000	125,731	-	270,897
Impairment	-	(133,684)	-	-	(133,684)
At 31 December 2015	6,594,924	529,522	2,124,144	140,337	9,388,927
Depreciation					
At 1 January 2015	1,716,195	-	1,508,994	96,422	3,321,611
Charge	149,670	-	144,136	15,768	309,574
At 31 December 2015	1,865,865	-	1,653,130	112,190	3,631,185
Net book value					
At 31 December 2015	4,729,059	529,522	471,014	28,147	5,757,742
At 31 December 2014	4,873,563	523,206	489,419	43,915	5,930,103

Included in freehold property is freehold land at valuation of £608,106 (2014 - £608,106), cost £608,106 (2014 - £608,106) which is not depreciated.

The commercial properties relate to two shops in Crewe and Bangor which are being rented by Hope House (Trading) Limited. There is no depreciation charge on these properties.

In March 2016, an offer to purchase the Crewe property for £148,000 has been accepted. The valuation of the property has been reduced to this value at 31 December 2015. All fixtures and fittings within the property have been fully impaired to a net book value of £nil.

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. The unencumbered probate value was £92,000.

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17. FIXED ASSET INVESTMENTS

Group	Listed securities £	Other investments £	Cash and settlements pending £	Total £
Market value				
At 1 January 2015	3,334,153	1,500,000	57,135	4,891,288
Additions	1,051,266	382,761	804	1,434,831
Disposals	(984,021)	-	-	(984,021)
Revaluations	(15,916)	-	-	(15,916)
At 31 December 2015	3,385,482	1,882,761	57,939	5,326,182

Group investments at market value comprise:

	UK £	Overseas £	2015 £	2014 £
Listed investments	2,655,284	730,198	3,385,482	3,334,153
Other fixed asset investments	1,882,761	-	1,882,761	1,500,000
Investment cash and settlements pending	57,939	-	57,939	57,135
Total market value	4,595,984	730,198	5,326,182	4,891,288

Group material investments

	2015 £	2014 £
HSBC Money Market (other investments)	850,000	1,000,000
	<u>850,000</u>	<u>1,000,000</u>

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17. FIXED ASSET INVESTMENTS (continued)

	Listed securities £	Other investments £	Cash and settlements pending £	Shares in subsidiaries £	Total £
Charity					
Market value					
At 1 January 2015	3,334,153	1,500,000	57,135	4	4,891,292
Additions	1,051,266	382,761	804	-	1,434,831
Disposals	(984,021)	-	-	-	(984,021)
Revaluations	(15,916)	-	-	-	(15,916)
At 31 December 2015	3,385,482	1,882,761	57,939	4	5,326,186

Charity investments at market value comprise:

	UK £	Overseas £	2015 £	2014 £
Listed investments	2,655,284	730,198	3,385,482	3,334,153
Other fixed asset investments	1,882,761	-	1,882,761	1,500,000
Investment cash and settlements pending	57,939	-	57,939	57,135
Group	4	-	4	4
Total market value	4,595,988	730,198	5,326,186	4,891,292

Charity material investments

	2015 £	2014 £
HSBC Money Market (other investments)	850,000	1,000,000
	<u>850,000</u>	<u>1,000,000</u>

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18. STOCKS

	2015 £	2014 £
Group finished goods and goods for resale	<u>29,257</u>	<u>19,741</u>

19. DEBTORS

	Group		Charity	
	2015 £	2014 £	2015 £	2014 £
Amounts owed by group undertakings	-	-	871,430	863,736
Other debtors	-	12,785	-	7,130
Prepayments and accrued income	579,791	570,624	508,757	511,182
	<u>579,791</u>	<u>583,409</u>	<u>1,380,187</u>	<u>1,382,048</u>

20. CREDITORS: Amounts falling due within one year

	Group		Charity	
	2015 £	2014 £	2015 £	2014 £
Bank overdrafts	11,555	-	-	-
Trade creditors	105,020	57,838	80,097	48,622
Amounts owed to group undertakings	-	-	-	148,281
Other taxation and social security	153,997	144,593	153,997	144,593
Accruals and deferred income	206,801	174,156	97,157	78,533
	<u>477,373</u>	<u>376,587</u>	<u>331,251</u>	<u>420,029</u>

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21. STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Charity resources expended £	Transfers in/out £	Gains/ (losses) £	Carried forward £
CHARITY DESIGNATED FUNDS						
Designated workforce management fund	250,000	-	-	-	-	250,000
Designated palliative care projects fund	500,000	-	-	-	-	500,000
Business Development Fund	47,194	-	-	(47,194)	-	-
Continuity fund	3,391,288	-	-	52,133	-	3,443,421
	4,188,482	-	-	4,939	-	4,193,421
CHARITY GENERAL FUNDS						
General funds – all funds	8,042,421	6,992,221	(7,138,311)	(4,939)	(149,600)	7,741,792
Total unrestricted funds	12,230,903	6,992,221	(7,138,311)	-	(149,600)	11,935,213
CHARITY GENERAL FUNDS						
Restricted funds – all funds	-	819,274	(819,274)	-	-	-
Total funds	12,230,903	7,811,495	(7,957,585)	-	(149,600)	11,935,213

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 delivery expected by the organisation due to circumstances beyond their control.

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21. STATEMENT OF FUNDS (continued)

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.

Business Development Fund – The trustees have designated unrestricted funds to investigate and develop new income generating opportunities for the charitable group.

Continuity Fund – It was agreed to designate the continuity fund held to generate income to meet future operational costs. The balance of the year end represents the listed securities and cash and settlements pending balance held (see note 17).

SUMMARY OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Other Gains/ (losses) £	Carried forward £
Designated funds	4,188,482	-	-	4,939	-	4,193,421
General funds	8,042,421	6,992,221	(7,138,311)	(4,939)	(149,600)	7,741,792
	12,230,903	6,992,221	(7,138,311)	-	(149,600)	11,935,213
Restricted funds	-	819,274	(819,274)	-	-	-
	12,230,903	7,811,495	(7,957,585)	-	(149,600)	11,935,213

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	5,922,501	-	5,922,501	6,121,843
Fixed asset investments	5,326,182	-	5,326,182	4,891,288
Current assets	1,163,903	-	1,163,903	1,594,359
Creditors due within one year	(477,373)	-	(477,373)	(376,587)
	11,935,213	-	11,935,213	12,230,903

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23. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Net movement of funds	(295,690)	209,062
Income from investments	(120,056)	(105,090)
Depreciation of tangible fixed assets	396,002	410,595
Impairment of fixed assets	155,536	-
Deficit on disposal of tangible fixed assets	89	3,004
Revaluation of investments	15,916	(90,412)
(Increase) in stocks	(9,516)	(2,205)
Decrease/ (increase) in debtors	3,618	(495,612)
Increase in creditors	89,231	102,461
Cash provided by operating activities	235,130	31,803

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2015 £	Cash flow £	Other Non-cash £	31 December 2015 £
Cash at bank and in hand	991,209	(447,909)	-	554,300
Net funds	991,209	(447,909)	-	543,300

25. 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 £524,421 (2014 - £435,874).

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26. OPERATING LEASE COMMITMENTS

At 31 December 2015 the group total commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Group				
Expiry date:				
Within 1 year	303,667	248,000	73,238	73,809
Between 1 and 2 years	262,625	220,500	68,387	54,415
Between 2 and 5 years	645,583	528,375	63,609	71,093
After more than 5 years	592,667	382,167	-	-

At 31 December 2015 the Charity had total commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Charity				
Expiry date:				
Within 1 year	-	-	73,238	73,809
Between 1 and 2 years	-	-	68,387	54,415
Between 2 and 5 years	-	-	63,609	71,093

27. RELATED PARTY TRANSACTIONS

During the year some of the 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 arm's length basis in support of the charity.

A policy exists to prohibit the directors of Hope House (Lottery) Limited, trustees of Hope House Children's Hospices, and senior managers and employees directly involved in the running of the lottery, from taking part in the lottery going forward.

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28. PRINCIPAL SUBSIDIARIES

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

29. ULTIMATE CONTROLLING PARTY

The charity is controlled by the trustees.

30. FIRST YEAR ADOPTION

Transitional relief

There have been no financial adjustments arising on the transition from UK GAAP to the Financial Reporting Standard for Smaller Entities (FRS102) (effective 1 January 2015).