

## HOPE HOUSE CHILDRENS HOSPICES

### TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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Whittingham Riddell

*chartered accountants*

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**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 2013**

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**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, Retired Charity General Manager  
Dr Philip Minchom, Consultant Paediatrician (resigned 25 September 2013)  
Meinir A Wigley, Marketing Executive  
Jacquelyn A Hughes, NHS Business Performance Manager  
Dr Jean B Watt, Retired Consultant Paediatrician  
Stephen R Henly, Company Managing Director  
Claire J Tellis-Doherty, Solicitor (appointed 25 September 2013)  
Christopher C Hudson, Retired HR Professional (appointed 25 September 2013)

**Independent Director of Hope House (Trading) Limited**

Mark Williams (appointed 11 September 2013)

**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**

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

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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, Llanrwst, Conwy, LL26 0DA

**Investment Manager**

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

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**TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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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 Childrens Hospices (the Charity and the group) for the year ended 31 December 2013. 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 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.

The Charity and the group is constituted under a Trust deed and is a registered charity number 1003859.

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 Trustees retiring by rotation at the Annual General Meeting are Janette Welch, David Gwyn Bartley, Stephen R Henly and Meinir A Wigley and they are all 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. No expenses were reclaimed from the charity.

During the year, Dr Philip Minchom retired from the Board and we are immensely grateful for his service over many years. The Board was strengthened by the appointment of two new Trustees.

The 2014 AGM will be held at Hope House on Wednesday 17th September.

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**TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**c. Policies adopted for the induction and training of Trustees**

Regular training, covering the roles and responsibilities of the Trustees, is undertaken. All Trustees undertake an annual review with the Chair of Trustees and this helps to identify areas of interest and development.

**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 currently in place are:

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

**e. Risk management**

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

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**TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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.

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**TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**b. Strategies 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. Activities for achieving objectives**

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. During the year 643 people volunteered in some capacity.

In September 142 volunteers were awarded their badge and certificate in recognition of completing 3, 5, 10, 15, or 20 years service to the organisation.

**Achievements and performance**

**a. Going concern**

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



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**TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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 630 children and families an increase of 19% on the previous year. 272 children and young people accessed the hospices and we provided over 10,000 hours of outreach nursing support. The number of hours of counselling support provided continues to grow with over 2,800 hours of counselling given.

The majority of service users in 2013 were resident in the Shropshire PCT, Telford and Wrekin PCT and Betsi Cadwaladr LHB (North Wales) areas.

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

	2013	2012	2011	2010	2009
Shropshire (including Telford)	40%	43%	49%	45%	43%
Cheshire	5%	5%	6%	7%	5%
North Wales	37%	34%	31%	31%	33%
Mid Wales	10%	10%	9%	11%	11%
Other areas of England and Wales	8%	8%	5%	6%	8%

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.

During 2013, 191 children and young people accessed Hope House and 81 Ty Gobaith.

Outreach 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 2013, 10,306 nursing hours were provided to children and young people in the home.

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**TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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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. 2013 saw a continuing increase in the number of counselling hours provided.

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Counselling hours	2,885	2,702	1,980	1,883	1,535

During the year the Board of Hope House Children's Hospice reached an agreement with the Trustees of The North Wales Chrysalis Trust for it to merge with Hope House Children's Hospice so that the counselling service provided could be continued by staff at Ty Gobaith following the withdrawal of their main grant funding by the local health board.

**c. Fundraising activities/Income generation**

Statutory income

Statutory income during the period exceeded expectations at just over £1million including a capital grant to help with the costs of building a new family suite at Hope House. Excluding the capital grant statutory income amounted to 18% of total expenditure on care.

Fundraising Activities

Fundraising activities delivered a strong performance in the face of a slow economic growth and rising household costs. GM fundraising continued to support the charity during the year with a bike ride along Route66 in America that raised £176,000. Coupled to an exceptional year for legacy income the net effect was an increase in our voluntary income of 35% from 2012 and whilst this should not be taken as confirmation of better times ahead does show the fantastic community support the charity enjoys.

Subsidiary Company Contributions

The results for the subsidiary companies were mixed with steady growth seen in the Lottery whilst the retail operations experienced a challenging year. Overall the subsidiary companies made a significant contribution via Gift Aid to the running costs of the charity.

Lottery

Membership of the Lottery continued steady growth thanks to a decision to allocate funds to a third party recruitment agency paid on results with just over 10,000 players at year end.

Trading

The Trading Company accounts are more complex this year with the introduction in January a HMRC approved retail Gift Aid on donated goods. This is beginning to show returns, with £42,000 being reclaimed in 2013. We opened a new shop in Church Stretton during the year and entered into a licence with a private company to operate a book and collectables shop on our behalf in Llangollen giving a total of 15 shops. Excluding the new shops and gift aid income the underlying performance of the retail company declined in 2013 from the previous years.

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**TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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The new retail gift aid scheme enables the retail company to sell donated items on behalf of the donor. Money raised through these sales is transferred to the Hospice as a donation on which the charity can reclaim gift aid. Although the arrangement is tax efficient for the Hospice it detracts from the performance of the Trading Company. During 2013 the Hospice received £175,000 in income from retail activity which is not recorded in the Income and Expenditure Account of the trading company, which combined with the retail gift aid of £42,000 gives £217,000 additional income. Further details on the subsidiary companies trading activities are shown in note 3.

**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; and
- 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.

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

Investment income and growth in 2013 was £220,000 a substantial increase from the previous year reflecting the more active management of the equities portfolio.

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**TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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 of £270,000 was forecast for 2013. The income achieved was above expectations whilst the service was delivered within budget resulting in a surplus of £1,235,000 for the year before depreciation. A change in the method of calculating depreciation from reducing balance to straight line has had an impact particularly on the trading company reducing the net surplus for the year to £773,000.

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

**b. Principal risks and uncertainties**

In January 2013 the Board established a new Audit and Risk Committee to undertake a strategic risk review and to oversee risk mitigation measures. The Committee examined the major risks that the organisation faces and has developed systems to monitor and control the risks identified and mitigate any impact that they may have on the organisation's future.

The major challenge for the foreseeable future is raising sufficient revenue to support the continued work of the hospice. 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 increased competition for funds and a continued problematic economic climate which is affecting the income from voluntary donations. The NHS reforms and the forthcoming new funding system for palliative care will also present a significant challenge in terms of our ability to continue to attract statutory funding.

We entered the year with huge uncertainty over the continuation of funding from statutory bodies due to the reorganisation of the National Health Service in England. In the event income received from the statutory sector in England (Department of Health and Clinical Commissioning Groups) exceeded the previous year due to a capital grant from the Department of Health towards the construction of a new family suite at Hope House.

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 and our relationship with commissioners gives us confidence that funding from CCGs will continue in 2014.

In Wales the situation is a little more certain with the Welsh Government confirming the current level of funding through the central grant for 2014 and no indication that the level of funding by Local Health Boards will change in the coming year.

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 regularly reviewed by Trustees.

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**TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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:

- Cover provision of care, fundraising and administration for a full operational year. In the coming twelve months this sum equates to £5.3 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 £12 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 £5.9million which is slightly ahead of the stated policy.

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.

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**TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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.

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 to 15,000 players by 2016.
- To open a minimum of two new shops each year.
- To investigate new income generated trading opportunities.

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**TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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).

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.

**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 was approved by the Trustees on 7 May 2014 and signed on their behalf by: **BARBARA EVANS**

Trustee *Barbara Evans*

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

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We have audited the financial statements of Hope House Childrens Hospices for the year ended 31 December 2013 set out on pages 16 to 38. 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).

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 2013 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 (incorporating the Strategic Review) for the financial year for which the financial statements are prepared is consistent with the financial statements.



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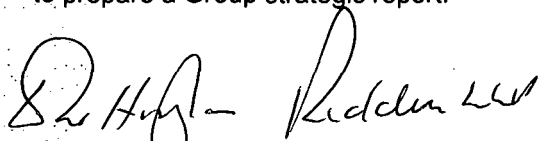
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOPE HOUSE CHILDRENS HOSPICES**

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**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 from 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; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Group strategic report.



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

Date:

11 June 2014

**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 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	4,735,619	-	4,735,619	3,492,960
Activities for generating funds	3	1,756,308	-	1,756,308	2,024,869
Investment income	4	93,801	-	93,801	73,045
Incoming resources from charitable activities	5	-	1,006,006	1,006,006	879,402
<b>TOTAL INCOMING RESOURCES</b>		<b>6,585,728</b>	<b>1,006,006</b>	<b>7,591,734</b>	<b>6,470,276</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds:					
Costs of generating voluntary income	6	735,151	-	735,151	725,946
Fundraising expenses and other costs	3	1,433,497	-	1,433,497	1,322,502
Charitable activities		3,725,410	1,006,006	4,731,416	4,392,616
Governance costs	8	45,153	-	45,153	39,230
<b>TOTAL RESOURCES EXPENDED</b>	<b>11</b>	<b>5,939,211</b>	<b>1,006,006</b>	<b>6,945,217</b>	<b>6,480,295</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE INVESTMENT ASSET DISPOSALS</b>		<b>646,517</b>	<b>-</b>	<b>646,517</b>	<b>(10,019)</b>
Gains and losses on revaluation of investment assets	16	126,454	-	126,454	77,762
<b>NET INCOMING RESOURCES FOR THE YEAR</b>		<b>772,971</b>	<b>-</b>	<b>772,971</b>	<b>67,743</b>
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>772,971</b>	<b>-</b>	<b>772,971</b>	<b>67,743</b>
<i>Total funds at 1 January 2013</i>		<i>11,248,870</i>	<i>-</i>	<i>11,248,870</i>	<i>11,181,127</i>
<b>TOTAL FUNDS AT 31 DECEMBER 2013</b>		<b>12,021,841</b>	<b>-</b>	<b>12,021,841</b>	<b>11,248,870</b>

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 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 2013**

	Note	£	2013	£	2012	£
<b>FIXED ASSETS</b>						
Tangible assets	15		6,107,902		6,232,342	
Investments	16		4,935,772		4,477,181	
			<u>11,043,674</u>		<u>10,709,523</u>	
<b>CURRENT ASSETS</b>						
Stocks	17	17,536		43,155		
Debtors	18	87,797		98,984		
Cash at bank and in hand		1,146,960		703,297		
		<u>1,252,293</u>		<u>845,436</u>		
<b>CREDITORS:</b> amounts falling due within one year	19	(274,126)		(306,089)		
<b>NET CURRENT ASSETS</b>			<u>978,167</u>		<u>539,347</u>	
<b>NET ASSETS</b>			<u>12,021,841</u>		<u>11,248,870</u>	
<b>CHARITY FUNDS</b>						
Unrestricted funds	20		<u>12,021,841</u>		<u>11,248,870</u>	
<b>TOTAL FUNDS</b>			<u>12,021,841</u>		<u>11,248,870</u>	

The financial statements were approved by the Trustees on 7 May 2014 and signed on their behalf, by:

*BARBARA EVANS*

Trustee *Barbara Evans*

The notes on pages 20 to 38 form part of these financial statements.

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

**CHARITY BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	£	2013 £	£	2012 £	£
<b>FIXED ASSETS</b>						
Tangible assets	15		5,932,534		5,988,933	
Investments	16		4,935,776		4,477,185	
			<u>10,868,310</u>		<u>10,466,118</u>	
<b>CURRENT ASSETS</b>						
Debtors	18	611,826		750,303		
Cash at bank and in hand		721,767		209,509		
		<u>1,333,593</u>		<u>959,812</u>		
<b>CREDITORS:</b> amounts falling due within one year	19	(160,966)		(196,924)		
<b>NET CURRENT ASSETS</b>			<u>1,172,627</u>		<u>762,888</u>	
<b>NET ASSETS</b>			<u><u>12,040,937</u></u>		<u><u>11,229,006</u></u>	
<b>CHARITY FUNDS</b>						
Unrestricted funds	20		<u>12,040,937</u>		<u>11,229,006</u>	
<b>TOTAL FUNDS</b>			<u><u>12,040,937</u></u>		<u><u>11,229,006</u></u>	

The financial statements were approved by the Trustees on 7 May 2014 and signed on their behalf, by:

*BARBARA EVANS*

Trustee *Barbara Evans*

The notes on pages 20 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 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	22	1,015,105	567,803
Returns on investments and servicing of finance	23	93,801	73,045
Capital expenditure and financial investment	23	(665,243)	(699,230)
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>443,663</b>	<b>(58,382)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £	2012 £
Increase/(Decrease) in cash in the year	443,663	(58,382)
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>443,663</b>	<b>(58,382)</b>
Net funds at 1 January 2013	703,297	761,679
<b>NET FUNDS AT 31 DECEMBER 2013</b>	<b>1,146,960</b>	<b>703,297</b>

The notes on pages 20 to 38 form part of these financial statements.

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**HOPE HOUSE CHILDRENS HOSPICES**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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 Charity 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 Charity alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

**1.2 Company 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.

**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 Charity 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 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.

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**HOPE HOUSE CHILDRENS HOSPICES**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Incoming resources**

All incoming resources are included in the Statement of financial activities when the Charity has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the Charity 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 Charity and 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.

**1.6 Basis of consolidation**

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

The Charity 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 Charity was £646,261 surplus (2012 - £67,746 surplus).

**1.7 Turnover**

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

**1.8 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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**HOPE HOUSE CHILDRENS HOSPICES**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**1. ACCOUNTING POLICIES (continued)**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those 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	- 4 - 10 years straight line
Motor vehicles	- 5 - 10 years straight line

**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 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.

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 Pension 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 2013**

**2. VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Donations	2,125,756	-	2,125,756	1,965,412
Legacies	2,494,200	-	2,494,200	1,455,146
Tax recovered - Gift Aid	83,446	-	83,446	58,193
Other income	32,217	-	32,217	14,209
	<u>4,735,619</u>	<u>-</u>	<u>4,735,619</u>	<u>3,492,960</u>

**3. TRADING ACTIVITIES**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>Charity trading income</b>				
Hope House (Trading) Ltd - Turnover	1,277,871	-	1,277,871	1,585,409
Hope House (Lottery) Ltd - Turnover	478,437	-	478,437	439,460
	<u>1,756,308</u>	<u>-</u>	<u>1,756,308</u>	<u>2,024,869</u>
<b>Charity trading expenses</b>				
Hope House (Trading) Limited - expenses	1,268,393	-	1,268,393	1,176,271
Hope House (Lottery) Limited - expenses	165,104	-	165,104	146,231
	<u>1,433,497</u>	<u>-</u>	<u>1,433,497</u>	<u>1,322,502</u>
Net income from trading activities	<u>322,811</u>	<u>-</u>	<u>322,811</u>	<u>702,367</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Investment income	43,525	-	43,525	32,771
Interest on bank deposits - subsidiaries	216	-	216	245
Interest on bank deposits	50,060	-	50,060	40,029
	<u>93,801</u>	<u>-</u>	<u>93,801</u>	<u>73,045</u>

**HOPE HOUSE CHILDRENS HOSPICES**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Income from statutory bodies	-	1,006,006	1,006,006	879,402

**Income from statutory bodies analysed as:**

	Unrestricted £	Restricted £	2013 £	2012 £
English PCT Grants	-	311,980	311,980	322,980
Department of Health Hospice Initiative	-	299,752	299,752	299,752
Welsh LHB grants	-	50,072	50,072	50,635
Welsh Health Authority grant towards pensions	-	32,809	32,809	28,035
Welsh Assembly Grant	-	134,063	134,063	178,000
English Health Authority grant towards pensions	-	31,992	31,992	-
Family Suite Grant	-	145,338	145,338	-
Total	-	1,006,006	1,006,006	879,402

**HOPE HOUSE CHILDRENS HOSPICES**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**6. COSTS OF GENERATING VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Promotional materials	25,171	-	25,171	27,724
Printing, postage and stationary	45,141	-	45,141	38,412
Event expenses	66,133	-	66,133	76,578
Donor details purchased from HHL	55,572	-	55,572	51,260
Insurance	4,769	-	4,769	3,937
Water charges	352	-	352	248
Light and heat	2,879	-	2,879	2,115
Repairs and maintenance	11,895	-	11,895	13,635
Telephone	8,730	-	8,730	8,966
Vehicle running expenses	15,006	-	15,006	14,557
Vehicle lease charges	26,928	-	26,928	29,363
Travelling expenses	7,121	-	7,121	5,101
Training and conferences	1,414	-	1,414	4,251
General expenses	8,110	-	8,110	5,700
Friends' groups' expenses	235	-	235	58
Recruitment	2,993	-	2,993	1,276
Legal expenses	-	-	-	33,233
Voluntary income staff costs	452,702	-	452,702	409,532
	<u>735,151</u>	<u>-</u>	<u>735,151</u>	<u>725,946</u>

**7. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Care costs	3,721,487	1,006,006	4,727,493	4,388,922
Hospice Administration - Direct costs	3,923	-	3,923	3,694
	<u>3,725,410</u>	<u>1,006,006</u>	<u>4,731,416</u>	<u>4,392,616</u>

**HOPE HOUSE CHILDRENS HOSPICES**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**7. EXPENDITURE BY CHARITABLE ACTIVITY (continued)**

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Care costs	3,804,525	326,611	596,357	4,727,493	4,388,922
Hospice Administration -					
Direct costs	-	-	3,923	3,923	3,694
	<u>3,804,525</u>	<u>326,611</u>	<u>600,280</u>	<u>4,731,416</u>	<u>4,392,616</u>

**8. GOVERNANCE COSTS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Audit fees - audit services	8,280	-	8,280	8,160
Previous auditors fee	-	-	-	(2,616)
Trustees' indemnity insurance	784	-	784	784
Finance and legal fees	11,348	-	11,348	9,241
Overhead expenses	875	-	875	609
Officers' costs - apportionment	23,866	-	23,866	23,052
	<u>45,153</u>	<u>-</u>	<u>45,153</u>	<u>39,230</u>

**HOPE HOUSE CHILDRENS HOSPICES**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**9. DIRECT COSTS**

	Care costs £	Hospice Admin £	Total 2013 £	Total 2012 £
Repairs and maintenance	75,180	-	75,180	57,647
Heat and light	79,299	-	79,299	63,446
Water charges	8,851	-	8,851	8,948
Printing, postage & stationery	29,788	-	29,788	27,553
Housekeeping	19,186	-	19,186	18,343
Insurance	11,198	-	11,198	8,101
Telephone	9,149	-	9,149	9,341
Food and catering	47,436	-	47,436	43,983
Motor expenses	31,191	-	31,191	28,321
Vehicle lease charges	31,740	-	31,740	37,613
Travelling expenses	34,879	-	34,879	25,358
Training and conferences	51,336	-	51,336	49,253
Recruitment	12,941	3,923	16,864	14,537
General expenses	56,547	-	56,547	55,870
Nursing consumables	24,438	-	24,438	23,504
Investment management fees	15,161	-	15,161	-
Wages and salaries	2,733,361	-	2,733,361	2,683,842
National insurance	320,912	-	320,912	310,088
Pension cost	436,728	-	436,728	277,801
Depreciation	326,611	-	326,611	307,400
	<u>4,355,932</u>	<u>3,923</u>	<u>4,359,855</u>	<u>4,050,949</u>

**10. SUPPORT COSTS**

	Hospice Admin £	Total 2013 £	Total 2012 £
Printing, postage and stationery	11,992	11,992	6,532
Telephone	4,182	4,182	3,944
Repairs and maintenance	6,187	6,187	5,918
General expenses	21,722	21,722	14,323
Vehicle running expenses	2,514	2,514	4,222
Vehicle lease charges	9,218	9,218	13,845
Travelling expenses	-	-	3,923
Training and conferences	2,222	2,222	914
Wages and salaries	313,524	313,524	288,047
	<u>371,561</u>	<u>371,561</u>	<u>341,668</u>

**HOPE HOUSE CHILDRENS HOSPICES**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Costs of generating voluntary income	452,702	-	282,449	735,151	725,946
Fundraising expenses	615,420	-	818,077	1,433,497	1,322,502
<b>Costs of generating funds</b>	<b>1,068,122</b>	<b>-</b>	<b>1,100,526</b>	<b>2,168,648</b>	<b>2,048,448</b>
Income from statutory bodies	3,804,525	326,611	596,357	4,727,493	4,388,922
Donations	-	-	3,923	3,923	3,694
<b>Charitable activities</b>	<b>3,804,525</b>	<b>326,611</b>	<b>600,280</b>	<b>4,731,416</b>	<b>4,392,616</b>
<b>Governance</b>	<b>23,866</b>	<b>-</b>	<b>21,287</b>	<b>45,153</b>	<b>39,230</b>
	<b>4,896,513</b>	<b>326,611</b>	<b>1,722,093</b>	<b>6,945,217</b>	<b>6,480,294</b>

**12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £	Total 2012 £
Care costs	4,355,932	371,561	4,727,493	4,388,922
Hospice Administration - Direct costs	3,923	-	3,923	3,694
<b>Total</b>	<b>4,359,855</b>	<b>371,561</b>	<b>4,731,416</b>	<b>4,392,616</b>

**HOPE HOUSE CHILDRENS HOSPICES**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**13. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets: - owned by the charitable group	326,611	307,401
Auditors' remuneration	8,280	8,160
	<u>334,891</u>	<u>315,561</u>

During the year, no Trustees received any remuneration (2012 - £NIL).

During the year, no Trustees received any benefits in kind (2012 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2012 - £NIL).

**14. STAFF COSTS**

Staff costs were as follows:

	2013 £	2012 £
Wages and salaries	4,138,873	3,973,153
Social security costs	320,912	310,088
Other pension costs	436,728	277,801
	<u>4,896,513</u>	<u>4,561,042</u>

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

	2013 No.	2012 No.
Hospice services	132	129
Fundraising and publicity	21	19
Support	12	11
Employed by non- charitable trading subsidiaries	33	32
	<u>198</u>	<u>191</u>

The number of higher paid employees was:

	2013 No.	2012 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 2013**

**15. TANGIBLE FIXED ASSETS**

	Freehold property £	Commercial Property £	Plant and machinery £	Motor vehicles £
<b>Group</b>				
<b>Cost</b>				
At 1 January 2013	6,397,247	523,206	2,215,423	108,337
Additions	167,904	-	169,405	-
At 31 December 2013	6,565,151	523,206	2,384,828	108,337
<b>Depreciation</b>				
At 1 January 2013	1,421,293	-	1,523,291	67,287
Charge for the year	145,361	-	305,021	11,367
At 31 December 2013	1,566,654	-	1,828,312	78,654
<b>Net book value</b>				
At 31 December 2013	4,998,497	523,206	556,516	29,683
At 31 December 2012	4,975,954	523,206	692,132	41,050
<b>Group</b>				<b>Total £</b>
<b>Cost</b>				
At 1 January 2013				9,244,213
Additions				337,309
At 31 December 2013				9,581,522
<b>Depreciation</b>				
At 1 January 2013				3,011,871
Charge for the year				461,749
At 31 December 2013				3,473,620
<b>Net book value</b>				
At 31 December 2013				6,107,902
At 31 December 2012				6,232,342

Included in freehold property is freehold land at valuation of £608,106 (2012 - £608,106), (cost £608,106 (2012 - £608,106)) which is not depreciated.



**HOPE HOUSE CHILDRENS HOSPICES**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**15. TANGIBLE FIXED ASSETS (continued)**

Charity Cost	Freehold property £	Commercial Property £	Plant and machinery £	Motor vehicles £	Total £
At 1 January 2013	6,397,247	523,206	1,638,049	108,337	8,666,839
Additions	167,904	-	102,308	-	270,212
At 31 December 2013	6,565,151	523,206	1,740,357	108,337	8,937,051
<b>Depreciation</b>					
At 1 January 2013	1,421,293	-	1,189,326	67,287	2,677,906
Charge for the year	145,361	-	169,883	11,367	326,611
At 31 December 2013	1,566,654	-	1,359,209	78,654	3,004,517
<b>Net book value</b>					
At 31 December 2013	4,998,497	523,206	381,148	29,683	5,932,534
At 31 December 2012	4,975,954	523,206	448,723	41,050	5,988,933

Included in freehold property is freehold land at valuation of £608,106 (2012 - £608,106), (cost £608,106 (2012 - £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.

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.

**16. FIXED ASSET INVESTMENTS**

Group	Listed securities £	Other investments £	Cash and settlements pending £	Total £
<b>Market value</b>				
At 1 January 2013	1,569,108	2,890,255	17,818	4,477,181
Additions	473,015	1,700,000	10,276	2,183,291
Disposals	(450,728)	(1,400,426)	-	(1,851,154)
Revaluations	116,283	10,171	-	126,454
At 31 December 2013	1,707,678	3,200,000	28,094	4,935,772

**HOPE HOUSE CHILDRENS HOSPICES**  
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**16. FIXED ASSET INVESTMENTS (continued)**

**Group investments at market value comprise:**

	UK £	Overseas £	2013 £	2012 £
Listed investments	1,072,263	635,415	1,707,678	1,977,183
Other fixed asset investments	3,200,000	-	3,200,000	2,500,000
Investment cash & settlements pending	28,094	-	28,094	-
<b>Total market value</b>	<b>4,300,357</b>	<b>635,415</b>	<b>4,935,772</b>	<b>4,477,183</b>

**Group material investments**

	31 December 2013 £	31 December 2012 £
HSBC Money market (Other investments)	2,200,000	1,000,000
	<b>2,200,000</b>	<b>1,000,000</b>

	Listed securities £	Other investments £	Cash and settlements pending £	Sub total carried forward £
<b>Charity</b>				
<b>Market value</b>				
At 1 January 2013	1,569,108	2,890,255	17,818	4,477,181
Additions	473,015	1,700,000	10,276	2,183,291
Disposals	(450,728)	(1,400,426)	-	(1,851,154)
Revaluations	116,283	10,171	-	126,454
<b>At 31 December 2013</b>	<b>1,707,678</b>	<b>3,200,000</b>	<b>28,094</b>	<b>4,935,772</b>

	Sub total brought forward £	Shares in group undertakings £	Total £
<b>Charity</b>			
<b>Market value</b>			
At 1 January 2013	4,477,181	4	4,477,185
Additions	2,183,291	-	2,183,291
Disposals	(1,851,154)	-	(1,851,154)
Revaluations	126,454	-	126,454
<b>At 31 December 2013</b>	<b>4,935,772</b>	<b>4</b>	<b>4,935,776</b>

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**16. FIXED ASSET INVESTMENTS (continued)**

Charity investments at market value comprise:

	UK £	Overseas £	2013 £	2012 £
Listed investments	1,072,263	635,415	1,707,678	1,977,183
Other fixed asset investments	3,200,000	-	3,200,000	2,500,000
Investment cash & settlements pending	28,094	-	28,094	-
Group	4	-	4	4
<b>Total</b>	<b>4,300,361</b>	<b>635,415</b>	<b>4,935,776</b>	<b>4,477,187</b>

Charity material investments

	2013 £	2012 £
HSBC Money market (Other investments)	2,200,000	1,000,000
	<b>2,200,000</b>	<b>1,000,000</b>

**17. STOCKS**

	2013 £	2012 £
Finished goods and goods for resale	17,536	43,155

**18. DEBTORS**

	2013 £	Group 2012 £	2013 £	Charity 2012 £
Amounts owed by group undertakings	-	-	572,857	701,902
Other debtors	-	1,235	-	-
Prepayments and accrued income	87,797	97,749	38,969	48,401
	<b>87,797</b>	<b>98,984</b>	<b>611,826</b>	<b>750,303</b>

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**19. CREDITORS:**  
Amounts falling due within one year

	<b>Group</b>		<b>Charity</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	92,667	79,029	67,947	40,201
Amounts owed to group undertakings	-	-	-	50,551
Other taxation and social security	89,903	85,724	89,127	85,724
Accruals and deferred income	91,556	141,336	3,892	20,448
	<u>274,126</u>	<u>306,089</u>	<u>160,966</u>	<u>196,924</u>

**20. STATEMENT OF FUNDS**

	<b>Brought Forward</b>	<b>Incoming resources</b>	<b>Resources Expended</b>	<b>Transfers in/out</b>	<b>Gains/ (Losses)</b>	<b>Carried Forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Designated funds</b>						
Designated workforce management fund	250,000	-	-	-	-	250,000
Designated palliative care projects fund	440,000	-	-	35,000	-	475,000
	<u>690,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>725,000</u>
<b>General funds</b>						
General Funds - all funds	10,539,009	6,585,728	(5,939,211)	(35,000)	126,454	11,276,980
Reserves	19,861	-	-	-	-	19,861
	<u>10,558,870</u>	<u>6,585,728</u>	<u>(5,939,211)</u>	<u>(35,000)</u>	<u>126,454</u>	<u>11,296,841</u>
Total Unrestricted funds	<u>11,248,870</u>	<u>6,585,728</u>	<u>(5,939,211)</u>	<u>-</u>	<u>126,454</u>	<u>12,021,841</u>
<b>Restricted funds</b>						
Restricted Funds - all funds	-	1,006,006	(1,006,006)	-	-	-
Total of funds	<u>11,248,870</u>	<u>7,591,734</u>	<u>(6,945,217)</u>	<u>-</u>	<u>126,454</u>	<u>12,021,841</u>

**HOPE HOUSE CHILDRENS HOSPICES**  
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**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 precedings year's charitable expenditure from which funds can be designated to specific palliative care projects.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	690,000	-	-	35,000	-	725,000
General funds	10,558,870	6,585,728	(5,939,211)	(35,000)	126,454	11,296,841
	<u>11,248,870</u>	<u>6,585,728</u>	<u>(5,939,211)</u>	<u>-</u>	<u>126,454</u>	<u>12,021,841</u>
Restricted funds	-	1,006,006	(1,006,006)	-	-	-
	<u>11,248,870</u>	<u>7,591,734</u>	<u>(6,945,217)</u>	<u>-</u>	<u>126,454</u>	<u>12,021,841</u>

**21. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	6,107,902	-	6,107,902	6,232,342
Fixed asset investments	4,935,772	-	4,935,772	4,477,183
Current assets	1,252,293	-	1,252,293	845,436
Creditors due within one year	(274,126)	-	(274,126)	(306,091)
	<u>12,021,841</u>	<u>-</u>	<u>12,021,841</u>	<u>11,248,870</u>

**HOPE HOUSE CHILDRENS HOSPICES**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. NET CASH FLOW FROM OPERATING ACTIVITIES**

	Continuing £	Discontinued £	2013 Total £	2012 £
Net incoming resources before revaluations	772,971	-	772,971	67,743
Returns on investments and servicing of finance	(93,801)	-	(93,801)	(73,045)
Gain on investment assets	(130,657)	-	(130,657)	(77,762)
Depreciation of tangible fixed assets	461,749	-	461,749	370,739
Decrease in stocks	25,619	-	25,619	879
Decrease in debtors	11,187	-	11,187	212,100
(Decrease)/increase in creditors	(31,963)	-	(31,963)	67,149
<b>Net cash inflow from operations</b>			<b>1,015,105</b>	<b>567,803</b>

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

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	93,801	73,045
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(337,309)	(499,230)
Purchase of unlisted and other investments	(1,700,000)	(1,800,000)
Sale of unlisted and other investments	1,372,066	1,600,000
<b>Net cash outflow capital expenditure</b>	<b>(665,243)</b>	<b>(699,230)</b>

**24. ANALYSIS OF CHANGES IN NET FUNDS**

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand:	703,297	443,663	-	1,146,960
<b>Net funds</b>	<b>703,297</b>	<b>443,663</b>	<b>-</b>	<b>1,146,960</b>

**HOPE HOUSE CHILDRENS HOSPICES**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**25. CAPITAL COMMITMENTS**

At 31 December 2013 the group and Charity had capital commitments as follows:

	<b>Group</b>		<b>Charity</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Contracted for but not provided in these financial statements	-	16,808	-	14,660

**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 £436,728 (2012 - £277,801).

**27. OPERATING LEASE COMMITMENTS**

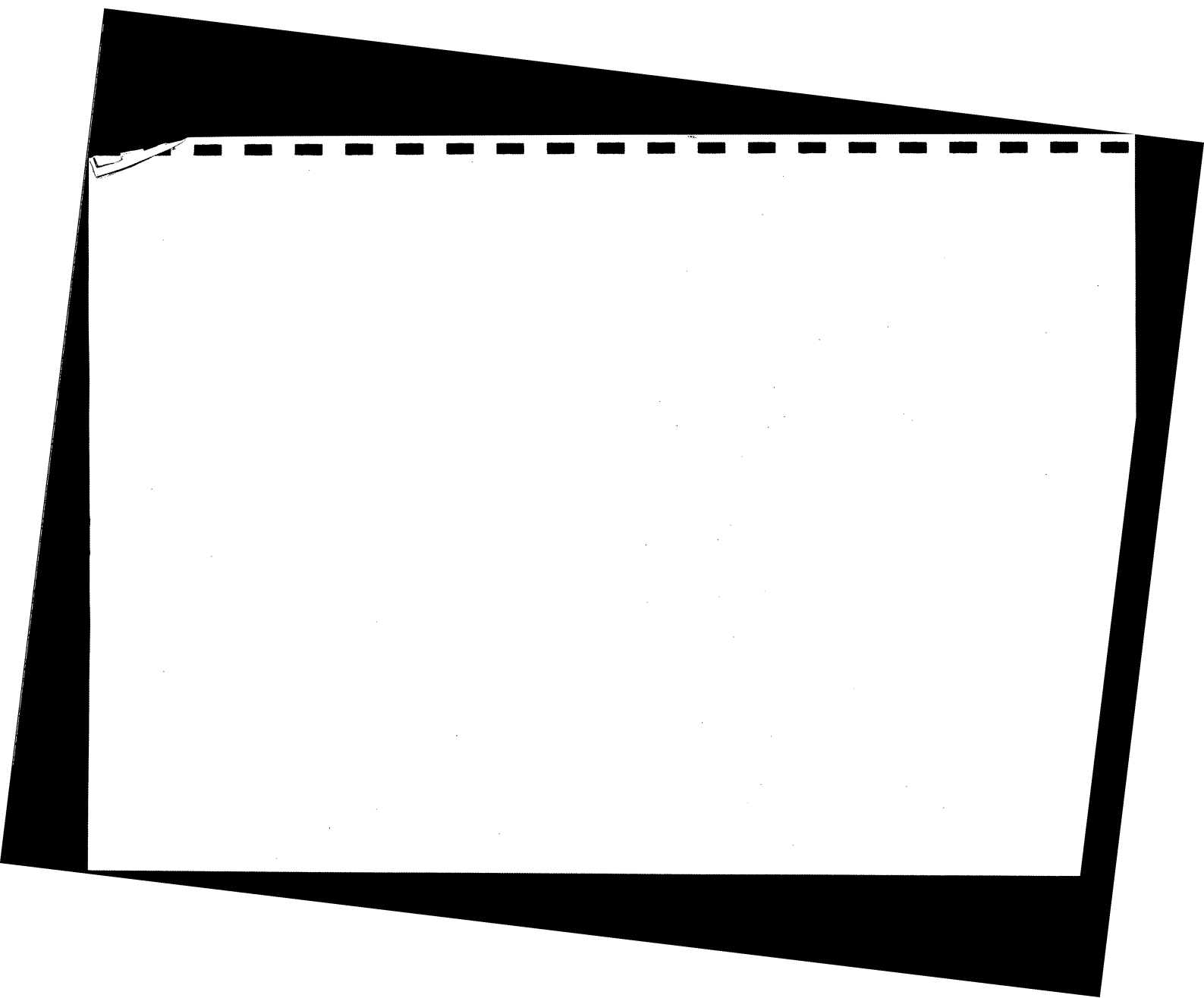
At 31 December 2013 the group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Group</b>				
<b>Expiry date:</b>				
Within 1 year	81,500	21,500	46,805	44
Between 2 and 5 years	94,750	93,750	35,855	54,229
After more than 5 years	105,500	153,500	-	-

At 31 December 2013 the Charity had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Charity</b>				
<b>Expiry date:</b>				
Within 1 year	-	-	34,797	26,736
Between 2 and 5 years	-	-	33,032	35,568

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**HOPE HOUSE CHILDRENS HOSPICES**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**28. RELATED PARTY TRANSACTIONS**

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.

During the year a policy was introduced to prohibit the Directors of Hope House (Lottery) Limited, Trustees of Hope House Children's Hospices, Senior Managers and employees directly involved in running the lottery, from taking part in the lottery going forward.

**29. PRINCIPAL SUBSIDIARIES**

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