

Charity Registration No. 1003859
Company Registration No. 2588103

HOPE HOUSE CHILDREN'S HOSPICES

TRUSTEE'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

hope house **tŷ gobaith**
children's hospices



HOPE HOUSE CHILDREN'S HOSPICES
(A company limited by guarantee)

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LETTER FROM THE CHAIR OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

In 2019, having earlier established the Mission for the organisation, the Board set the organisational wide strategic direction for both Care and Fundraising.

Our Care Strategy sets out the priorities for Care and how that will be delivered over a number of years. Aligned with this, the goal of our Fundraising Strategy is to enable the organisation to achieve its ambitions sustainably long into the future.

To enable us to deliver our strategy we will invest in digital care management; quality, evidence based clinical care and outcomes; and the staff to deliver it. We will increase the capacity of our fundraising team, the reach of our lottery, raise awareness and develop new initiatives. We will also seek to expand our retail network. The CQC recently rated the service provided at Hope House as Good. I would like to quote just three points from many in the report which reflect the outstanding level of Care provided by our Team:

- Children, young people and their families were fully empowered by an exceptional and distinctive service;
- The service planned and provided exceptional care and excellent facilities;
- Staff treated children and young people and their families with exceptional kindness and compassion

I am extremely proud of the way our whole team not only engaged with the inspection process but welcomed it which is testament to the constant drive for exceptional performance across the organisation. 'Going the extra mile' is the norm, which is reflected in the positive feedback I often hear from children and their families.

As I write this introduction and look back at the superb performance in 2019, I do so in the midst of a crisis that has impacted on all of our lives in ways we could not have envisaged a few months ago.

Our highest priority today is the safety of our staff and the children we support. We have and are continuing to respond rapidly to the COVID-19 outbreak by providing Care where it is needed most, and I am incredibly proud of the work our teams at Hope House and Ty Gobaith are doing to support this.

We have activated strategies to protect staff, children and their families and maintain business continuity. We have been able to sustain many of our operations in very difficult circumstances by working differently, maintaining a safe workplace environment; partnering with local and national organisations and collaborating with others.

As we face this crisis together, we will remain focused on the well-being of all of our staff and the safety of our children, young people and their families.

The long term strategic objectives set in December are as valid today as they were before this crisis broke. Our vision, our purpose and our ambitions haven't changed. We may now have to do some things differently but that doesn't change the reasons why we are here and why we will continue to strive to achieve the greatest impact for children, young people and their families long into the future.

Thank you to all of our supporters for their continued generosity.

Steve Henly
Chair of Trustees

17th June 2020

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2019

Trustees

Appointed Officers of the Board

Stephen R Henly	Chair	Company Managing Director
Barbara J Evans	Vice Chair	Retired Local Government Officer
Philip R Inch	Treasurer	Retired Financial Director

Members of the Board

Janette Welch	Retired Company Director
Christopher C Hudson	Retired HR Professional
Dr Jean B Watt	Retired Consultant Paediatrician
Meinir A Wigley	Marketing Executive
Dr David Sharp	General Practitioner
Claire E Williams	Charity Administrator (Resigned 4 th February 2019)
Jacquelyn A Hughes	NHS Business Manager (Resigned 18 th September 2019)
Russell Pentz	Retired IT Professional (Resigned 18 th September 2019)
David Gwyn Bartley	Retired Solicitor (Resigned 4 th December 2019)

Independent Directors of Hope House (Trading) Limited

Andrew Goldsmith	
Dave Plume	(Resigned 30 th April 2019)
Andrew Fergus	(Appointed 30 th April 2019)

Independent Directors of Hope House (Lottery) Limited

Philip R Inch	Retired Financial Director
Janette Welch	Retired Company Director
Stephen R Henly	Company Managing Director (Appointed 18 th February 2019)
Christopher C Hudson	Retired HR Professional (Resigned 18 th February 2019)
David Gwyn Bartley	Retired Solicitor (Resigned 4 th December 2019)

Company registered number

2588103

Charity registered number

1003859

Registered office

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

Company secretary

Andrew Goldsmith

Chief executive officer

Andrew Goldsmith

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2019

Administrative details (continued)

Senior management team

Simi Epstein	Director of Fundraising and Marketing
Karen Wright	Director of Care
Dave Plume	Director of Finance and Operations (Resigned 30 th April 2019)
Anne Edge	Director of HR and Volunteering (Resigned 31 st August 2019)
Andrew Fergus	Commercial Director (Appointed 1 st March 2019)

Independent auditors

McLintocks (NW) 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
Parmenion Capital Partners LLP, Aurora, Counterslip, Bristol BS1 6BX

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 2019

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 2019. 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 which were amended, and following Charity Commission approval, adopted in March 2018.

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 from members of the association 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 trustees for the time being, or if the number is not a multiple of three then the nearest to one third, shall retire from office. Trustees may offer themselves for re-election. The trustees to retire shall be those who have been longest in office since their last election or appointment.

The Association has considered and determined not to set a maximum number of terms of office that a trustee may serve. On balance as it is felt that the interests of the charity are best served by continuity and stability of the Board, retaining the skills and expertise gained by trustees over their terms in office and limited by the small number of people coming forward to undertake the role. Trustees are subject to an annual review and the Board progressively refreshes the Board with the appointment of new trustees as Board members retire or where additional skills and experience is required. The decision on terms of office is reviewed regularly.

A formal policy sets out selection, recruitment and appointment of trustees and this was amended in December 2018 following the enactment of the Charities (Protection and Social Investment) Act 2016 to ensure trustees are Fit and Proper Persons to act in that capacity. The power of appointment rests with the Members of Association at an Annual General Meeting on the recommendation of the Human Resources and Remuneration Committee. The trustees have no pecuniary interest in the company and give their services voluntarily. They receive no financial benefits from the charity but may claim expenses.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

(b) Method of appointment or election of trustees (continued)

At the Annual General Meeting on the 18th September 2019 Steve Henly, Dr Jean Watt and Chris Hudson were re-elected, having retired by rotation, to the Board of Hope House Children's Hospices.

The 2020 AGM will be held at Hope House on Wednesday 16th September 2020.

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

All new trustees receive an induction, during which training is undertaken on good governance and the roles and responsibilities of trustees. Trustees also have access to on-line training and in March 2019 a Board Development Plan was agreed and in early 2020 a two-year trustee training plan approved. Trustees undertake an annual appraisal with the Chair of Trustees, and this helps to identify areas of interest and development.

d) Organisational structure and decision making

The charity is governed by its Memorandum and Articles of Association which vest the management of the company in the Board of Directors appointed by the Members of the Association at the Annual General Meeting.

The specialist committee structure adopted by the Board continues to provide an efficient mechanism for discharging the Board's corporate governance responsibilities. The committees in place during 2019 were:

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

In addition, there are subsidiary Boards of Hope House (Trading) Ltd and Hope House (Lottery) Ltd on which the charity is represented.

The day to day operation and management of the company is vested in the Chief Executive Officer and Senior Management Team (SMT). The Chair and Vice-Chair meet regularly with the Chief Executive and SMT.

The charity is committed to good governance and has in place policies and codes of practice to help guide, inform and regulate its governance. In 2018, the Board completed an independent governance review against the 2017 Charity Governance Code. The review found that overall, the charity's governance arrangements are robust, and the charity is meeting a considerable number of the standards. In September 2018, an action plan was agreed and implemented, addressing areas for improvement.

(e) Risk management

The trustees have assessed the major risks to which the charity is exposed. A risk register has been established and is reviewed annually. Board reassurance is provided by the Audit and Risk Committee which considers the highest strategic risks annually with continuous monitoring. Systems or procedures have been established to mitigate the risks the charity faces. In October 2019, the Audit and Risk Committee reviewed the strategic risks facing Hope House Children's Hospices and their potential impact on the charity's ability to achieve its charitable purpose. Thirty-seven risks were assessed and rated according to the agreed risk rating model. Of these risks 2 were rated at Critical and 4 were rated as High.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

(e) Risk management (continued)

In December 2019, the Board considered the Critical and High risks and the plan to manage and mitigate them.

Risk	Additional risk mitigation/ management
Insufficient income	<ul style="list-style-type: none">• New fundraising strategy and staffing structure approved December 2019, building on the opportunities and learning over the last three years.• External review of retail operations completed and retail strategy under development• Policy on contracted care agreed and promoted to Local Authorities and Health Commissioners.• Legacy research undertaken in order to develop a legacy promotional strategy based on knowledge and best practice.
Shortage of clinical skills	<ul style="list-style-type: none">• Jointly appoint with NHS Wales a specialist paediatric palliative care consultant in North Wales.• Increase the hours of a GP employed at Hope House• Sign service level agreements with GP practices in Shropshire and North Wales.• Training programme for Nurses and HCSWs implemented• Nursing Associate posts approved at Hope House to be recruited in 2020• Nurses starting Nurse Prescribing qualification in January 2020
The charity lacks direction, strategy, and forward planning	<ul style="list-style-type: none">• Care strategy approved in December 2019• Fundraising strategy approved in December 2019• Refresh Purpose in 2020
Trustee body lacks relevant skills or commitment	<ul style="list-style-type: none">• Recruit four additional trustees through competency-based recruitment• The Board Development Plan was agreed in September 2019 and initial training priorities identified.
Significant reduction or loss of statutory sector funding	<ul style="list-style-type: none">• Increase and diversify fundraised income thus reducing our reliance on statutory funding.• Implement a new care management system to collect, collate and report activity for Commissioners and funders robustly and accurately.• Agree a transformation cost reduction plan to be implemented if funding ceases or is significantly reduced.• Continue dialogue with commissioners and other statutory service providers to identify opportunities for funding for current or additional services.
Supporter dissatisfaction / Reputational risks	<ul style="list-style-type: none">• Contracts in place with 3rd party fundraisers. Risk assessments undertaken for fundraising activities. Complaints investigated, recorded and reported. Fundraising plans approved by the Income and Investment Committee. Independent review on GDPR compliance• Undertake supporter satisfaction surveys/ feedback• Supporter engagement staff to be employed as part of the new fundraising strategy

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

Objectives and Activities

(a) Policies and objectives

The purpose and approach of the charity in 2019 were:

Our Purpose

As a charity committed to supporting children, young people and their families in Cheshire, Shropshire, North and Mid Wales, we're here to help them to be as comfortable, happy and fulfilled as they can by providing:

- Specialist nursing and palliative care at home, in the community and at Hope House and Tŷ Gobaith.
- Emotional and practical help to parents and other family members.
- We're also here to provide bereavement support and specialist counselling to any family after the death of their child - whether or not we've previously cared for them - and to children who've lost someone close to them suddenly or unexpectedly.

Our Approach

We always aim to:

- Put the needs of children and their family at the heart of everything we do
- Provide fair and equitable access to our services for everyone - regardless of their ethnicity, social or economic circumstances
- Deliver effective services as responsively as we can
- Raise sufficient funds and use them carefully to benefit the children and families we care for
- Value and recognise the contribution of all who work with us to improve the quality of life for children and their families - our employees, volunteers, supporters and partners
- Be open and transparent in our business and activities, while protecting the rights of children and families to privacy at all times.

In setting the purpose 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.

(b) Strategies for achieving objectives

Hope House Children's Hospices strives to be a centre of excellence for the palliative care of children, caring for babies, children, and young adults who are not expected to live beyond age 25 and providing support to families throughout the lifetime of the child and when bereaved.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

(b) Strategies for achieving objectives (continued)

The charity provides care and support to babies, children, young adults and their families in Cheshire, Shropshire, North and Mid Wales.

(c) Activities for achieving objectives

In 2019 we provided specialist nursing, care and support to life limited children and young adults and those living with a life-threatening condition. Our support extended to the whole family from diagnosis, throughout the lifetime of the child and beyond.

Services provided included respite care, emergency care and end of life care. Support was provided in one of our two hospices, in a community setting or the family's home. Additional services included physiotherapy and music therapy, sibling support, counselling and family support.

Bereavement support and specialist counselling was provided to any family after the death of their child - whether or not we had previously cared for them.

In order to fund the provision of care the charity received funding from statutory sources and raised funds by donations, by the sale of donated goods and by the operation of two wholly owned subsidiary trading companies, one that sold new goods for the benefit of the charity and the other that operated our lottery.

Volunteers

In addition to paid staff the charity was supported by 594 active volunteers. The trustees who are responsible for the charity undertake their duties on a voluntary basis. Many volunteers support fundraising activities and work in our charity shops, volunteering regularly and for many years. Care volunteers help within hospitality, counselling and direct care. Collectively in 2019 our volunteers provided 75,632 hours of volunteering worth equivalent of £854,585 in salary cost alone.

The charity is indebted for the unstinting efforts of its volunteers. The contribution made by our many dedicated volunteers and the considerable hours worked cannot be overstated; helping the charity have a much greater impact than could be achieved otherwise, through the governance of the charity, raising money, providing care and support to children and families, and by acting as ambassadors for the charity within their own communities and beyond.

Supporting employees

Hope House Children's Hospices is a Level 2 Disability Confident Employer registered with the Department of Work and Pensions. Disability Confident Employers are recognised as going the extra mile to make sure disabled people get a fair chance.

Full details can be found at <https://www.gov.uk/government/collections/disability-confident-campaign>.

In January 2020 Hope House Children's Hospice was subject to an unannounced inspection by the Care Quality Commission. In the inspection report the Inspector concluded "Leaders ran services well using reliable information systems and supported staff to develop their skills. Staff understood the service's vision and values, and how to apply them in their work. Staff felt respected, supported and valued."

Every year the charity publishes an annual gender pay gap report. Based on data from the 5th April 2019:-

- The mean gender pay gap for Hope House Children's Hospices is 4.85%
- The median gender pay gap for Hope House Children's Hospices is -5.57%

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

Supporting employees (continued)

Taken together the findings show that a gender pay gap as defined by the Equality Act does not exist at Hope House Children's Hospices.

The marginal difference between the median pay for men and women (in favour of women) arises from the roles in which men and women work within the organisation and the salaries that these roles attract. Hope House Children's Hospices is therefore confident that any marginal gender pay gap does not stem from paying men and women differently for the same or equivalent work.

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

Children and young people registered with Hope House Children's Hospices

Hope House Children's Hospices supports children and families' resident in Shropshire, Cheshire, North and Mid Wales. During the year 287 (2018: 280) children and young adults with life limiting and life-threatening conditions were registered with Hope House Children's Hospices.

52 new referrals were accepted (2018: 47). Between 2017 and 2019 referrals have increased by 13% as a result of actively promoting hospice services and working closely with local children's community nursing teams.

Most children were resident in the Betsi Cadwaladr LHB area (North Wales) followed by Shropshire PCT area. The comparison of residency of children over the last three years is shown below.

Number of children registered with Hope House Children's Hospices by area.

Area	2019	2018	2017
Shropshire	67	69	66
Telford and Wrekin	41	42	38
Cheshire	15	15	15
Betsi UHB	131	120	141
Powys THB	26	26	32
Other areas of England and Wales	7	8	8
Total	287	280	300

Sadly 23 children registered with the hospices died. 22% of deaths occurred at home with hospice support and 9% in the hospices. 10 children came to either Hope House or Tŷ Gobaith for care after death giving families time to say goodbye in their own way and in their own time.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) **FOR THE YEAR ENDED 31 DECEMBER 2019**

(b) Review of activities (continued)

In house hospice services

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

During 2019, 163 (2018: 174) children stayed at the hospices for a total of 2653 (2018: 2573) nights. Other children received support at home, in hospital or in a community setting. Each child is allocated a standard 12 nights planned respite. Some families do not take their full allocation and other children stay at the hospices much longer or more regularly for symptom control and crisis care.

The number of children staying at the hospices for planned respite has reduced over the last 3 years due to families accessing packages of support at home, and the charity prioritising crisis and end of life care over planned respite. Families also report challenges with schools not authorising absence and we have worked with schools to overcome this barrier.

During 2019 we employed a Medical Officer at Hope House to work with our experienced Clinical Nurse Specialist and external agencies including NHS Paediatric Consultants and Severn Hospice to develop symptom control within Hope House, with an overall aim to improve the children/young people's quality of life. Over the past 12 months 17 children and young people have accessed this bespoke service.

Feedback from the children, young people, their families and external professionals has demonstrated what a positive and life changing impact this service has had for them. One young man spoke at a Clinical Governance Committee meeting and shared his story of being bed ridden due to severe pain. He said 'I was just lying there, rotting away, waiting to die' he now feels he has a second chance at life, can sit in his wheelchair for several hours enabling him to visit places he never thought he would see again. Other feedback includes a mum stating her daughter is 'doing great, back at school and that I have never seen her as good, no eye flicking no dystonia no crying'.

Community Services

Our community service consists of counselling, sibling support, homecare, social work, transition and neonatal support. During 2019 we provide 14,058 hours of support to 738 people.

In March 2019 we implemented a significant change to our criteria to access bereavement support counselling, no longer providing counselling following the death of an adult. There was a phased implementation of the change, and during the year we saw a slow reduction in the counselling case load from 384 cases in 2018 to 340 in 2019.

Our homecare team provides nursing care at home and in community settings to children with a life limiting or life-threatening condition. Homecare is prioritised for end of life care, symptom control and crisis support, working closely with HNS community nursing teams. Both homecare teams have been significantly affected by nursing vacancies during 2019, resulting in homecare nurses working in-house to maintain safe staffing levels. The new Care Strategy sets out plans to address this.

The introduction of the North Wales end of life out of hours partnership has been a tremendous success. During 2019, 5 children and their families from North Wales were supported with end of life care within their chosen location; this may be home, hospice or hospital.

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(b) Review of activities (continued)

Our outreach services also included psychosocial support, such as support for the brothers and sisters of children living with a life-threatening condition. As a result of changes to the counselling service in March 2019, sibling support workers no longer support bereaved children referred from the community and this reduction is evident in the number of bereaved siblings supported by the sibling support service. During 2019 our sibling support team actively supported 172 (2018: 220) siblings of children with life threatening conditions.

Monitoring Impact

Service users, families and carers offer a unique voice to service development, identifying required improvements and inefficiencies first-hand as experts by experience. Their first-hand experience of care provides a different viewpoint on where quality could and should be improved in terms of care needs, quality of life and wellbeing. Engagement and involvement of service users, families and carers in quality improvement projects is a marker of effective improvement and an antecedent to high quality care.

There is an established commitment to the engagement and involvement of service users, families and carers at Board level. Moreover, to ensure that best practice is developed and maintained, evidence suggests that there needs to be a continued focus on patient experience.

During the year investment was made at both hospices in response to direct service user feedback. Projects included

- Automatic opening doors at Hope House
- New outside soft play patio, immersive room and separate lounge for bereaved families at Tŷ Gobaith

Service users were involved in the project design and implementation of both these projects. Following the installation of the automatic doors we received the following feedback from a young service user
"I just wanted to tell Jim (Maintenance officer) that the doors are amazing. I love being able to help open doors for other people."

Compliments

Children and families are actively encouraged to offer feedback and during the year the following compliments were provided:

Parents following a bereaved parent's group

"Talking to people on the same level as it's hard to talk to people that have not experienced what we have. ... (group facilitators) are brilliant and really made us feel relaxed & welcome every week. Also, the cup of tea and cakes!!"

"Meeting people who understand. I loved also the access to professional help. Providing an informal space to speak about real concerns that might otherwise be suppressed."

Parent of a service user

Mum stated that she considers Hope House to be the "gold standard" as the level of care and support that they have all received as a family has been invaluable. Mum described the holistic care and support they have received as a family and that she has a real sense of a mutual respect and consideration between all hospice staff and the family.

Parent following a first look around the hospice

"Thank you so much for today loved the place and people but thanks for making me feel not alone and a little more positive about leaving her looking forward to you getting to know my princess xx"

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b) Review of activities (continued)

Parent

"TD's mum has just collected him after a fabulous YAG weekend, and she cannot thank you enough. She has asked that I pass on that she is so grateful for the experiences TD has with us, and that you have been there for her, TD and his siblings above and beyond, and she doesn't know where she would be without you."

Adult sister of a former hospice user, who used to use the sibling support service as a child.

"I was telling yesterday saying you put a smile on my face thinking about the good times and the huge part you played in my life and for that I am grateful." She went on to say that she keeps in touch with other siblings who used the service and, "It shows those groups started many years ago have an impact on our lives."

Grandparent of a deceased child

'My thanks to all the staff who have worked and supported G over the years. And especially thank you for the support at this time when G was in your snowflake suite. It has all meant so much'.

Grandparent of a service user

'I can't begin to explain my heartfelt thanks for the support we have had as a family from Hope House - especially of course for my granddaughter P but also for her mum and sister- in fact, the whole family. As a grandparent the positive impact that my personal support from Hope House has had on my ability to support the rest of my family is profound. Our journey continues with P, but we are in a stronger position to cope with it all because of your support when it really mattered.'

Mum of a service user

'Just wanted to thank you properly for what sounds like an absolutely magnificent birthday weekend for T. He hasn't stopped smiling since I picked him up and he is more cheerful, positive and happy than I have seen him for a very long time. There is no way that we could ever give him that kind of experience, but it is so important. He is already asking when he will be able to do it all again! I hope you know what a huge difference you have made to T's life, thank you all for giving him a fantastic 18th.

Bereaved parents

"We cannot thank you enough for all the help and support you have given us. L loved coming to the hospice and we felt at ease when she was cared by any of you. Kind, caring, understanding and compassionate you are all amazing at what you do."

Parent of a bereaved sibling

"He couldn't thank you both enough for the work you have done with and how much you have helped him with his confidence in the last 12 months since his brother's death."

Parent of a service user

"Thank you so much for a lovely day! A's full of stories and laughter telling me about his fantastic day – it's lovely seeing him so animated!! He's had so much fun that he wants to go back on Thursday with his friends. Today has been a very much needed tonic for him and I can't thank you enough xx"

Bereaved parent following a day-2-day family picnic.

"It was lovely to come back and relive happy memories of being together as a family."

"We have had a wonderful afternoon picnic, it's been great to share Hope House with our extended family, showing them this amazing place."

Complaints

Two complaints were received during 2019, both of which were upheld by the Heads of Care. Appropriate action was taken to reduce the likelihood of repeat incidents.

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

(b) Review of activities (continued)

External validation

Hope House was subject to an unannounced inspection by the CQC in late January 2020. The service was rated as Good across all domains. The report can be found at <https://www.cqc.org.uk/location/1-129536667>

In the report the inspector concluded "Staff treated children, young people and their families with exceptional kindness and compassion and ensured their privacy and dignity were maintained at all times. Children, young people and their families were fully empowered as active partners in their care, practically and emotionally, by an exceptional and distinctive service. Staff provided an exceptionally high level of emotional support to patients, families and carers to minimise their distress. They understood patients' personal, cultural and religious needs. Feedback from people who use the service, those who are close to them and stakeholders was continually extremely positive about the way staff treated them. People thought that staff went the extra mile and their care and support exceeded their expectations.

"The service planned and provided exceptional care with excellent facilities in a way that met the needs of local people and the communities served."

Following submission of the annual monitoring form for the British Association for Counselling and Psychotherapy (BACP) counselling service accreditation, feedback was received to confirm our continued service accreditation.

"BACP are reassured to see Hope House consistently draws on the BACP Ethical Framework to support changes in policies and procedures and this is clear evidence of a high professional standard of service".

(c) Fundraising activities/Income generation

Better than anticipated income along with delivering the service within budget resulted in a surplus of £945,187 before depreciation.

Income from statutory bodies

Income from statutory bodies increased from 2018 by just under 8.5%, increasing the overall statutory funding contribution towards care costs from 15% in 2018 to 16% this year.

Fundraising activities

Our fundraising effort involves demonstrating the importance of the care we provide so that people will donate to fund that care, applying for grants, organising fundraising events and initiatives, operating a lottery and selling donated goods through our retail shops and online platforms.

Fundraising income exceeded budget and grew by 8.4% from last year. Given the challenges and the experience of many charities including hospices struggling to raise the necessary funds this is exceptional.

Community fundraising performed strongly illustrating the fantastic community support the charity enjoys. Put simply, Hope House Children's Hospices could not provide care to terminally ill children and support to their families without the generosity of donors.

Corporate fundraising struggled. Fundraisers found that the economic uncertainty surrounding Brexit influenced company decisions to fundraise/donate. Given this uncertainty is likely to remain in 2020, and the additional impact of the Coronavirus pandemic, corporate fundraising may continue to be suppressed for several years.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

(c) Fundraising activities/Income generation (continued)

Income from sporting events was substantially above that achieved in 2018, as was trust income giving confidence that these are areas for growth. Gifts in wills continued to make a significant contribution to the charity's income.

Donors, supporters and volunteers can be confident that Hope House Children's Hospices complies with the regulatory standards for fundraising. We are registered with the Fundraising Regulator and are committed to the Fundraising Promise and adherence to the Code of Fundraising Practice.

We have comprehensive policies in place which include, amongst others:

- A complaints policy which is published on our website
- Vulnerable Person's Policy used in lottery face to face recruitment and fundraising
- Health and safety procedures including risk assessments and first aid for events
- An organisational wide policy to support volunteers who generously give their time to the charity.

We take feedback seriously and although we strive to receive no complaints, when we did, these were prioritised and investigated, fully, quickly and fairly. Where a complaint was upheld we learnt from our mistake and took action by putting in effective measures to limit further distress or complaints of the same nature.

Our website outlines our complaints policy for the public and clearly explains how an individual can complain.

We received the following complaints during 2019.

- | | |
|---------------|--|
| • Retail | Seventeen complaints – fourteen of which were upheld and resulted in additional staff training |
| • Lottery | Eight complaints – six of which were concerns raised regarding vulnerable adults, however the complainants agreed that the policy we have in place had been effective in protecting their loved one. |
| • Fundraising | One complaint regarding the Welsh Language which was resolved by amending the database record. |

Given the level of activity and number of transactions in the year the level of complaint remains very low. We received no complaints or notifications via the Fundraising Regulator.

We sometimes engage the services of third parties to help us deliver the fundraising objectives, particularly where we do not have the expertise in house. We have safeguards in place when working with suppliers to protect our supporters and the reputation of our charity. We aim to ensure those agencies we employ also observe the highest standards in terms of fundraising practice. We manage and monitor the work undertaken on our behalf and have robust contracts in place to ensure that all activities are carried out to our high standards.

We are signed up to the Fundraising Preference Service to enable individuals to opt out from receiving fundraising communications from us.

In addition to our Vulnerable Person's policy we have agreed operating procedures with our face to face recruitment agencies to protect vulnerable people. Our fundraisers (both staff and third party) are familiar with the code of conduct to ensure that it is applied properly.

All Hope House Children's Hospices' fundraising campaigns and appeals are run in strict accordance with data protection rules and regulations.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

(c) Fundraising activities/Income generation (continued)

Our reputation with those who need our services and to those who kindly donate to us is paramount. We therefore make the following promises to those who so kindly support us:

1. We comply with all relevant law, regulations and codes of practice and ensure that those who are contracted to work with us understand and adhere to them in their entirety. We regularly monitor performance and have robust contracts in place to ensure compliance.
2. We treat the information supporters provide with the utmost respect and use it only for the purposes for which it has been given. Supporters can change their preferences at any time, and we aim to implement those changes within 2 working days.
3. We have a comprehensive vulnerable people's policy that is regularly reviewed and updated as required.
4. We respect and value all contributions to the charity and will never do any fundraising activity that may undermine our core values or integrity.

Retail contribution

2019 ended with 14 shops open. During the year we relocated our Welshpool shop to an edge of town location, and this has proved very successful, returning an operating profit 3 x the business plan. Learning from the success of Welshpool we plan to open an out of town store in Flint and Shrewsbury in 2020.

Net contribution from the operation of the shops before depreciation was a record £819,449, the previous highest having been recorded in 2018 at £610,638. This represents 35% of sales.

An external review of trading was undertaken during the year towards developing a new retail strategy in 2020.

Hope House Lottery

The Hope House Lottery is run in conjunction with our partner Sterling Lotteries who draw the winning numbers every Friday. (www.sterlinglotteries.co.uk)

The Hope House Lottery belongs to the member group HLA (www.hospicelotteries.co.uk)

We adhere to the Gambling Commission regulations including contributing to begambleaware each year.

Every week the Hope House Lottery team enter all members who have paid their £1 to participate in the draw. Winners do not need to claim their prize as all cheques are automatically sent to them.

Weekly winners are updated on the lottery microsite (www.hopehouselottery.org.uk) and on social media when appropriate. Winners personal details are kept private.

Cancellations and amendments are actioned weekly, and refunds made if required.

We use three face to face canvassing agencies to grow our lottery.

- LFS (www.lfs.co.uk)
- Hospice Helpers Ltd
- UK Sales Recruitment (www.uksalesrec.co.uk)

Recruitment takes place either door to door or at venues.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

(c) Fundraising activities/Income generation (continued)

Our catchment area is divided by postcode with each company allocated areas where they have canvassers. This ensures that potential supporters will only be approached by one canvassing company.

The canvassing companies do not store people's personal data except for administrative purposes. Once these have been completed the data is destroyed.

The policy of growing the membership of the Lottery continues with membership hitting 33,269 at the end of December (2018:29,894). The Lottery contributed £926,623 (2018: £748,063) to the charity which represents 54% of sales.

(d) Investment policy and performance

The investment portfolio is managed by the Income & Investment 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 bank accounts.
- Shares traded on the London Stock Exchange and overseas.
- 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.

The Income and Investments Committee is mindful of its key responsibility of keeping the finances of the charity as secure as possible and therefore have adopted a balanced low/medium risk investment strategy.

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

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 CPI +2% and the Balanced Asset Benchmark produced by Asset Risk Consultants (ARC).

During 2019, our investment portfolio (managed by Investec Wealth Management and Parmenion Capital Partners) increased in value by 10% and an additional £700,000 was invested resulting in a year end valuation of £4,696,068.

Financial review

The Board is appraised of the financial position at each meeting by the Chief Executive and Commercial Director.

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. Raising the money is as important to the charity as the provision of services as the two things are inextricably linked.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

Financial review (continued)

(a) Financial and risk management objectives and policies

Financial risk remains one of the two critical risks identified by the Board and mitigation measures are being taken to manage the risk. These include.

- New long-term fundraising strategy
- Increased investment in fundraising from 21% of voluntary income to 24% by 2024
- Independent review of retail operations and new strategy under development
- Investment in growing the lottery
- Policy on contracted care agreed and first contract delivered in 2019
- Successful lobbying for additional statutory sector funding
- Legacy research completed
- Improved insight into fundraising income streams

The trustees believe that the major financial risks are being mitigated. Reserves are kept enabling the charity to respond in the event that there is a significant shortfall in income over expenditure.

The emergence of the Coronavirus Crisis in the UK in early 2020 is likely to have an impact on income as the Government implements measures to slow and manage the spread of the virus. This will clearly increase the financial risks the charity faces and additional mitigation will be required.

(b) 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. Hope House Children's Hospices maintains reserves to help ensure that children and families in the future will continue to be able to access care and support. It is recognised that where income falls short of costs in the longer term that cuts in service delivery may be required and the trustees have considered carefully how this will be managed to maintain the maximum benefit to children and families through the delivery of our charitable purpose.

The interaction between reliability of income and the extent to which expenditure is committed helps determine the reserves policy. From analysis it has been determined that there are high levels of uncertainty over income offset by a fairly static cost base. This led us to a risk-based Reserves Policy first approved in June 2017 and revised in September 2019 that.

- Makes provision to manage income shortfalls in the short term
- Seeks investment in long term funding and diversifying the income base
- Makes provision to adjust costs to match income
- Makes provision for unforeseen events

The policy set a minimum unrestricted available reserve of £4.68 million at the beginning of 2020. If reserves fall below the minimum reserve for a period of two consecutive quarters then action will be taken within 12 months to reduce costs in accordance with the agreed priorities, bringing expenditure and income into balance.

Unrestricted reserves at the year-end amounted to £12 million (2018: £11.2 million), of which tangible fixed assets amount to £5.2 million resulting in available reserves of £6.8 million. Of these £4.68 million is designated for specific purposes as noted in the financial statements. Funds held above the designated reserve are held for catastrophic events.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

Plans for the future

In December 2019, the Board approved a new Care Strategy and underpinning Fundraising Strategy. Delivering the care strategy will see a significantly increased investment in care and the development of new services in line with the charity's agreed Purpose. These include:-

- Specialised paediatric palliative care delivered by a highly skilled multi-disciplinary team.
- A 24hr on call service for end of life care wherever the child may be
- Bespoke specialist symptom control in flexible locations.
- Establish a more effective and robust transition service.
- Provide all families with a named keyworker team.
- Increase our partnership working with the statutory sector.
- Support children in accessing education whilst attending respite.

The shortage of clinical skills within the UK workforce poses a significant risk to our ability to deliver complex high-quality care. We are responding by working in partnership with the NHS and by retaining and developing our clinical staff, ensuring that we maximise use of their clinical skills. In 2020 we will be releasing staff to train as Nursing Associates, train nurses to become Nurse Prescribers and Clinical Nurse Specialists, increase the hours of direct employment of our Medical Officer and look to appoint a Specialist Paediatric Palliative Care Consultant in partnership with NHS Wales.

We believe that money and the mission are the same thing. Currently we can't support every child and family and to reach every child, parent, brother and sister that needs us requires us to significantly increase and sustain our fundraising income and we have set ourselves a challenging fundraising strategy to double our fundraising income by 2028.

We plan to grow our fundraising through five key drivers:

- A long-term commitment to grow fundraising (5+ years) and an investment in it
- A culture where fundraising is part of the Mission of the organisation (along with great care) with everyone committed to play our part
- Trying out new fundraising and new messaging and continually learning what works
- Remembering the donor
- A clear public message that explains why we do what we do and the difference we make, illustrated through telling true stories well.

The new fundraising strategy has been approved and in 2020 and with increased investment we aim to

- Improve supporter engagement
- Recruit lottery players, and reduce attrition
- Recruit regular givers
- Increase income from Trusts and Grants
- Invest into and grow successful community events
- Raise awareness of impact and need for funding
- Market the importance of gifts in wills
- Use door to door agencies more effectively
- Learn from comprehensive data analysis

The Coronavirus pandemic that emerged in the UK at the beginning of 2020 will have a significant negative impact on our fundraising during 2020 and possibly beyond, depending on measures that need to be maintained to prevent the spread of the virus. In response we will reorder the priority of investment in fundraising.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

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 17th June 2020 and signed on their behalf by:


Stephen Henly
Chair of Trustees

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOPE HOUSE CHILDREN'S HOSPICES

Opinion

We have audited the financial statements of Hope House Children's Hospices (the 'charitable parent company') and its subsidiaries ('the group') for the year ended 31 December 2019 which comprise the group statement of financial activities, the group balance sheet, the charitable company balance sheet, the group statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOPE HOUSE CHILDREN'S HOSPICES

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the environment of the charitable company and the group obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page 19 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOPE HOUSE CHILDREN'S HOSPICES

Use of our report

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



Michael Caputo FCA (Senior Statutory Auditor)
For and on behalf of McLintocks (NW) Limited

17th June 2020

Chartered Accountants
Statutory Auditors

2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9PX

Note:

The maintenance and integrity of the Hope House Children's Hospices website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME					
Donations and legacies	3	4,627,653	204,064	4,831,717	4,693,560
Income from trading activities	4	3,927,414	-	3,927,414	3,469,943
Income from charitable activities	5	-	916,523	916,523	845,448
Investment income	6	86,860	-	86,860	72,427
TOTAL INCOME		8,641,927	1,120,587	9,762,514	9,081,378
EXPENDITURE					
Expenditure on raising funds:					
Raising funds within the Charity	7	1,053,479	-	1,053,479	956,959
Expenditure on trading activities	8	2,356,155	-	2,356,155	2,258,588
Expenditure on charitable activities	9	4,767,539	943,807	5,711,346	5,545,460
TOTAL EXPENDITURE		8,177,173	943,807	9,120,980	8,761,007
NET SURPLUS/ (EXPENDITURE) FOR THE YEAR		464,754	176,780	641,534	320,371
Gains/(Losses) on revaluation of investments	15	303,653	-	303,653	(149,780)
Gross transfers between funds		37,991	(37,991)	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		806,398	138,789	945,187	170,591
Total funds at 1 January		11,232,242	-	11,232,242	11,061,651
TOTAL FUNDS AT 31 DECEMBER		12,038,640	138,789	12,177,429	11,232,242

All activities relate to continuing operations. The Statement of Financial Activities includes all gains and losses recognised in the year.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes on pages 27 to 49 form part of these financial statements.

HOPE HOUSE CHILDREN'S HOSPICES
(A company limited by guarantee)

**CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	14	5,119,682	5,186,244
Investments	15	4,696,068	3,631,090
		<u>9,815,750</u>	<u>8,817,334</u>
CURRENT ASSETS			
Stocks	16	4,891	8,899
Debtors	17	1,730,027	1,203,559
Cash at bank and in hand		1,253,028	1,826,631
		<u>2,987,946</u>	<u>3,039,089</u>
CREDITORS: amounts falling due within one year	18	<u>(626,267)</u>	<u>(624,181)</u>
NET CURRENT ASSETS		<u>2,361,679</u>	<u>2,414,908</u>
NET ASSETS		<u><u>12,177,429</u></u>	<u><u>11,232,242</u></u>
CHARITY FUNDS			
Unrestricted funds			
Designated fund	19	4,603,202	4,603,202
General fund	19	7,435,438	6,629,040
Restricted funds	19	138,789	
TOTAL FUNDS		<u><u>12,177,429</u></u>	<u><u>11,232,242</u></u>

The financial statements were approved by the trustees on 17th June 2020 and signed on their behalf by:



Stephen Henly
Chair of Trustees

The notes of pages 27 to 49 form part of these financial statements.

HOPE HOUSE CHILDREN'S HOSPICES
(A company limited by guarantee)

CHARITY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	14	5,119,682	5,186,244
Investments	15	4,696,072	3,631,094
		<u>9,815,754</u>	<u>8,817,338</u>
CURRENT ASSETS			
Stock	16	4,891	8,899
Debtors	17	1,994,049	1,279,808
Cash at bank and in hand		803,980	1,610,753
		<u>2,802,920</u>	<u>2,899,460</u>
CREDITORS: amounts falling due within one year	18	<u>(447,676)</u>	<u>(490,988)</u>
NET CURRENT ASSETS		<u>2,355,244</u>	<u>2,408,472</u>
NET ASSETS		<u><u>12,170,998</u></u>	<u><u>11,225,810</u></u>
CHARITY FUNDS			
Unrestricted funds			
Designated fund	19	4,603,202	4,603,202
Unrestricted fund	19	7,429,007	6,622,608
Restricted funds	19	138,789	-
TOTAL FUNDS		<u><u>12,170,998</u></u>	<u><u>11,225,810</u></u>

The financial statements were approved by the trustees on 17th June 2020 and signed on their behalf by:


Stephen Henly
Chair of Trustees

As permitted by s408 Companies Act 2006, the charitable company has not presented its own statement of financial activities and related notes. The charitable company's surplus for the year was £945,187 (2018: £170,591).

The notes of pages 27 to 49 form part of these financial statements.

HOPE HOUSE CHILDREN'S HOSPICES
(A company limited by guarantee)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Cash provided by operating activities	21	372,504	836,090
Cash flows from investing activities			
Investment income		86,859	72,427
Purchase of tangible fixed assets		(271,640)	(134,643)
Purchase of listed investments		(1,590,925)	(588,502)
Sale of listed investments		829,599	540,357
Cash used on investing activities		(946,107)	(110,361)
(Decrease)/Increase in cash and cash equivalents in the year		(573,603)	725,729
Cash and cash equivalents at the beginning of the year		1,826,631	1,100,902
Cash and cash equivalents at the end of the year	22	1,253,028	1,826,631

The notes on pages 27 to 49 form part of these financial statements.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

Charity information

Hope House Children's Hospices is a registered charity and private company limited by guarantee incorporated in England and Wales. The registered office is Nant Lane, Morda, Oswestry SY10 9BX.

The group consists of Hope House Children's Hospices and all of its subsidiaries.

The Charitable Company's financial statements have been prepared in compliance with the Charities SORP (FRS 102) effective from 1 January 2019.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charitable company is a Public Benefit Entity as defined by FRS 102. The financial statements are prepared in sterling, which is the functional currency of the trust. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The charitable company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts; interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Hope House Children's Hospices and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits) on a line-by-line basis.

All financial statements are made up to 31 December 2019.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

HOPE HOUSE CHILDREN'S HOSPICES

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (continued)

1.3 Preparation of the accounts on a going concern basis

The trustees have considered the future trading of the charitable company and the group and have prepared cash flow forecasts for a period of 12 months from the date of these financial statements.

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Incoming resources

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.

Income from charitable activities is grant income, this is recognised when the charity has entitlement to the funds, any performance conditions have been met and the amount can be reliably measured.

1.5 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, 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.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (continued)

1.6 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.

1.7 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.

1.8 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.

1.9 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 centrally. Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

1.10 Operating leases

The Charity 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.

HOPE HOUSE CHILDREN'S HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (continued)

1.11 Tangible fixed assets

Individual fixed assets costing £1,000 or more were capitalised at cost in the year including any incidental expenses of acquisition.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/ (expenditure) for the year.

1.12 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Transaction costs are expensed as incurred. Changes in fair value are recognised in the statement of financial activities throughout the year.

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

1.13 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.

1.14 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.

1.15 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.

1.16 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.

HOPE HOUSE CHILDREN'S HOSPICES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (continued)

1.17 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. Pension costs are allocated in the financial statements to the activities their associated salaries relate.

1.18 Financial Instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

1.19 Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the trustees are required to make judgement, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

HOPE HOUSE CHILDREN'S HOSPICES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. LEGAL STATUS

The Charity is a company limited by guarantee. The members of the company are the trustees named on page 2. 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 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	2,049,906	204,064	2,253,970	2,268,555
Legacies	2,294,065	-	2,294,065	2,242,991
Tax recovered – Gift aid	219,707	-	219,707	153,588
Other income	63,975	-	63,975	28,426
	<u>4,627,653</u>	<u>204,064</u>	<u>4,831,717</u>	<u>4,693,560</u>

Incoming resources from non-exchange transactions

Donated goods and facilities for which there was no income recorded were received to a value of £107,353. None of these donations had conditions attached.

In addition to paid staff the charity was supported by 594 (2018: 634) active volunteers. In 2019 volunteers provided 75,632 hours (2018: 80,908 hours) of volunteering worth equivalent of £854,585 (2018: £843,106) in salary cost alone.

4. INCOME FROM TRADING ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hope House (Trading) Limited	90,792	-	90,792	91,194
Hope House (Lottery) Limited	1,708,472	-	1,708,472	1,499,676
Hope House Children's Hospices	2,128,150	-	2,128,150	1,879,073
	<u>3,927,414</u>	<u>-</u>	<u>3,927,414</u>	<u>3,469,943</u>

The trade of Hope House (Trading) Limited is derived from the sale and purchase of merchandise (new goods) and the operation of the Retail Gift Aid scheme. Hope House (Lottery) Limited operates the lottery scheme.

HOPE HOUSE CHILDREN'S HOSPICES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from statutory bodies	-	916,523	916,523	845,448

Income from statutory bodies analysed as:

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Welsh LHB grants	-	268,364	268,364	228,632
NHS England grant	-	328,522	328,522	307,553
English CCG grants	-	292,159	292,159	255,773
Welsh Health Authority grant towards pensions	-	27,478	27,478	35,990
Welsh Assembly grant	-	-	-	17,500
Total	-	916,523	916,523	845,448

6. INVESTMENT INCOME

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	86,860	-	86,860	72,427
	86,860	-	86,860	72,427

HOPE HOUSE CHILDREN'S HOSPICES
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. EXPENDITURE ON RAISING FUNDS WITHIN CHARITY

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Promotional materials	68,249	-	68,249	26,398
Great Fundraising	-	-	-	60,808
Printing, postage, stationery and IT	24,143	-	24,143	29,783
Event expenses	118,981	-	118,981	110,035
Insurance	2,949	-	2,949	3,146
Water charges	-	-	-	227
Light and heat	-	-	-	512
Repairs and maintenance	5,027	-	5,027	2,740
Telephone	7,924	-	7,924	8,032
Vehicle running expenses	2,676	-	2,676	5,939
Vehicle lease charges	4,543	-	4,543	12,501
Car allowance	50,243	-	50,243	35,725
Travelling expenses	14,427	-	14,427	12,091
Training and conferences	3,089	-	3,089	4,065
General expenses	14,007	-	14,007	11,168
Friends' groups' expenses	410	-	410	137
Payment processing fees	16,711	-	16,711	14,182
Fundraising staff costs	687,843	-	687,843	619,179
Recruitment	-	-	-	300
Investment management costs	32,257	-	32,257	-
	1,053,479	-	1,053,479	956,959

8. EXPENDITURE ON TRADING ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hope House (Trading) Limited	34,376	-	34,376	36,218
Hope House (Lottery) Limited	781,849	-	781,849	751,613
Hope House Children's Hospice	1,539,930	-	1,539,930	1,470,757
	2,356,155	-	2,356,155	2,258,588

The trade of Hope House (Trading) Limited is derived from the sale and purchase of merchandise (new goods) and the operation of the Retail Gift Aid scheme. Hope House (Lottery) Limited operates the lottery scheme.

HOPE HOUSE CHILDREN'S HOSPICES

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

9. EXPENDITURE ON CHARITABLE ACTIVITIES

Hospice Activities Undertaken Directly	Total 2019 £	Total 2018 £
Repairs and maintenance	105,564	97,734
Heat and light	68,072	69,790
Water charges	7,644	10,744
Printing, postage, stationery and IT	22,154	22,620
Housekeeping	19,616	23,057
Insurance	20,794	21,969
Telephone	21,244	15,964
Food and catering	46,959	45,197
Motor expenses	25,719	31,710
Vehicle lease charges	11,966	20,285
Car allowance	17,487	13,812
Travelling expenses	53,530	42,050
Training and conferences	52,627	53,954
Recruitment	4,260	5,604
General expenses	65,744	53,247
Nursing consumables	30,517	27,653
Family bereavement fund	750	1,723
Investment management fees	-	26,281
Wages and salaries	4,079,285	3,974,161
Agency	8,850	5,667
Depreciation	286,086	288,593
Rent	24,333	20,154
	<u>4,973,201</u>	<u>4,871,969</u>
Share of support costs 10	727,979	656,821
Share of governance costs 10	<u>10,166</u>	<u>16,670</u>
	<u>5,711,346</u>	<u>5,545,460</u>
Analysis by fund		
Unrestricted fund	4,767,539	4,700,012
Restricted fund	<u>943,807</u>	<u>845,448</u>
	<u>5,711,346</u>	<u>5,545,460</u>

HOPE HOUSE CHILDREN'S HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

10. SUPPORT COSTS

	Note	Support costs £	Governance costs £	Total 2019 £	Total 2018 £
Printing, postage, stationery and IT		20,401	-	20,401	16,297
Telephone		6,998	-	6,998	7,108
Water charges		773	-	773	128
Light & heat		2,515	-	2,515	2,307
Repairs and maintenance		10,298	-	10,298	9,131
General expenses		36,780	-	36,780	35,166
Vehicle running expenses		516	-	516	1,200
Vehicle lease charges		2,379	-	2,379	8,696
Travelling expenses		9,493	-	9,493	4,974
Car allowance		16,188	-	16,188	3,796
Training and conferences		4,895	-	4,895	3,568
Wages and salaries		548,733	-	548,733	514,164
Agency		100	-	100	200
Recruitment		5,367	-	5,367	5,205
Apprentice levy		11,183	-	11,183	9,826
Staff benefit scheme		17,395	-	17,395	19,437
Bank charges		14,965	-	14,965	13,444
Insurance		3,750	-	3,750	2,174
Rent and service charges		15,250	-	15,250	-
Audit fees		-	5,000	5,000	5,000
Trustees governance costs		-	2,106	2,106	10,530
Professional fees		-	3,060	3,060	1,140
		<u>727,979</u>	<u>10,166</u>	<u>738,145</u>	<u>673,491</u>
Analysed between:					
Charitable activities	9	<u>727,979</u>	<u>10,166</u>	<u>738,145</u>	<u>673,491</u>

11. NET INCOME

This is stated after charging:	2019 £	2018 £
Depreciation of owned tangible fixed assets	338,202	341,959
Auditors remuneration – audit work	7,000	6,000

During the year, no trustees received any remuneration (2018: £Nil). During the year, no trustees received any benefits in kind (2018: £Nil). During the year, no trustees received reimbursement of expenses (2018: £356). Expenses totalling £2,076 (2018: £2,662) for travel were waived by trustees during the year. The charity incurred costs of £2,106 in relation to the trustees that are compulsory for them to conduct their roles. These expenses include: indemnity insurance, CRB checks and safeguarding training.

HOPE HOUSE CHILDREN'S HOSPICES

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

12. STAFF COSTS

Staff costs were as follows:

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	5,231,791	4,965,599	5,183,336	4,898,053
Social security costs	456,462	430,295	450,831	424,217
Other pension costs	<u>585,822</u>	<u>560,254</u>	<u>580,363</u>	<u>554,021</u>
	<u>6,274,075</u>	<u>5,956,148</u>	<u>6,214,530</u>	<u>5,876,291</u>

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

	Group		Charity	
	2019	2018	2019	2018
	No.	No.	No.	No.
Hospice services	158	152	158	152
Fundraising and publicity	24	21	24	21
Support	16	17	16	17
Retail & Lottery	<u>53</u>	<u>60</u>	<u>50</u>	<u>57</u>
	<u>251</u>	<u>250</u>	<u>248</u>	<u>247</u>

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

	Group		Charity	
	2019	2018	2019	2018
	No.	No.	No.	No.
In the band £60,001 - £70,000	-	1	-	1
In the band £70,001 - £80,000	2	1	2	1
In the band £80,001 - £90,000	-	-	-	-
In the band £90,001 - £100,000	-	1	-	1
In the band £100,001 - £110,000	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

In the year to 31 December 2019, there were significant changes to key management personnel with two senior members retiring from their positions. The subsequent restructure of the management team and additional responsibilities of existing members resulted in an increase in the aggregate remuneration in this transitional year. The key management personnel of the group, during the year, comprised the trustees, the chief executive officer, director of fundraising, director of care, the commercial director, director of finance (now retired), the HR director (now retired), plus the directors of the wholly owned subsidiaries. The total employee benefits of the key management personnel were £412,201 (2018: £376,671, as amended to include employers NIC).

HOPE HOUSE CHILDREN'S HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

13. 2018 COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
INCOME			
Donations and legacies	4,693,560	-	4,693,560
Income from trading activities	3,469,943	-	3,469,943
Income from charitable activities	-	845,448	845,448
Investment income	72,427	-	72,427
TOTAL INCOME	8,235,930	845,448	9,081,378
EXPENDITURE			
Expenditure on raising funds:			
Raising funds within the charity	956,959	-	956,959
Expenditure on trading activities	2,258,588	-	2,258,588
Expenditure on charitable activities	4,700,012	845,448	5,545,560
TOTAL EXPENDITURE	7,915,559	845,448	8,761,007
NET (EXPENDITURE) FOR THE YEAR	320,371	-	320,371
Gains on revaluation of investments	(149,780)	-	(149,780)
NET MOVEMENT IN FUNDS FOR THE YEAR	170,591	-	170,591
Total funds at 1 January 2018	11,061,651	-	11,061,651
TOTAL FUNDS AT 31 DECEMBER 2018	11,232,242	-	11,232,242

HOPE HOUSE CHILDREN'S HOSPICES**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019****14. TANGIBLE FIXED ASSETS**

Group	Freehold property £	Commercial property £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1 January 2019	6,600,195	385,918	3,222,592	157,058	10,365,763
Additions	81,710	-	189,929	-	271,639
Disposals	-	-	-	-	-
At 31 December 2019	6,681,905	385,918	3,412,521	157,058	10,637,402
Depreciation					
At 1 January 2019	2,315,185	-	2,752,547	111,787	5,179,519
Charge for year	151,845	-	180,671	5,685	338,202
Eliminated on disposal	-	-	-	-	-
At 31 December 2019	2,467,030	-	2,933,218	117,472	5,517,720
Net book value					
At 31 December 2019	4,214,875	385,918	479,303	39,586	5,119,682
At 31 December 2018	4,285,010	385,918	470,045	45,271	5,186,244

HOPE HOUSE CHILDREN'S HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

14. TANGIBLE FIXED ASSETS (continued)

	Freehold property £	Commercial property £	Plant and machinery £	Motor vehicles £	Total £
Charity					
Cost					
At 1 January 2019	6,600,195	385,918	3,222,592	157,058	10,365,763
Additions	81,710	-	189,929	-	271,639
Disposals	-	-	-	-	-
At 31 December 2019	6,681,905	385,918	3,412,521	157,058	10,637,402
Depreciation					
At 1 January 2019	2,315,185	-	2,752,547	111,787	5,179,519
Charge for year	151,845	-	180,671	5,685	338,201
Eliminated on disposal	-	-	-	-	-
At 31 December 2019	2,467,030	-	2,933,218	117,472	5,517,720
Net book value					
At 31 December 2019	4,214,875	385,918	479,303	39,586	5,119,682
At 31 December 2018	4,285,010	385,918	470,045	45,271	5,186,244

Included in freehold property is freehold land at valuation of £608,106 (2018: £608,106), cost £608,106 (2018: £608,106) which is not depreciated.

The commercial property relates to Bangor shop. There is no depreciation charged on this property. Also within commercial property is a property owned in Criccieth which is not depreciated.

Also included in freehold property are £4,119 of restricted assets (2018: £nil) for ongoing building improvements funded via restricted grants.

HOPE HOUSE CHILDREN'S HOSPICES

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

15. FIXED ASSET INVESTMENTS

Group Market value	Listed securities £	Cash and settlements pending £	Total £
At 1 January 2019	3,268,291	362,799	3,631,090
Additions	1,590,925	(271,091)	1,319,834
Disposals	(558,509)	-	(558,509)
Revaluations	303,653	-	303,653
At 31 December 2019	4,604,360	91,708	4,696,068

Group investments at market value comprise:

	UK £	Overseas £	2019 £	2018 £
Listed investments	3,046,835	1,557,525	4,604,360	3,268,291
Investment cash and settlements pending	91,708	-	91,708	362,799
Total market value	3,138,543	1,557,525	4,696,068	3,631,090

Charity Market Value	Listed securities £	Cash and settlements pending £	Shares in subsidiaries £	Total £
At 1 January 2019	3,268,291	362,799	4	3,631,094
Additions	1,590,925	(271,091)	-	1,319,834
Disposals	(558,509)	-	-	(558,509)
Revaluations	303,653	-	-	303,653
At 31 December 2019	4,604,360	91,708	4	4,696,072

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

15. FIXED ASSET INVESTMENTS (continued)

Charity investments at market value comprise:

	UK £	Overseas £	2019 £	2018 £
Listed investments	3,046,834	1,557,526	4,604,360	3,268,291
Investment cash and settlements pending	91,708	-	91,708	362,799
Investment in subsidiaries	4	-	4	4
Total market value	3,138,546	1,557,526	4,696,072	3,631,094

Investment in subsidiaries:

Subsidiary	Company No.	Percentage shareholding	Class of shares	No of shares	Total value
Hope House (Trading) Limited	02691088	100	Ordinary £1	2	£2
Hope House (Lottery) Limited	05066936	100	Ordinary £1	2	£2
					£4

The wholly owned trading subsidiaries, Hope House (Trading) Limited and Hope House (Lottery) Limited are incorporated in the United Kingdom. They both have the registered office of Nant Lane, Morda, Oswestry, Shropshire, SY10 9BX. Hope House (Trading) Limited and Hope House (Lottery) Limited distribute all of their profits to the Charity under Deed of Covenant.

The assets and liabilities of the subsidiaries were:

	Hope House (Trading) Limited 2019 £	Hope House (Trading) Limited 2018 £	Hope House (Lottery) Limited 2019 £	Hope House (Lottery) Limited 2018 £
Fixed assets	-	-	-	-
Current assets	2,373	2,373	450,689	215,613
Current liabilities	(804)	(804)	(445,822)	(210,746)
Aggregate share capital and reserves	1,569	1,569	4,867	4,867
Net income from trading activities	60,956	59,134	926,623	748,063

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

16. STOCKS

	2019 £	2018 £
Goods for resale	4,891	8,899

17. DEBTORS

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Amounts owed by group undertakings	-	-	268,036	78,358
Other debtors	1,618,569	1,097,181	1,616,540	1,097,181
Prepayments	111,458	106,378	109,473	104,269
	1,730,027	1,203,559	1,994,049	1,279,808

18. CREDITORS: Amounts falling due within one year

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Trade creditors	78,970	102,560	45,476	85,278
Other taxation and social security	162,232	167,128	162,232	167,128
Accruals and deferred income	385,065	354,493	239,968	238,582
	626,267	624,181	447,676	490,988

Included within creditors is deferred income totalling £309,441 (2018: £265,850). Deferred income is recognised in Hope House (Lottery) Limited where players place money on account in advance of being drawn. Deferred income in Hope House Children's Hospices is recognised in respect of grants where the performance agreement runs across multiple periods. The deferred income recognised in 2018 has been subsequently recognised as income in 2019.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

19. STATEMENT OF FUNDS

Group	1 Jan 2019 Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	31 Dec 2019 Carried forward £
DESIGNATED FUNDS						
Workforce management fund	100,000	-	-	-	-	100,000
Service development fund	153,202	-	-	327,798	-	481,000
Business continuity fund	4,350,000	-	-	(250,000)	-	4,100,000
	4,603,202	-	-	77,798	-	4,681,000
GENERAL FUNDS						
General funds – all funds	6,629,040	8,641,927	(8,177,173)	(39,807)	303,653	7,357,640
Total unrestricted funds	11,232,242	8,641,927	(8,177,173)	37,991	303,653	12,038,640
RESTRICTED FUNDS						
Restricted funds – all funds	-	1,120,587	(943,807)	(37,991)	-	138,789
Total funds	11,243,242	9,762,514	(9,120,980)	-	303,653	12,177,429

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

19. STATEMENT OF FUNDS (continued)

Charity	1 Jan 2019 Brought forward £	Income £	Expenditure £	Transfers in/ (out) £	Gains/ (Losses) £	31 Dec 2019 Carried forward £
CHARITY DESIGNATED FUNDS						
Workforce management fund	100,000	-	-	-	-	100,000
Service development fund	153,202	-	-	327,798	-	481,000
Business continuity fund	4,350,000	-	-	(250,000)	-	4,100,000
	4,603,202	-		77,798	-	4,681,000
CHARITY GENERAL FUNDS						
General funds – all funds	6,662,608	7,830,242	(7,365,487)	(39,807)	303,653	7,351,209
Total unrestricted funds	11,225,810	7,830,242	(7,365,487)	37,991	303,653	12,032,209
CHARITY RESTRICTED FUNDS						
Restricted funds – all funds	-	1,120,587	(943,807)	(37,991)	-	138,789
Total funds	11,225,810	8,950,829	(8,309,294)	-	303,653	12,170,998
DESIGNATED FUNDS						

Workforce Management Fund

The trustees are conscious that the hospices must operate with an appropriately skilled workforce and are very aware of their responsibilities to their employees. Funds are therefore held and designated in 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.

HOPE HOUSE CHILDREN'S HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

19. STATEMENT OF FUNDS (continued)

DESIGNATED FUNDS (continued)

Service Development Fund

There is good evidence to support the case for investment in fundraising. Returns are generally significantly better than bank investments for slightly higher risk and we can flex our investment in fundraising, increasing it when the returns look good and decreasing it when not.

To achieve the desired levels of growth, it is proposed that investment is increased to 24% of income and reserves of £131,000 should be drawn down in 2020 to deliver this.

In December 2016 the Board set out six ambitions for service development in pursuit of its Vision. Good progress has been made across all six of these ambitions, but investment is required to pump prime and redesign services to drive delivery. In March 2019 the Board approved the designation of £350,000 from reserves for this purpose in 2020.

Business Continuity Fund

An assessment of income has identified and assessed the risk of the likelihood of income being received from the various sources. Reserves are held to ensure service continuity if income falls short of forecast, whilst steps are taken to reduce costs.

An allowance has been set aside for costs associated with restructuring the charity to reduce costs in the event of income not meeting forecast. The money will be primarily used to meet the costs of reducing the workforce.

Through a risk management process, we seek to rationalise, quantify and avoid catastrophic events occurring and insure against those risks that cannot be removed. However, there is always the potential of an event occurring. Clearly it is impossible to quantify a catastrophic event because it is unimaginable but there is sense in holding reserves to mitigate the impact or to aid recovery should such an event occur. Therefore funds held above the those designated are held for catastrophic events.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Tangible fixed assets	5,115,563	4,119	5,119,682	5,186,244
Fixed asset investments	4,696,068	-	4,696,068	3,631,090
Current assets	2,853,276	134,670	2,987,946	3,039,089
Creditors due within one year	(626,267)	-	(626,267)	(624,181)
	12,038,640	138,789	12,177,429	11,232,242

HOPE HOUSE CHILDREN'S HOSPICES

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net movement of funds	945,187	170,591
Income from investments	(86,859)	(72,427)
Depreciation of tangible fixed assets	338,202	341,959
Revaluation of investments	(303,653)	149,780
Decrease/(Increase) in stocks	4,008	(2,161)
(Increase)/Decrease in debtors	(526,467)	107,055
Increase in creditors	2,086	141,293
Cash provided by operating activities	372,504	836,090

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2019 £	Cash flow £	Other Non-cash £	31 December 2019 £
Cash at bank and in hand	1,826,631	(573,603)	-	1,253,028
Net funds	1,826,631	(573,603)	-	1,253,028

23. 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 £585,822 (2018: £560,254)

HOPE HOUSE CHILDREN'S HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

24. OPERATING LEASE COMMITMENTS

At 31 December 2019 the total commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	2019	2018	2019	2018
	£	£	£	£
Group				
Expiry date:				
Within 1 year	316,007	304,023	18,105	31,070
Between 1 and 2 years	203,917	166,957	10,425	6,504
Between 2 and 5 years	361,583	203,750	3,766	-
After more than 5 years	31,771	30,500	-	-
	<u>913,278</u>	<u>705,230</u>	<u>32,296</u>	<u>37,574</u>
Charity				
Expiry date:				
Within 1 year	316,007	304,023	18,105	31,070
Between 1 and 2 years	203,917	166,957	10,425	6,504
Between 2 and 5 years	361,583	203,750	3,766	-
After more than 5 years	31,771	30,500	-	-
	<u>913,278</u>	<u>705,230</u>	<u>32,296</u>	<u>37,574</u>

During the year operating lease charges were recognised as rent expenses in the following; the cost of operating the charity shops £324,119 (2018: £337,558); hospice activities undertaken directly £24,333 (2018: £20,154; support costs £15,000 (2018: £15,250).

During the year operating lease charges were recognised as vehicle lease expenses in the following; raising charitable donations £4,543 (2018: £12,501); cost of operating charity shops £18,129 (2018: £24,139); hospice activities undertaken directly £11,966 (2018: £20,825); support costs £2,379 (2018: £8,696).

25. 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. All these transactions were conducted under normal commercial terms.

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.

Trustees and their related companies made donations to the charity totalling £35,680 (2018: £28,194).

Hope House (Trading) Limited and Hope House (Lottery) Limited are 100% owned subsidiaries of Hope House Children's Hospices.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

25. RELATED PARTY TRANSACTIONS (continued)

Included in other debtors within the Charity are the intercompany balances of £804 (2018: 804) and £267,232 (2018: £77,554) owing from Hope House (Trading) Limited and Hope House (Lottery) Limited respectively. All the profits of the subsidiaries for the period have been distributed by Gift Aid to the Charity. The profits for the year totalled £60,956 (2018: £59,134) for Hope House (Trading) Limited and £926,623 (2018: £748,063) for Hope House (Lottery) Limited.

Hope House (Trading) Limited charged £4,540 (2018: £4,158) to Hope House Children's Hospices for operating the gift aid scheme on the sale of new goods.

26. ULTIMATE CONTROLLING PARTY

The charity is controlled by the trustees.