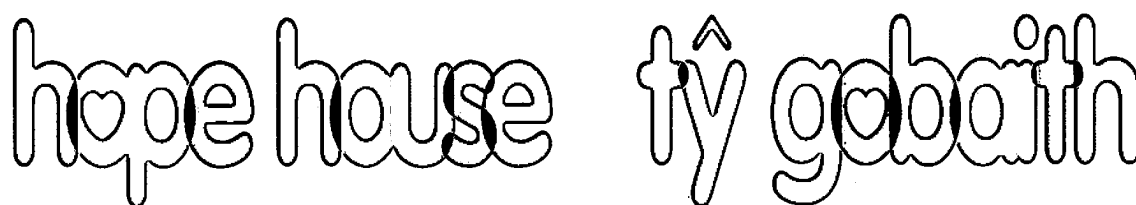


Charity Registration No. 1003859
Company Registration No. 2588103

HOPE HOUSE CHILDRENS HOSPICES

TRUSTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



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HOPE HOUSE CHILDRENS HOSPICES

(A company limited by guarantee)

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HOPE HOUSE CHILDRENS HOSPICES

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LETTER FROM THE CHAIR OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

In our last Annual Report, I set out our bold ambition and the work we were prioritising to deliver it.

In 2018 our priority was to develop a new model of Care around the children and young adults. Every child and their family are unique, in 2018 we supported nearly 700 families.

Changes we made in bed allocation during the year resulted in greater flexibility to admit children for in-depth symptom control and to respond to urgent respite requests for families in crisis. We were also able to respond to requests for provision of care after death, enabling families to spend some precious time with their child. Our Care team have been superb in supporting the families and each other through often traumatic and difficult times. Other notable achievements during the year included a program to update all our Care Records and an in-depth review of our Counselling service.

We have an incredible multi-disciplinary care team delivering outstanding palliative and end of life care within the hospice and in the community.

I am very pleased to report that labour turnover was down significantly during the year following introduction of a new Care Staff shift system in the second half of 2017. The new shift system also ensures the right mix of skills are always available on the team during a child's stay.

Staff recruitment and retention continues to be challenging due, in part, to the national shortage of qualified nurses. During 2018 we embarked on an ambitious new initiative to develop the competencies of our Health Care Support Workers, which has been a tremendous success due, in no small part, to the dedication of our whole Care Team.

I regularly visit both hospices and I am constantly amazed by the extraordinary devotion of all our staff. Everything they do is focused on delivering the highest standards of Care to the children, young adults and their families.

But we need to do more, statistically 2 in 3 of families still suffer the death of a child alone. This is unacceptable in a modern, wealthy economy. Far too many families do not get the help and support they need. It is our mission to double our fundraising income by 2025 so that we may deliver on all our ambitions. Considerable strides have been taken to align the culture across our organisation with 'money and mission' being a central pillar to our thinking.

2018 was a good year, producing a modest surplus outturn helped by several significant legacies. I am truly humbled by all those who leave us a gift in their will.

Our retail shops recorded their highest sales and profit to date and lottery continues to grow well as we engage with new supporters across the community.

We have closed some poorer performing shops to open new, often larger, stores where we can generate a greater return on donated goods. We will continue to build on this success in 2019.

We are in a great position to move forward and deliver on our ambitions, but the future remains challenging for our fundraising team who are responsible for generating 62% of our income.

We budget to receive just 15% of our income from the statutory sector, approximately half that of the adult palliative care sector. In 2019 we must raise nearly £ 6m from our community. To achieve that we will spend just 14p in each pound generating income.

None of this would be possible without the generous contribution of our volunteers donating their time and the loyal and committed support of our donors, both essential to our success and our future growth. Thank you.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**LETTER FROM THE CHAIR OF TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

Special thanks must also go to those long serving senior members of staff retiring in 2019 who have contributed so much to the development of the Charity over many years, I wish them the very best for a long and happy retirement.

The Board set 35 objectives for 2018; significant achievements have been made in delivering on 32 of those. The remainder have carried over into 2019 and 14 new objectives have been added.

I must also thank our Trustee board, 2018 was a busy year for the Board and its committees. The Board also undertook a Governance Review resulting in a robust programme of Board Development for 2019 and beyond. Strong Governance underpins our organisation.

I continue to be humbled by the strength, care, energy, generosity and humanity shown by our staff, volunteers and donors. It is an immense privilege to lead the Board of Hope House Children's Hospices. Thank you to everyone for your support and dedication in helping to ensure that no one should face the death of a child alone.



Steve Henly
Chair of Trustees
5th June 2019

HOPE HOUSE CHILDRENS HOSPICES

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2018

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
Jacquelyn A Hughes	NHS Business Manager
David Gwyn Bartley	Retired Solicitor
Dr Jean B Watt	Retired Consultant Paediatrician
Meinir A Wigley	Marketing Executive
Dr David Sharp	General Practitioner
Russell Pentz	Retired IT Professional
Claire E Williams	Charity Administrator (resigned 4 th February 2019)
Fauzia Paize	Consultant Medical Practitioner (appointed 15 th September 2018 and resigned 22 nd November 2018)

Independent Directors of Hope House (Trading) Limited

Dave Plume	(Resigned 30 th April 2019)
Andrew Fergus	(Appointed 1 st March 2019)
Andy Goldsmith	

Company registered number

2588103

Charity registered number

1003859

Registered office

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

Company secretary

Andy Goldsmith

Chief executive officer

Andy Goldsmith

Senior management team

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

HOPE HOUSE CHILDRENS HOSPICES

(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2018

Administrative details (continued)

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

Investment advisor

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

HOPE HOUSE CHILDRENS HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018. The trustees confirm that the annual report and financial statements of the charity and the group comply with the current statutory requirements, the requirements of the Charity and the group's governing document and the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (Charities SORP (FRS102)).

Structure, governance and management

(a) Constitution

Hope House Children's Hospices is a registered charity number 1003859 and is a company limited by guarantee, incorporated under the Companies Act 1985, number 2588103. The company was established under a Memorandum of Association on 4th March 1991 and is governed under its Articles of Association.

The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees. The liability of trustees is limited and in the event of the company being wound up, trustees may be required to contribute an amount not exceeding one pound.

The principal object of the charity is to strive to be a centre of excellence for the care of children with life limiting and life threatening conditions and support for bereaved children and families, serving families with children and young people who are not expected to reach the age of 25.

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

(b) Method of appointment or election of trustees

The management of the company is the responsibility of the trustees who are elected 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 directors 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.

A formal policy sets out selection, recruitment and appointment of trustees and this has been amended in 2018 following the enactment of the Charities (Protection and Social Investment) Act 2016. The power of appointment rests with the Members of Association at an annual general meeting on the recommendation of the nominations subcommittee. 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.

At the Annual General Meeting on the 6th September 2018 Barbara Evans, Phil Inch, Dr David Sharp and Russell Pentz were re-elected having retired by rotation and Dr Fauzia Paize was appointed to the Board of Directors.

HOPE HOUSE CHILDRENS HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

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

The 2019 AGM will be held at Hope House on Wednesday 18th September 2019.

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

All new trustees receive an induction during which training on good governance and the roles and responsibilities of trustees is undertaken. Trustees also have access to on-line training and in 2018 completed training on Safeguarding children and adults at Risk, Social Media, General Data Protection Act and Mental Health Legislation. 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, and these vest the management of the company in the Board. The trustees making up the Board are drawn from the community served by the charity.

The specialist sub-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 2018 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. The Chair and Vice-Chair meet regularly with the senior management team to discuss operational matters.

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 Charity Governance Code 2017. The review found that overall, the Charity's governance arrangements are robust, and the charity is meeting a considerable number of the standards. An action plan is being implemented to address 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. Funding risks have led to the development of a strategy for the diversification of funding and investment into fundraising activities alongside a reserves policy that allows for service reduction in the event of significant income shortfall. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers, clients and visitors. These procedures are periodically reviewed to ensure that they continue to meet the needs of the charity.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

(e) Risk management (continued)

In December 2018 the Board approved the following as the highest risk to the charity.

Risk	Summary ongoing risk management
Financial risks – insufficient income	Regular review of new fundraising initiatives by Income & Investment Committee. Progress a cost transformation strategy. Develop a legacy marketing plan.
Supporter dissatisfaction / Reputational risks	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.
Health, safety and environment	Insure against known risks. H&S training is conducted for all staff. H&S committee meetings are held quarterly, and minutes reported to Audit & Risk or Clinical Governance. Regular H&S visits completed, and risk assessments updated. Develop an integrated approach to crisis response, including a business continuity plan. Carry the risk with existing mitigation in place. Regular review.
Data Protection (compliance)	Information security measures are continually under review and enhancements implemented. Ongoing self-assessment and audit schedule to be introduced following the implementation of GDPR.
Shortage of clinical skills	Discussions underway with local practices and Welsh government to identify a sustainable solution for medical cover. Upskilling of carers continues and potential for nurse prescribing being investigated. Impact of the changes to the Model of Care continue to be monitored by Clinical Governance.

Objectives and Activities

(a) Policies and objectives

The purpose and approach of the charity in 2018 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.

HOPE HOUSE CHILDRENS HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

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.

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 2018 we provided specialist nursing, care and support to life limited children and young adults and those living with a life-threatening condition. Our support extends to the whole family from diagnosis, throughout the lifetime of the child and beyond.

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

HOPE HOUSE CHILDRENS HOSPICES

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) **FOR THE YEAR ENDED 31 DECEMBER 2018**

(c) Activities for achieving objectives (continued)

Bereavement support and specialist counselling was provided 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 in traumatic circumstances.

In order to fund the provision of care the charity 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 634 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 2018 our volunteers provided 80,908 hours of volunteering worth equivalent of £843,106 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 raising money to pay for care to care, the provision of care and support 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>.

During the year the charity participated in the Hospice UK recognised Staff Engagement survey. 168 staff took part in the survey representing 76% of paid staff. In 36 out of the 47 questions our organisation scored equal to or higher than the average of the other hospices and the pulse survey average.

Highlights where we scored more than 90% were:

Question	Hope House
I enjoy the work I do	97%
If a friend or relative needed treatment I would be happy with the standard of care provided by this charity	97%
I am proud to work for this charity	94%
I enjoy working with the people at this charity	94%
I feel like I am making a difference	91%
I believe in the aims of this charity	91%
I understand what this charity wants to achieve as an organisation	90%

HOPE HOUSE CHILDRENS HOSPICES

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

(c) Activities for achieving objectives (continued)

Supporting employees (continued)

In two areas we scored particularly low and action is being taken to better understand the reason and to address concerns.

Question	Hope House
Communication between different teams / departments is effective	33%
Poor performance is dealt with effectively at this charity	31%

Achievements and performance

(a) Going concern

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

(b) Review of activities

Families receiving support

Hope House Children's Hospices supports children and families' resident in Shropshire, Cheshire, North and Mid Wales. During the year 696 (2017: 684) families were registered with Hope House Children's Hospices and 856 (2017: 946) family members from 459 (2017: 489) families accessed support from the charity.

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

Area of home resident for families receiving support. %.

	2018	2017	2016	2015	2014	2013
Shropshire (including Telford)	43	43	42	31	35	40
Cheshire	2	3	4	5	6	5
North Wales	47	44	40	45	41	37
Mid Wales	6	9	9	11	10	10
Other areas of England and Wales	2	1	5	8	8	8

HOPE HOUSE CHILDRENS HOSPICES

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) **FOR THE YEAR ENDED 31 DECEMBER 2018**

(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.

In 2018 the charity supported 280 (2017: 300) children and young adults with life limiting and life-threatening conditions. During the year 174 (2017: 180) children stayed at the hospices for a total of 2626 (2017: 3,009) nights. Other children received support at home, in hospital or in a community setting e.g. school. The number of children staying at the hospices and the length of stays has reduced over the last three years due to prioritising crisis and end of life care over respite care and issues with nursing vacancies.

Community Services

Our homecare team provides nursing care 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 health service community nursing teams. Nursing shortages continued from 2018 and impacted on our ability to provide care at home with 9163 (2017:11,000) hours of care provided.

Our outreach services also included psychosocial support such as support for the brothers and sisters of children living with a life-threatening condition. During 2018 our sibling support team actively supported 220 (2017: 229) siblings of children with life threatening conditions providing 4,044 (2017: 4,200) hours of support. A review undertaken in 2018 identified every sibling that wanted support and during the year we were able to provide support to all.

The Social Work Team provides advocacy, guidance and support to the children, young people and families who use Hope House and Tŷ Gobaith. They also provide financial advice, help with housing adaptation applications and bereavement support.

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 view point 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 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.

In 2018 an independent review of service users experience was undertaken. All families accessing respite care and community services were invited to participate in the review. Nine families took part.

Families were asked their opinion through telephone or face to face interviews and one question asked if their overall needs were being met. In response all families expressed that their overall needs as a family were being met and this provided opportunities for families to spend time with their other children. Extended families and friends were welcomed and supported.

HOPE HOUSE CHILDRENS HOSPICES

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

(b) Review of activities (continued)

Monitoring Impact (continued)

Families also gave examples of other areas of positive experience in meeting their overall needs and this included:

- Access to a good counselling service
- A safe and confidential service
- Transition mums 'night out'
- "Not being judged"
- The opportunities to interact with other parents

Moreover, some families expressed that on occasions the respite care in the hospice could better reflect the care provided at home to safeguard the child's routines e.g. meal times. In addition, more nights per year would be ideal, but families recognise that given resources and number of families to help this may not be achievable.

Comments included:

"Overall needs are met, and the service is a 'godsend' for the family and gives us hope for ongoing support. Very lovely place"

"Good within the realms of the achievable. I think a great job is done. Last year much effort was made to give respite when I needed it for training courses"

"I do not feel judged as a result of my views, values, beliefs or when I am struggling with something. My views are always respected"

"We have discussed what is important to us as a family and feel like things have been taken on board"

HIW carried out an inspection of Ty Gobaith in October. Three inspectors attended with their focus being Clinical, Management and maintenance and a lay person with experience in bereavement support. The inspection report was positive with some areas of improvement. The report and action plan have now been released on HIW website. <http://hiw.org.uk/docs/hiw/inspectionreports/140119tygobaithen.pdf>

An informal comment made by one of the inspectors congratulated the staff on their caring attitude and stated they all had the 'X Factor'.

As part of the inspection HIW asked service users for feedback and comments given included

"Ty Gobaith is an amazing service and we would be lost without it"

"The care and treatment from Ty Gobaith has been, and is, amazing. A wonderful place for the children to come and relax and you know they are safe and happy when you are not there"

"This place is good, it's not home but it's got a lot of cool stuff"

Other written feedback that we received during the year helped demonstrate the impact of our care and support.

"If it hadn't been for Hope House, I'd be gone by now, you're worth your weight in gold".

"Thank you so much for everything you have done for us. You have been there for us in some of the darkest times. I'm not sure we would have got through without you...."

HOPE HOUSE CHILDRENS HOSPICES

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

(b) Review of activities (continued)

Monitoring Impact (continued)

"As parents struggling to understand where T.....' pain was coming from, we are so grateful for the care he has received from Hope House; the staff have been amazing with T..... The investigation that has gone into trying to sort him out has been amazing. We can't say thank you enough to everyone that helped us, we feel so grateful to have been given this support."

"Just wanted to say a big thank you for sorting our family holiday. We had the best time and much needed break. Also, thanks for all the support you have given us (over the) past 6 months."

"To all of you who make every visit here extra special. We are so grateful for this unexpected weekend."

(c) Fundraising activities/Income generation

Income from statutory bodies

Income from statutory bodies increased marginally from 2017, retaining the overall statutory funding contribution towards care costs at 15% (2017: 15%).

Fundraising activities

Fundraising income fell slightly in 2018 from the previous year with improvement in income from community fundraising and from Trusts offset by reductions in income from corporate supporters and sporting events. Sporting events were particularly hit by the unseasonably cold weather in the early part of 2018. Legacy income exceeded that received in 2017 and remains a significant income source for the charity.

This demonstrates both the importance of donations and 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.

Our reputation with those who need our services and to those who kindly donate to us is paramount. We do not use sensationalism within our fundraising activities and instead adopt an approach of the truth well told.

We strive to exceed expectations but from time to time, despite our best efforts we do not get it right. We take any concerns or complaints seriously and investigate each one no matter how small. Where we use fundraising partners, we insist on our values being the backbone of their activities and monitor their compliance regularly. We have clear policies on ensuring that vulnerable persons are protected and that no one is subjected to undue pressure to give money or other property. We have contracts in place to ensure that our partners adhere to these policies.

In 2018 we received two complaints in respect of fundraising activity, ten regarding our lottery and thirteen in respect of our trading activities. We learnt from these complaints and take action to prevent as far as possible recurrence. 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.

HOPE HOUSE CHILDRENS HOSPICES

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TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

(c) Fundraising activities/Income generation (continued)

Fundraising activities (continued)

We keep up to date with Fundraising and Data Protection legislation and adhere to them in their entirety. We are therefore confident that we are able to 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

Net contribution from the operation of the shops amounted to £610,655 (2017: £549,079) including gift aid reclaimed. This represents 23% of sales. 2018 was our best ever trading year and has given the charity confidence to continue to invest in this income stream.

Lottery

The policy of growing the membership of the Lottery continues with membership hitting 29,576 (2017:24,595) by the end of the year. The Lottery contributed £748,063 (2017: 423,022) to the charity which represents 38% of sales, as we continued to reinvest income into long term growth.

(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.

HOPE HOUSE CHILDRENS HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) **FOR THE YEAR ENDED 31 DECEMBER 2018**

(d) Investment policy and performance (continued)

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 the year our investment value fell by £101,634 primarily due to a losses inflicted on equities in the last quarter of 2018 giving a return on investment of -2.8% for the year.

Financial review

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

(a) Financial and risk management objectives and policies

In line with the charity's five year plan a deficit budget of £379,000 was forecast for 2018 (2017: -£461,000). Better than anticipated income along with delivering the service within budget resulted in a surplus of £536,000 before depreciation.

The major challenge remains in raising sufficient revenue to support the continued work of the charity. As a charity, relying mainly on voluntary donations we always face the challenge of balancing the uncertainty of income against the certainty of increasing costs. In addition, we are faced with increasing competition for funds and continued uncertainty over funding from statutory sector bodies. This risk was managed in 2018 by a commitment from NHS England to maintain the central grant to children's hospices at current levels and our relationship with Clinical Commissioning Group and Local Health Board Commissioners. The charity invested significantly in income generating streams with investment in the lottery, trading and fundraising activities.

The trustees believe that the major financial risks are being mitigated, a key element of which is the setting of a Reserves Policy and a designated Continuity Fund.

(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.

HOPE HOUSE CHILDRENS HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

Financial review (continued)

(b) Reserves policy

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 approved in June 2017 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 catastrophic events

The policy set a minimum unrestricted available reserve of £4.08 Million at the end of 2018, held as designated business continuity funds. If reserves fell below these levels then action will be taken to reduce costs within the following 12 months in accordance with the agreed priorities, bringing expenditure and income into balance.

Unrestricted reserves at the year-end amounted to £11.2 million (2017: £11.1 million), of which tangible fixed assets amount to £5.2 million resulting in available reserves of £6.0 million. Of these £4 million is designated for specific purposes as noted in the financial statements. The charity has ambitious plans for future service delivery and in the future funds will need to be reserved to launch new services. These will be designated funds over and above the minimum reserves set out in this policy.

Contingency plans to reduce costs in the event of a significant shortfall in income were reviewed but given the strong financial performance in 2018 not implemented.

Plans for the future

Progress has been made on delivering our ambitions and during 2019 the following service developments will come on stream

Ambition 1: Every child has access to 24/7 end of life care at a place of their choice.

Launch in collaboration with partners an out of hours specialist nursing and palliative care service across North Wales for children at end of life at their place of choice.

Ambition 2. Bereaved families can easily access high quality specialist counselling and bereavement support.

Implementation of the recommendations of the review of counselling and bereavement support to ensure bereavement support and specialist counselling services are available locally and quickly for bereaved children and families who've lost a child in whatever circumstances.

Ambition 3: Brothers and sisters of children not expected to live longer than early adulthood have access to a programme of support. And ambition 4: Young adults not expected to live beyond the age of 25 have access to care and support that best meets their needs and is appropriate for their age.

Establish a new Activities Team, bringing together play specialists, youth workers, sibling support specialists special needs teaching assistants and transition support workers to develop and deliver age appropriate programmes of support.

Ambition 6: •A family's community of support (neighbourhood, friends and family) are skilled, empowered and engaged in helping them live well and fully.

Launch of a pilot community volunteering programme in Shropshire for families caring for a child with a life limiting or life-threatening condition.

We will continue to develop plans to deliver our other agreed ambitions.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

Plans for the future (continued)

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 retaining and developing our clinical staff and ensuring that we maximise use of their clinical skills. We will also be releasing staff to train as Nursing Associates from 2019.

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 2025.

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.

Alongside seeking to raise more money and develop new services it is imperative that we focus resources on delivering our purpose. Therefore during 2019 we will be reviewing and consulting on our criteria for respite care and continuing the programme of service reviews including reviews of social work, homecare and transition support.

HOPE HOUSE CHILDRENS HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

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 5th June 2019 and signed on their behalf by:



Stephen Henly
Chair of Trustees

HOPE HOUSE CHILDRENS HOSPICES

(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Hope House Children's Hospices (the 'charitable company') and its subsidiaries for the year ended 31 December 2018 on pages 21 to 45. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its income and expenditure for the year then ended; and
- 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; and
- have been prepared in accordance with the Charities SORP 2015.

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 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.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

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

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment 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.

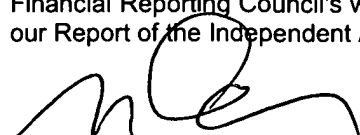
Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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.



Michael Caputo FCA (Senior Statutory Auditor)
for and on behalf of McLintocks (NW) Limited
Chartered Accountants
Statutory Auditors
2 Hilliards Court
Chester Business Park
Chester
CH4 9PX

5th June 2019

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME					
Donations and legacies	3	4,693,560	-	4,693,560	4,732,267
Income from trading activities	4	3,469,943	-	3,469,943	3,133,655
Income from charitable activities	5	-	845,448	845,448	841,306
Investment income	6	72,427	-	72,427	76,759
TOTAL INCOME		8,235,930	845,448	9,081,378	8,783,987
EXPENDITURE					
Expenditure on raising funds:					
Raising funds within the Charity	7	956,959	-	956,959	933,683
Expenditure for trading activities	8	2,258,588	-	2,258,588	2,291,889
Expenditure on charitable activities	9	4,700,012	845,448	5,545,460	5,548,801
TOTAL EXPENDITURE		7,930,559	845,448	8,761,007	8,774,373
NET SURPLUS/(EXPENDITURE) FOR THE YEAR		320,371	-	320,371	9,614
(Losses)/Gains on revaluation of investments	16	(149,780)	-	(149,780)	186,587
NET MOVEMENT IN FUNDS FOR THE YEAR		170,591	-	170,591	196,201
Total funds at 1 January		11,061,651	-	11,061,651	10,865,450
TOTAL FUNDS AT 31 DECEMBER		11,232,242	-	11,232,242	11,061,651

All activities relate to continuing operations.

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

The notes on pages 25 to 45 form part of these financial statements.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	£	2018 £	£	2017 £	£
FIXED ASSETS						
Tangible assets	15		5,186,244		5,393,560	
Investments	16		3,631,090		3,732,725	
			<u>8,817,334</u>		<u>9,126,285</u>	
CURRENT ASSETS						
Stocks	17	8,899			6,738	
Debtors	18	1,203,559			1,310,614	
Cash at bank and in hand		1,826,631			1,100,902	
		<u>3,039,089</u>			<u>2,418,254</u>	
CREDITORS: amounts falling due within one year	19	(624,181)			(482,888)	
NET CURRENT ASSETS			<u>2,414,908</u>		<u>1,935,366</u>	
NET ASSETS			<u>11,232,242</u>		<u>11,061,651</u>	
CHARITY FUNDS						
Designated funds	20		4,603,202		4,603,202	
Unrestricted funds	20		6,629,040		6,458,449	
TOTAL FUNDS			<u>11,232,242</u>		<u>11,061,651</u>	

The financial statements were approved by the trustees on 5th June 2019 and signed on their behalf by:



Stephen Henly
Chair of Trustees

The notes of pages 25 to 45 form part of these financial statements.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

CHARITY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	15		5,186,244		5,393,560
Investments	16		3,631,094		3,732,729
			<u>8,817,338</u>		<u>9,126,289</u>
CURRENT ASSETS					
Stock	17	8,899		6,738	
Debtors	18	1,279,808		1,366,648	
Cash at bank and in hand		1,610,753		912,846	
		<u>2,899,460</u>		<u>2,286,232</u>	
CREDITORS: amounts falling due within one year	19	(490,988)		(357,302)	
NET CURRENT ASSETS			<u>2,408,472</u>		<u>1,928,930</u>
NET ASSETS			<u>11,225,810</u>		<u>11,055,219</u>
CHARITY FUNDS					
Designated funds	20		4,603,202		4,603,202
Unrestricted funds	20		6,622,608		6,452,017
TOTAL FUNDS			<u>11,225,810</u>		<u>11,055,219</u>

The financial statements were approved by the trustees on 5th June 2019 and signed on their behalf by:



Stephen Henly
Chair of Trustees

The notes of pages 25 to 45 form part of these financial statements.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Cash provided by operating activities	22	836,090	(870,339)
		<hr/>	<hr/>
Cash flows from investing activities			
Investment income		72,427	76,759
Purchase of tangible fixed assets		(134,643)	(158,045)
Purchase of listed investments		(588,502)	(550,860)
Sale of listed investments		540,357	797,924
		<hr/>	<hr/>
Cash used/cash surplus on investing activities		(110,361)	165,778
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents in the year		725,729	(704,561)
Cash and cash equivalents at the beginning of the year		1,100,902	1,805,463
Cash and cash equivalents at the end of the year	23	1,862,631	1,100,902
		<hr/>	<hr/>

The notes on pages 25 to 45 form part of these financial statements.

HOPE HOUSE CHILDRENS HOSPICES

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

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

1.2 Preparation of the accounts on a going concern basis

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

1.3 Group financial statements

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

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

1.4 Income

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

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

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.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

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.

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:

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES (continued)

1.8 Expenditure (continued)

- 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.

1.11 Tangible fixed assets

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

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

1.12 Investments

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

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

1.13 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.

HOPE HOUSE CHILDRENS HOSPICES

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

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.

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.

1.18 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.

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 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	2,268,555	-	2,268,555	2,346,431
Legacies	2,242,991	-	2,242,991	2,203,516
Tax recovered – Gift aid	153,588	-	153,588	138,462
Other income	28,426	-	28,426	43,858
	4,693,560	-	4,693,560	4,732,267

Unrestricted donations of £28,194 (2017: £17,199) were received from the trustees of the Charity in the year.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. INCOME FROM TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hope House (Trading) Limited	91,194	-	91,194	444,563
Hope House (Lottery) Limited	1,499,676	-	1,499,676	1,202,881
Hope House Children's Hospices	1,879,073	-	1,879,073	1,486,211
	3,469,943	-	3,469,943	3,133,655

Hope House (Trading) Limited operated the charity shops until 31st March 2017 with the Charity taking over the operating of the charity shops from 1st April 2017 leaving Hope House (Trading) Limited with only the sale of new goods and operating the Retail Gift Aid scheme. The year ended 31st December 2018 was the first full year with the activity of Hope House Trading (Limited) being solely derived from the sale of new goods. Hope House (Lottery) Limited operates the lottery scheme.

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from statutory bodies	-	845,448	845,448	841,306

Income from statutory bodies analysed as:

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Welsh LHB grants	-	228,632	228,632	253,634
NHS England grant	-	307,553	307,553	307,553
English CCG grants	-	255,773	255,773	244,631
Welsh Health Authority grant towards pensions	-	35,990	35,990	33,243
Welsh Assembly grant	-	17,500	17,500	2,245
Total	-	845,448	845,448	841,306

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	72,427	-	72,427	76,759
	72,427	-	72,427	76,759

7. RAISING CHARITABLE DONATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Promotional materials	26,398	-	26,398	100,729
Fundraising	60,808	-	60,808	56,814
Printing, postage, stationery and IT	29,783	-	29,783	26,353
Event expenses	110,035	-	110,035	94,645
Insurance	3,146	-	3,146	3,285
Water charges	227	-	227	429
Light and heat	512	-	512	2,189
Repairs and maintenance	2,740	-	2,740	3,581
Telephone	8,032	-	8,032	10,023
Vehicle running expenses	5,939	-	5,939	10,121
Vehicle lease charges	12,501	-	12,501	20,721
Car allowance	35,725	-	35,725	16,323
Travelling expenses	12,091	-	12,091	6,917
Training and conferences	4,065	-	4,065	4,347
General expenses	11,168	-	11,168	11,456
Friends' groups' expenses	137	-	137	46
Payment processing fees	14,183	-	14,183	20,039
Fundraising staff costs	619,179	-	619,179	543,340
Recruitment	300	-	300	2,325
	956,959	-	956,959	933,683

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

8. TRADING EXPENDITURE

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hope House (Trading) Limited	36,218	-	36,218	429,563
Hope House (Lottery) Limited	751,613	-	751,613	779,859
Hope House Children's Hospice	1,470,757	-	1,470,757	1,082,467
	2,258,588	-	2,258,588	2,291,889

Hope House (Trading) Limited operated the charity shops until 31st March 2017 with the Charity taking over the operating of the charity shops from 1st April 2017 leaving Hope House (Trading) Limited with only the sale of new goods and operating the Retail Gift Aid scheme. The year ended 31st December 2018 was the first full year with the activity of Hope House Trading (Limited) being solely derived from the sale of new goods Hope House (Lottery) Limited operates the lottery scheme.

9. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Hospice activities undertaken directly	4,026,521	845,448	4,871,969	4,868,958
Support costs	656,821	-	656,821	660,569
Governance costs	16,670	-	16,670	19,274
	4,700,012	845,448	5,545,460	5,548,801

SUMMARY BY ACTIVITY TYPE

	Care Costs (Note 10) £	Support Costs (Note 11) £	Governance Costs £	Total Funds 2018 £	Total Funds 2017 £
Staff costs	3,974,161	514,164	-	4,488,325	4,547,285
Premises costs	100,687	-	-	100,687	87,037
Depreciation	288,593	-	-	288,593	303,483
Professional fees	26,281	-	16,670	42,951	43,096
Operating costs	482,247	129,213	-	611,460	556,905
Finance costs	-	13,444	-	13,444	10,995
	4,871,969	656,821	16,670	5,545,460	5,548,801

HOPE HOUSE CHILDRENS HOSPICES**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018****10. HOSPICE ACTIVITIES UNDERTAKEN DIRECTLY**

	2018	2017
	£	£
Repairs and maintenance	97,734	85,743
Heat and light	69,790	63,869
Water charges	10,744	9,681
Printing, postage, stationery and IT	22,620	30,766
Housekeeping	23,057	19,922
Insurance	21,969	21,131
Telephone	15,964	15,962
Food and catering	45,197	38,748
Motor expenses	31,710	27,318
Vehicle lease charges	20,285	28,430
Car allowance	13,812	5,877
Travelling expenses	42,050	42,000
Training and conferences	53,954	42,028
Recruitment	5,603	12,996
General expenses	53,247	44,924
Nursing consumables	27,653	31,459
Family bereavement fund	1,723	526
Investment management fees	26,281	23,822
Wages and salaries	3,974,161	3,998,622
Agency	5,668	8,164
Depreciation	288,593	303,483
Rent	20,154	13,487
	4,871,969	4,868,958

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

11. SUPPORT COSTS

	2018 £	2017 £
Printing, postage, stationery and IT	16,297	13,443
Telephone	7,108	4,313
Water charges	128	-
Light and heat	2,307	-
Repairs and maintenance	9,131	7,704
General expenses	35,165	19,430
Vehicle running expenses	1,200	1,486
Vehicle lease charges	8,696	13,187
Travelling expenses	4,974	5,773
Car allowance	3,796	-
Training and conferences	3,569	6,311
Wages and salaries	514,165	548,663
Agency	200	300
Recruitment	5,204	2,380
Apprentice levy	9,826	6,989
Staff benefit scheme	19,437	17,445
Bank charges	13,444	10,995
Insurance	2,174	2,150
	656,821	660,569

12. NET INCOME

This is stated after charging:	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	341,959	366,500
Auditors remuneration		
- Audit Work	6,000	6,000

During the year, no trustees received any remuneration (2017 - £Nil).

During the year, no trustees received any benefits in kind (2017 - £Nil).

During the year, two trustees received reimbursement of expenses totalling £356 (2017 - £Nil). Expenses totalling £2,662 (2017: £2,092) for travel were waived by trustees during the year.

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

13. STAFF COSTS

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	4,965,599	4,934,466
Social security costs	430,295	424,247
Other pension costs	560,254	569,648
	<u>5,956,148</u>	<u>5,928,361</u>

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

	2018	2017
	No.	No.
Hospice services	152	156
Fundraising and publicity	21	22
Support	17	17
Retail and lottery	60	57
	<u>250</u>	<u>252</u>

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
	<u>3</u>	<u>2</u>

The key management personnel of the group, comprise the trustees, the chief executive officer, director of HR and volunteering, director of fundraising, director of care and director of finance and operations plus the directors of the wholly owned subsidiaries. The total employee benefits of the key management personnel were £341,637 (2017: £326,829).

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

14. 2017 COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
INCOME			
Donations and legacies	4,732,267	-	4,732,267
Income from trading activities	3,133,655	-	3,133,655
Investment income	76,759	-	76,759
Income from charitable activities	-	841,306	841,306
TOTAL INCOME	7,942,681	841,306	8,783,987
EXPENDITURE			
Expenditure on raising funds:			
Raising funds within the charity	933,683	-	933,683
Expenditure for trading activities	2,291,889	-	2,291,889
Expenditure on charitable activities	4,707,495	841,306	5,548,801
TOTAL EXPENDITURE	7,933,067	841,306	8,774,373
NET (EXPENDITURE) FOR THE YEAR	9,614	-	9,614
Gains on revaluation of investments	186,587	-	186,587
NET MOVEMENT IN FUNDS FOR THE YEAR	196,201	-	196,201
Total funds at 1 January 2017	10,865,450	-	10,865,450
TOTAL FUNDS AT 31 DECEMBER 2017	11,061,651	-	11,061,651

HOPE HOUSE CHILDRENS HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

15. TANGIBLE FIXED ASSETS

Group	Freehold property £	Commercial property £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1 January 2018	6,600,195	384,155	3,237,253	185,392	10,406,995
Additions	-	1,763	126,980	5,900	134,643
Disposals	-	-	(141,641)	(34,234)	(175,875)
At 31 December 2018	6,600,195	385,918	3,222,592	157,058	10,365,763
Depreciation					
At 1 January 2018	2,165,383	-	2,717,099	130,953	5,013,435
Charge	149,802	-	177,089	15,068	341,959
Eliminated on disposal	-	-	(141,641)	(34,234)	(175,875)
At 31 December 2018	2,315,185	-	2,752,547	111,787	5,179,519
Net book value					
At 31 December 2018	4,285,010	385,918	470,045	45,271	5,186,244
At 31 December 2017	4,434,812	384,155	520,154	54,439	5,393,560

Included in freehold property is freehold land at valuation of £608,106 (2017 - £608,106), cost £608,106 (2017 - £608,106) which is not depreciated.

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

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

15. TANGIBLE FIXED ASSETS (continued)

	Freehold property £	Commercial property £	Plant and machinery £	Motor vehicles £	Total £
Charity					
Cost					
At 1 January 2018	6,600,195	384,155	3,237,253	185,392	10,406,995
Additions	-	1,763	126,980	5,900	134,643
Disposals	-	-	(141,641)	(34,234)	(175,875)
At 31 December 2018	6,600,195	385,918	3,222,592	157,058	10,365,763
Depreciation					
At 1 January 2018	2,165,383	-	2,717,099	130,953	5,013,435
Charge	149,802	-	177,089	15,068	341,959
Eliminated on disposal	-	-	(141,641)	(34,234)	(175,875)
At 31 December 2018	2,315,185	-	2,752,547	111,787	5,179,519
Net book value					
At 31 December 2018	4,285,010	385,918	470,045	45,271	5,186,244
At 31 December 2017	4,434,812	384,155	520,154	54,439	5,393,560

Included in freehold property is freehold land at valuation of £608,106 (2017 - £608,106), cost £608,106 (2017 - £608,106) which is not depreciated.

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

HOPE HOUSE CHILDRENS HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

16. FIXED ASSET INVESTMENTS

Group Market value	Listed securities £	Cash and settlements pending £	Total £
At 1 January 2018	3,637,501	95,224	3,732,725
Additions	588,502	267,575	856,077
Disposals	(808,792)	-	(808,792)
Revaluations	(149,780)	-	(149,780)
Investment management fees	860	-	860
At 31 December 2018	3,268,291	362,799	3,631,090

Group investments at market value comprise:

	UK £	Overseas £	2018 £	2017 £
Listed investments	1,945,977	1,322,314	3,268,291	3,637,501
Investment cash and settlements pending	362,799	-	362,799	95,224
Total market value	2,308,776	1,322,314	3,631,090	3,732,725

Charity Market Value	Listed securities £	Cash and settlements pending £	Shares in subsidiaries £	Total £
At 1 January 2018	3,637,501	95,224	4	3,732,729
Additions	588,502	267,575	-	856,077
Disposals	(808,792)	-	-	(808,792)
Revaluations	(148,780)	-	-	(148,780)
Investment management fees	860	-	-	860
At 31 December 2018	3,268,291	362,799	4	3,631,094

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

16. FIXED ASSET INVESTMENTS (continued)

Charity investments at market value comprise:

	UK £	Overseas £	2018 £	2017 £
Listed investments	1,945,977	1,322,314	3,268,291	3,637,501
Investment cash and settlements pending	362,799	-	362,799	95,224
Investment in subsidiaries	4	-	4	4
Total market value	2,308,780	1,322,314	3,631,094	3,732,729

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 pay all of their profits to the Charity under Deed of Covenant.

The assets and liabilities of the subsidiaries were;

	Hope House (Trading) Limited 2018 £	Hope House (Trading) Limited 2017 £	Hope House (Lottery) Limited 2018 £	Hope House (Lottery) Limited 2017 £
Fixed assets	-	-	-	-
Current assets	2,373	1,569	215,613	199,144
Current liabilities	(804)	-	(210,746)	(194,277)
Aggregate share capital and reserves	1,569	1,569	4,867	4,867
Net income from trading activities	-	-	-	-

HOPE HOUSE CHILDRENS HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

17. STOCKS	2018	2017
	£	£
Goods for resale	<u>8,899</u>	<u>6,738</u>

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Amounts owed by group undertakings	-	-	78,358	58,570
Other debtors	1,097,181	1,203,044	1,097,181	1,200,508
Prepayments and accrued income	106,378	107,570	104,269	107,570
	<u>1,203,559</u>	<u>1,310,614</u>	<u>1,279,808</u>	<u>1,366,648</u>

19. CREDITORS: Amounts falling due within one year	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	102,560	78,639	85,278	56,722
Other taxation and social security	167,128	262,167	167,128	158,498
Accruals and deferred income	354,493	142,082	238,582	142,082
	<u>624,181</u>	<u>482,888</u>	<u>490,988</u>	<u>357,302</u>

HOPE HOUSE CHILDRENS HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

20. STATEMENT OF FUNDS

Group

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
DESIGNATED FUNDS						
Designated workforce management fund	100,000	-	-	-	-	100,000
Designated palliative care projects fund	153,202	-	-	-	-	153,202
Continuity fund	4,350,000	-	-	-	-	4,350,000
	<u>4,603,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,603,202</u>
GENERAL FUNDS						
General funds – all funds	6,458,449	8,235,930	(7,915,559)	-	(149,780)	6,629,040
Total unrestricted funds	<u>11,061,651</u>	<u>8,235,930</u>	<u>(7,915,559)</u>	<u>-</u>	<u>(149,780)</u>	<u>11,232,242</u>
GENERAL FUNDS						
Restricted funds – all funds	-	845,448	(845,448)	-	-	-
Total funds	<u>11,061,651</u>	<u>9,081,378</u>	<u>(8,761,007)</u>	<u>-</u>	<u>(149,780)</u>	<u>11,232,242</u>

HOPE HOUSE CHILDRENS HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

20. STATEMENT OF FUNDS (continued)

Charity	Brought forward £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Carried forward £
CHARITY DESIGNATED FUNDS						
Designated workforce management fund	100,000	-	-	-	-	100,000
Designated palliative care projects fund	153,202	-	-	-	-	153,202
Continuity fund	4,350,000	-	-	-	-	4,350,000
	4,603,202	-	-	-	-	4,603,202
CHARITY GENERAL FUNDS						
General funds – all funds	6,452,017	7,452,257	(7,131,886)	-	(149,780)	6,622,608
Total unrestricted funds	11,055,219	7,452,257	(7,131,886)	-	(149,780)	11,225,810
CHARITY GENERAL FUNDS						
Restricted funds – all funds	-	845,448	(845,448)	-	-	-
Total funds	11,055,219	8,297,705	(7,977,334)	-	(149,780)	11,225,810

DESIGNATED FUNDS

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

Palliative Care Projects Fund – The trustees feel that it is prudent to provide a pool of funds to be designated to specific palliative care projects.

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

HOPE HOUSE CHILDRENS HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Tangible fixed assets	5,186,244	-	5,186,244	5,393,560
Fixed asset investments	3,631,090	-	3,631,090	3,732,725
Current assets	3,039,089	-	3,039,089	2,418,254
Creditors due within one year	(624,181)	-	(624,181)	(482,888)
	<u>11,232,242</u>	<u>-</u>	<u>11,232,242</u>	<u>11,061,651</u>

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net movement of funds	170,591	196,201
Income from investments	(72,427)	(76,759)
Depreciation of tangible fixed assets	341,959	366,497
Disposal of tangible fixed assets	-	-
Revaluation of investments	149,780	(186,587)
(Increase)/ decrease in stocks	(2,161)	11,025
Decrease/(increase) in debtors	107,055	(1,170,787)
Increase/(decrease) in creditors	141,293	(9,929)
Cash provided by operating activities	<u>836,090</u>	<u>(870,339)</u>

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2017 £	Cash flow £	Other Non-cash £	31 December 2017 £
Cash at bank and in hand	1,805,463	(704,561)	-	1,100,902
Net funds	<u>1,805,463</u>	<u>(704,561)</u>	<u>-</u>	<u>1,100,902</u>

HOPE HOUSE CHILDRENS HOSPICES
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

24. 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 £560,254 (2017 - £558,157).

25. OPERATING LEASE COMMITMENTS

At 31 December 2018 the group total commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
Group				
Expiry date:				
Within 1 year	304,023	300,167	31,070	58,249
Between 1 and 2 years	166,957	227,958	6,504	25,235
Between 2 and 5 years	203,750	98,083	-	-
After more than 5 years	30,500	124,250	-	-

At 31 December 2018 the Charity had total commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
Charity				
Expiry date:				
Within 1 year	304,023	300,167	31,070	58,249
Between 1 and 2 years	166,957	227,958	6,504	25,235
Between 2 and 5 years	203,750	98,083	-	-
After more than 5 years	30,500	124,250	-	-

HOPE HOUSE CHILDRENS HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

26. 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 on an arm's length basis in support of the charity.

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

27. ULTIMATE CONTROLLING PARTY

The charity is controlled by the trustees.