

Charity Registration No. 1003859
Company Registration No. 2588103

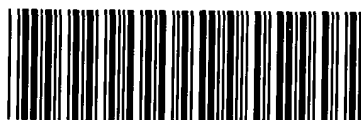
HOPE HOUSE CHILDREN'S HOSPICES

TRUSTEE'S REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

THURSDAY



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auditing

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

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for the Year Ended 31 December 2021

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

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

| | |
|----------------------|--|
| Graeme Harkness | Retired Head Teacher |
| Christopher C Hudson | Retired HR Professional |
| Dr Supriya Kapas | Quality Assurance Pharmacist (appointed 12 April 2021) |
| Andrew Morris | Company Director |
| Gary Morton | Group Chief Executive |
| Dr David Sharp | General Practitioner |
| Kelly Stant | Solicitor |
| Dr Jean B Watt | Retired Consultant Paediatrician |
| Meinir A Wigley | Communications Manager (resigned 8 December 2021) |

Independent Directors of Hope House (Trading) Limited

W Andrew Fergus
Andrew T Goldsmith

Independent Directors of Hope House (Lottery) Limited

| | |
|-----------------|-----------------------------|
| Stephen R Henly | |
| Philip R Inch | |
| Gary Morton | |
| Meinir A Wigley | Resigned 22 September 2021 |
| Kelly Stant | Appointed 22 September 2021 |

Company registered number

2588103

Charity registered number

1003859

Registered office

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

Company secretary

Andrew T Goldsmith

Chief executive officer

Andrew T Goldsmith

Senior management team

| | |
|-----------------|---------------------------------------|
| Simi Epstein | Director of Fundraising and Marketing |
| Karen Wright | Director of Care |
| W Andrew Fergus | Commercial Director |

HOPE HOUSE CHILDREN'S HOSPICES
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Administrative details (continued)

Independent auditors

Xeinadin Audit 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 CHILDREN'S HOSPICES

(A company limited by guarantee)

LETTER FROM THE CHAIR FOR THE YEAR ENDED 31 DECEMBER 2021

As I reflect on the last few years, I am immensely proud of our staff and how they responded so incredibly well to the challenges and uncertainty presented by the COVID 19 pandemic. We rapidly adapted to an evolving landscape. We didn't stop providing care or raising the funds to pay for it. We worked incredibly hard to keep staff and volunteers safe; ensure financial stability and safely adapt to continue the delivery of our essential services to children and their families.

The resilience, stamina and dedication of our care team over the last few years has been remarkable. They have worked tirelessly, taking on new responsibilities and often working in challenging unnatural ways behind PPE frequently for long hours.

Our staff and volunteers are the cornerstone of the charity. Nothing could be achieved without them. I am proud of how the whole team have navigated the challenges presented by the pandemic and the ways in which new ways of working, which would have been unthinkable only months earlier, were embraced.

Many in our retail team were furloughed at various times during the pandemic. Despite losing over a quarter of the trading year in 2021 and a significantly reduced footfall across all retail spaces, they produced a very healthy contribution towards 2021 and continue to do so in 2022. I must also thank Andy Goldsmith, our CEO and his Senior Management Team, who collectively provided outstanding leadership to all our staff throughout the pandemic.

Financials

The financial outturn for 2021 is far stronger than we expected at the start of the year. We ended 2021 having delivered a surplus of £ 962K and an 8.9% increase in unrestricted reserves due in no small part to the outstanding work of our fundraising, lottery and retail teams. We continued to benefit from government funding at the start of 2021 via the hospice sector grant, furlough and local retail support schemes. Our financial statements reflect the extraordinary events of the time and the nature of our income generation during the pandemic which therefore make year on year comparisons difficult.

We have carefully managed our resources with expenditure during the year below our budgeted expectation. As we emerge from the pandemic, we are now in an excellent financial position to address the challenges of recruitment and retention, an increased demand for specialised services and reduced NHS funding.

Outlook

2021 was an extraordinary year, we have made good progress on our key objectives. We faced unprecedented challenges during the pandemic and have emerged stronger. Whilst challenges remain, our strategies for Care, Fundraising and Retail remain sound. Our services continue to evolve and adapt. New agile ways of working and lessons learnt through the pandemic will not be lost.

We continue to face significant challenges in recruitment and retention across all departments, staff vacancies meant we could not operate at full capacity during 2021. Significant progress has been made in benchmarking our pay and rewards and ensuring our offer is competitive. Despite this, recruitment will continue to be a major challenge in the short to medium term across all departments.

The hospice spaces have now opened up again, conversations have returned, the dining room is busy, children are playing, their families are mixing and staff recruited during the pandemic have finally been able to meet their colleagues in-person. Whilst some uncertainty remains, we are now in an excellent position to respond to the post pandemic challenges ahead of us and deliver outstanding care for all of the children and their families who come to Hope House Children's Hospices.

I would like to thank everyone who continued to support us throughout the pandemic and help us through the most challenging years in our history. Your support helps us continue to put the children we support and their families at the heart of everything we do, because no one should face the death of a child alone.

Stephen Henly
Chair of Trustees
29th June 2022

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

The trustees (who are also the directors of the charity for the purposes of the Companies Act) present their report together with the audited financial statements of Hope House Children's Hospices (the charity and the group) for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply 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) (effective 1 January 2019)".

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 charitable objective as set out in the Memorandum of Association in 1991 is 'To promote the relief of illness and suffering in such a way as the association shall from time to time think fit.'

(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. A formal policy sets out selection, recruitment and appointment of trustees 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.

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 as it is felt on balance 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 trustee terms of office was last reviewed in September 2021.

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 22nd of September 2021 Meinir Wigley retired from the Board of Trustees. Barbara Evans, Stephen Henly and Phil Inch retired by rotation and being eligible for re-election were re-elected to the Board of Hope House Children's Hospices. Dr Supriya Kapas was appointed to the Board of Hope House Children's Hospices.

The 2022 AGM will be held at Hope House on Wednesday 14th of September 2022

HOPE HOUSE CHILDREN'S HOSPICES
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**TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Structure, governance and management (continued)

(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 early 2020 a two-year trustee training plan was approved offering a combination of on-line training and in person development sessions. During 2021 trustees completing training in:

- COVID Response for Employees
- DSE Interactive
- General Data Protection Regulation (GDPR) Interactive
- Health and Safety for Directors Interactive
- Mental Health Legislation Interactive
- Safeguarding Children and Adults at Risk Interactive
- Social Media Use Interactive

Trustees also attended development sessions on the incidence and prevalence of children with life limiting conditions, the role of Nurse Associates, and unconscious bias

Trustees undertook an annual appraisal with the Chair of Trustees, and this helped to identify areas of concern, 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 Trustees appointed by the Members of the Association at the Annual General Meeting.

The Board has established a specialist committee structure to provide an efficient mechanism for discharging the Board's corporate governance responsibilities. The committees in place during 2021 were:

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

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

Board and Committee meetings were held in person and online in accordance with section 24 Proceedings of Directors, subsection (6) of the Charity's Articles of Association approved by the Board on the 24th of March 2018. In limited cases decisions were made by written resolution in accordance with Article 16 of the Charity's Articles of Association.

The day-to-day operation and management of the company is vested in the Chief Executive Officer and Senior Management Team (SMT) under the approved Scheme of Delegation last reviewed and updated on 1st of October 2020.

HOPE HOUSE CHILDREN'S HOSPICES
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

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2021

Structure, governance and management (continued)

(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 2021, the Audit and Risk Committee reviewed the most significant strategic risks facing Hope House Children's Hospices and their potential impact on the charity's ability to achieve its charitable purpose, and in December 2021, the Board agreed that the charity faced the following Critical and High Risks in 2022 and that the Audit and Risk Committee should monitor progress in implementing additional mitigation measures to manage these risks.

| Number | Risk | Risk Rating December 2021 | Direction of travel |
|---------------|--|------------------------------|--|
| 35 | Supporter dissatisfaction | 12 High |  |
| 37 | Shortage of staff with clinical skills | 18 Critical |  |
| 38 (new risk) | Inability to recruit or retain non clinical staff with specialist skills | 12 High | New risk |

Objectives and Activities

(a) Policies and objectives

In December 2020, the Association reviewed its 'Mission' and following consultation, adopted in early 2021 a revised Mission Statement based on the Why, How and What model of organisational strategy.

Why We Are Here

'Why' is how we explain our purpose and the reason we exist and behave as we do.

There is no loss crueler than the death of a child. When your child is diagnosed with an incurable condition your heart breaks and your world falls apart. When your child dies, something dies in you too.

Facing that journey alone is terrifying. You feel so helpless. Without Hope House Children's Hospices, you struggle on, often isolated in your pain and grief. We must help.

*This must stop. **No-one should face the death of a child alone.***

HOPE HOUSE CHILDREN'S HOSPICES

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TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

(Objectives and Activities (continued))

(a) Policies and objectives (continued)

How We Work

The 'How' is our approach to delivering our purpose and the values that underpin what we do. We:

- Put the needs of the child and their family at the heart of everything we do
- Care for children and support families from diagnosis and continue for as long as we are able to provide the right care and support for them.
- Provide fair and equitable access to our services for everyone - regardless of location, their ethnicity, social or economic circumstances
- Deliver effective services as responsibly 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 help us to improve the quality of life for children and their families - our employees, volunteers, supporters and partners
- Are open and transparent in our business and activities, while protecting the rights of children and families to privacy at all times

(b) Strategies for achieving objectives

What We Do

The 'What' are our key activities and programmes that deliver our purpose.

Hope House Children's Hospices is a centre of excellence for children's palliative care ensuring every family facing the death of a child gets the very best care and support when and where they need it. We achieve this through the following strategies:

| Income strategies | Care strategy | People and resources strategies |
|----------------------------------|------------------------|---------------------------------------|
| Retail | Complex Care | Finance and Business planning |
| Fundraising | Respite and Key worker | Human Resources and Volunteering |
| Individual Giving and Engagement | Family Support | Governance and Information management |
| Communications and Marketing | Quality and Assurance | Estates and Facilities |

(c) Activities for achieving objectives

In 2021 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.

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

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. During 2021 government regulations in both England and Wales required our shops to cease trading for around a quarter of the year and the stay at home or stay local orders that were enacted significantly restricted face to face fundraising including mass participation events and the door-to-door recruitment of supporters to play the lottery.

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TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

Volunteers

In addition to paid staff the charity was supported by volunteers who are active in many roles across all areas of the organisation including the Trustees who give their time voluntarily. Many volunteers support fundraising activities and work in our charity shops. Almost 40% of volunteers are age 65 or older and understandably many volunteers paused their volunteering in the shops during the Coronavirus pandemic and others retired during the year. Following the roll out of the vaccine from late 2020 many volunteers return to the shops when they reopened in April 2021 and we launched a new volunteer recruitment campaign to coincide with the reopening.

During 2021 the pandemic continued to have an impact on the ability of volunteers to support Hope House Children's Hospices. In early 2020 prior to the pandemic, there were 588 volunteers active with Hope House Children's Hospices. At the end of 2020, this number had fallen to just 185. As the shops re-opened and fundraising restarted in 2021 many volunteers re-joined us and in 2021, 445 individuals actively volunteered donating 50,185 hours, worth equivalent of £539,000 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

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."

Disability Confident Employer

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>

Gender pay gap

Every year the charity publishes its annual gender pay gap report. The gender pay gap is a measure of the difference between men's and women's average earnings across an organisation or the labour market. It is expressed as a percentage of men's earnings. The table below shows the gender pay gap for Hope House Children's Hospices based on data from the 5th April each year.

| | 2019 | 2020 | 2021 |
|---------------------|--------|--------|---------|
| Mean gender pay gap | +4.85% | +9.39% | +14.99% |

HOPE HOUSE CHILDREN'S HOSPICES
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TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2021

Supporting employees (continued)

Gender pay gap (continued)

The proportion of males and females in each quartile pay band of Hope House Children's Hospices in 2019 and 2021 is shown below:

| Band | 2021 | | 2019 | | Description |
|------|-------|---------|-------|---------|--|
| | Males | Females | Males | Females | |
| A | 8.5% | 91.5% | 11.3% | 88.7% | Includes all employees whose standard hourly rate places them at or below the lower quartile |
| B | 5.1% | 94.9% | 12.7% | 87.3% | Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median. |
| C | 15.3% | 84.7% | 14.3% | 85.7% | Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile |
| D | 10.2% | 89.8% | 6.5% | 93.5% | Includes all employees whose standard hourly rate places them above the upper quartile |

The results show that despite the UK trend that men are more likely to be employed in more senior roles commanding higher salaries than women, this is not the case at Hope House Children's Hospices. The increase in gender pay gap over the three-year period is attributed to a small increase in male employees in the upper quartile of the organisation and a reduction in male staff in the lower quartile.

The table also shows that we have significantly more female employees than male which is reflective of the care, nursing, retail and hospitality industries which Hope House operates in.

The ongoing difference between the median pay for men and 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 gender pay gap does not stem from paying men and women differently for the same or equivalent work.

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 that any marginal gender pay gap does not stem from paying men and women differently for the same or equivalent work.

Kickstart

During 2021, Hope House Children's Hospices was successful in being awarded funding to create up to 30 six-month, meaningful jobs for young people, aged 16-24, who were claiming Universal Credit and referred to us for employment opportunities through the Kickstart Programme. Although we were ultimately unable to fill all the placements, 16 young people joined the charity and 13 successfully completed their placements, gaining confidence and work skills. 3 went on to permanent employment following the programme.

HOPE HOUSE CHILDREN'S HOSPICES

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TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

Supporting employees (continued)

Support during the pandemic

The pandemic continued to have a significant impact on our workforce in 2021 with a substantial number of employees furloughed for part of the year and restrictions in place at the hospices throughout the year. Safety continued to be our number one priority and staff from across the charity worked together diligently to ensure a continued safe and effective environment.

New risk assessments, procedures, PPE, training and communication programmes helped to ensure we maintained a COVID secure working environment, whilst also preventing feelings of isolation or disconnect for those at home.

Early access to the vaccine for health and social care staff meant that patient facing staff at the hospices were able to receive their first vaccinations from Mid-January 2021 and all hospice based staff soon afterwards. Take up of the vaccine by health and care staff has been very high with over 95% of staff receiving the full course of vaccines.

Covid restrictions eased progressively through 2021, although by the end of the year, testing, physical distancing, symptom screening and PPE remained in place in the healthcare setting.

The activities and initiatives started in 2020 to help employees stay engaged and informed continued during 2021 including:

- Online staff updates sessions and regular workplace updates from the Chief Executive and senior managers
- Workplace health and wellbeing group with information on mindfulness, fitness, yoga, healthy eating and working from home
- Celebrations of achievements and saying thank you – Christmas thank you parcel

Achievements and performance

(a) Going concern

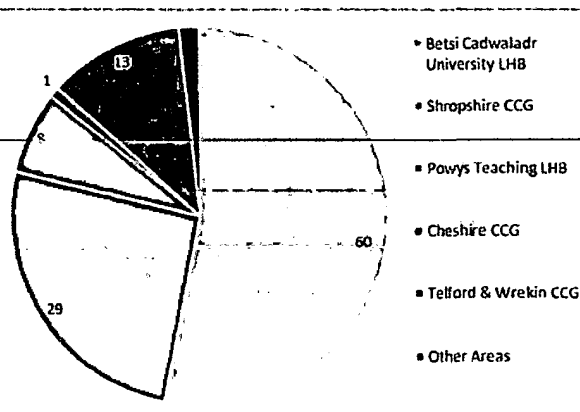
After making appropriate enquiries, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further 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 231 children and young adults with life limiting and life-threatening conditions were registered with Hope House Children's Hospices, down from 264 in 2020. The number of new referrals also reduced from 54 in 2020 to 37 in 2021. It is believed that the reduction in referrals was due to delays within the NHS as the service continued to respond to the Covid pandemic.

The majority of children registered were resident in the Betsi Cadwaladr Health Board area (North Wales) followed by Shropshire CCG area.



Sadly 27 children registered with the hospices died. 7 families were supported by the hospices in our Snowflake service immediately following the death of their child. All families received bereavement support either in the hospice or at home.

HOPE HOUSE CHILDREN'S HOSPICES

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TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

Achievements and performance (continued)

(b) Review of activities (continued)

Hospice Services

Hope House Children's Hospices operates two hospices, Hope House in Morda near Oswestry, Shropshire and Tŷ Gobaith in Conwy, North Wales. Despite the challenges of the pandemic both Hope House and Tŷ Gobaith remained open throughout the year.

In 2020 hospice care as we knew it changed drastically and from the outset of the pandemic continuing to deliver care and support to the children, young people and their families in response to their need remained our priority.

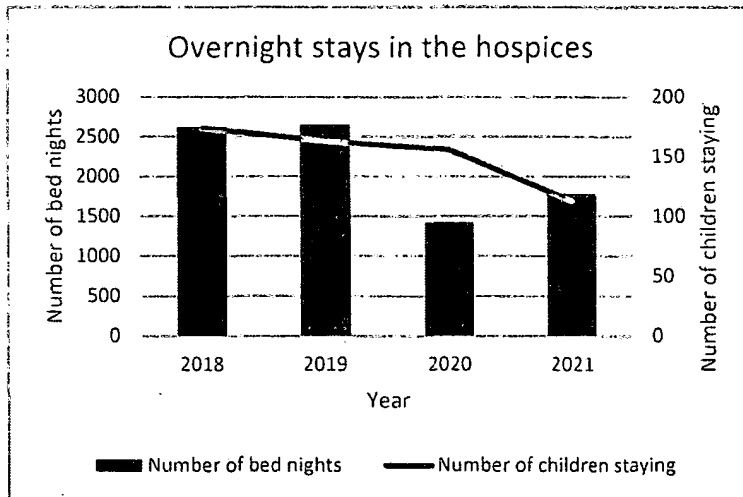
On the 3rd of September 2021 new guidance was released advising that clinical studies had shown that children and young people are at very low risk of serious illness if they catch COVID-19. As a result, children and young people under the age of 18 were no longer considered to be clinically extremely vulnerable and should continue to follow the same guidance as everyone else. This announcement allowed the mixing of children within the healthcare settings and significantly improved hospice experience for children, families and care staff. It also allowed more beds to open, although staffing vacancies meant that the hospice remained unable to operate at full capacity.

By the end of 2021, 6 beds were routinely open for respite and occupancy was at 56%. This increased to 67 % in early 2022.

In 2020, 156 children stayed overnight at the hospices. In 2021 the number reduced further to 113 children, with the reduction due to families continuing to shield as restrictions eased but vaccines were not available for children and workforce number challenges.

Although the number of children staying at the hospices during 2021 fell by 28% the number of nights that children stayed at the hospices increased by 25% to 1782. Although still well short of levels of in house care delivered pre pandemic this signifies the start of a restoration of services.

During 2021, care within the hospice continued to be undertaken in designated areas with strict access and exit regimes and infection control measures, dependent upon the individual needs of the child and family. Visits to family homes were restricted to end of life or care after death with appropriate PPE and infection control measures.



Closer working developed with NHS colleagues during 2021. The symptom control service established in 2018 continued during the year to provide multi-disciplinary reviews and symptom control and the neonatal nurses provided support for 118 families. In late 2021 agreement was reached with Wales NHS to appoint a Paediatric Palliative Care Consultant in partnership with Betsi Cadwalader Health Board to provide specialised care for children from Mid and North Wales and those accessing services at Hope House and Tŷ Gobaith. The post holder is due to start in June 2022.

Hospice services continued to support the whole family with the keeping in touch calls with families established in 2020 evolving into a Key Worker Service supporting 128 families during 2021. Sibling Support helped 430 brothers and sisters an increase of 23% over 2020.

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

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

Achievements and performance (continued)

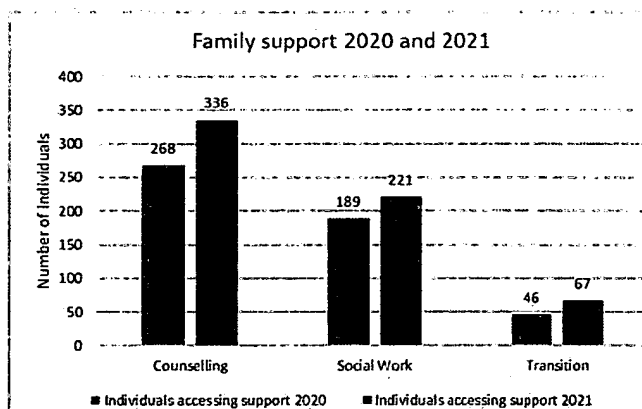
(b) Review of activities (continued)

Family Support Services

Our Family Support service consists of counselling, social work and transition support. During 2021 an increasing number of children and families were supported through online, telephone and were direct face to face support.

Collectively these services provided support to 624 individuals as shown in the chart, an increase of 24% from the previous year.

During 2021 we continued to offer only telephone and online counselling. In late 2021 we conducted a review of the counselling service and whilst most respondents found online and telephone counselling beneficial and flexible, a need was identified to offer face to face counselling in certain circumstances and this will be reintroduced in 2022.



Monitoring Impact

Service users, families and carers offer a unique voice on the impact of the services offered by the charity. There is an established commitment to the engagement and involvement of service users, families and carers to ensure that children and families are at the heart of what we do.

Very positive feedback was received during 2021 on the newly established Key Worker Service. The service provides each Hope House and Ty Gobaith family with a Key Worker who is in regular contact with the family, providing help and linking them into activities and support available in their local area. Feedback included:-

*"I can vouch just how amazing your Key Worker service is. N**** is amazing and has the instinct to phone just when you need her. We all have days where we need some advice, guidance or just a chat and knowing someone is there for just that purpose makes you feel less guilty for contacting them. As you know yourselves us parents and carers will feel we can't bother people and that is exactly what we need to learn as the sooner we sort an issue, have a chat then as they say 'a problem shared is a problem halved'."*

A Community Paediatrician gave feedback by email on the support offered to one of his patients and their family by the Key Worker project...

*"One of my families have accessed the pilot in *****, and it has been really helpful and supportive over and very difficult and uncertain time while they were being rehoused. Having a key worker within the team, supported this child's mum to develop a strong relationship with a member of staff who was able to liaise both with over members of the Ty Gobaith team, e.g. the social worker, and ourselves, enhancing the communication across the whole team, both within health, education and children's services."*

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

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

Achievements and performance (continued)

(b) Review of activities (continued)

Monitoring Impact (continued)

From January to April 2021 when families were still in 'lockdown' a group of siblings attended 4 sessions of music therapy, created their own instruments and developed their music awareness. This was followed by 8 sessions where the music therapist worked with both sibling and their brother or sister who has a life-threatening condition. One of these groups went on to write, record and produce a video to accompany their own compositions. The feedback on the programme was positive including this comment from a young person with a life limiting condition

'The music therapy sessions have been incredibly helpful during my time in lockdown. I really enjoyed taking the time to express my thoughts on various stresses that I was undergoing through music and film, and was very happy with the finished songs and music videos at the end of the end'

Other feedback received during the year includes:-

Service User Feedback

'I would like to thank you all for the immeasurable kindness you have shown me throughout the year, though I cannot express the length of my gratitude on this card, I hope will be able to express my immense appreciation for Ty Gobaith and all who work there to the fullest extent'.

Parent Feedback

*Thank you so much for having ****. I've had much needed downtime and feel completely refreshed. Its lovely knowing ***** is safe and happy'.*

*"Cannot thank the hospice enough to be able to take "*****" in for us, I do not have to worry about her while the house is being adapted for her needs and I know she is safe at hope house"*

"The warmth, kindness, compassion of all the staff they encounter is very apparent. The sense of fun, love and obvious commitment and passion of the staff in caring for us and our son is amazing. We all "just get him"

Professional Feedback

'I think you all need to be proud of yourselves on how dedicated you have been towards this young man and his family'.

'Very much appreciated and valued the hospice services and that our level of care is exemplary'

Towards the end of the year a new Quality and Assurance Nurse role was created with responsibility to:-

- Demonstrate a commitment to excellence in Care and service user experience.
- Lead on service user engagement to enhance and inform the future of care services, systems and processes.
- Collate family feedback to provide assurance that services are meeting their needs.
- Champion diversity and equality to ensure that care services and activities are accessible irrespective of location and in keeping with the principles of equal opportunities.

This appointment will strengthen and formalise systems and opportunities for feedback to improve and develop services.

Complaints

No complaints about the care provided were upheld in 2021.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

Achievements and performance (continued)

(c) Fundraising activities/Income generation

Fundraising activities

It is testament to our supporters and our team that despite the pandemic and restrictions on the ability to hold fundraising events continuing for significantly longer than initially anticipated, fundraising income (excluding legacies) at £2.4 Million exceeded both the budget and 2019 income. In memory and trust income were areas of growth.

Although fundraising in 2021 remained challenging we built on the success and learning of virtual and remote fundraising events held in 2020 and these continued in 2021. In November, a new online fundraising initiative was delivered called Final Moments Matter and during just 36 Hours over £560,000 was raised to fund all end of life care in 2022.

Legacy income in 2021 was £1.6 Million, substantially lower than in many of the previous years. Legacy income is notoriously difficult to predict and conclusions cannot be drawn from this one year's figure.

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 Persons 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
- Privacy and Data Protection policies

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 acted 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.

The following complaints were received in 2021.

- Retail: Five complaints – all upheld and action taken
- Lottery: Twelve complaints – three complaints surrounding the telephone campaign, seven complaints about residential canvassers and two complaints regarding communications from our office
- Fundraising: Three complaints – one complaint upheld and action taken

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.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

Achievements and performance (continued)

(c) Fundraising activities/Income generation (continued)

Fundraising activities (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.

Income from statutory bodies

We are hugely grateful to the UK and Welsh Governments, NHS England and NHS Wales for the financial support they continued to provide to hospices throughout 2021 to retain staff during the pandemic and to allow the hospice to make available bed capacity and community support to people with complex needs in the context of COVID-19 and to maintain core service provision. During 2021 Hope House Children's Hospices received £1.14m in Job Retention Scheme grants, Business Support grants and Hospice Emergency government funding. This funding was in addition to the annual funding received for service level agreements with Local Health Boards and Clinical Commissioning Groups.

Retail contribution

2020 was undoubtedly Retail's most difficult year with shops able to open on only 53% of planned trading days. 2021 started with further enforced shop closures with shops reopening in April 2021. Despite losing 14 weeks of trading, retail contributed over £250,000 to the charity in 2021.

The running of the retail operation is heavily dependent on volunteers and during 2020 many volunteers paused their volunteering or retired. By the end of 2020 approximately 40% of volunteering hours had returned and successful volunteer recruitment campaigns during 2021 and the roll out of the Covid vaccines saw the number of active volunteers working in retail increase sharply from 170 to 231 by the end of the year. Over the course of the year retail volunteers donated 46,626 hours with an annual salary saving of £415,000. As ever we are indebted to our volunteers.

A new five-year Retail Strategy was approved by the Board in December 2020 to pursue the following Mission

"We will generate £1 Million annual contribution towards the pursuit of Hope House Children's Hospices Vision by 2025 by recruiting, developing and supporting the best people and delivering the best service through the best presented sale channels."

Good progress was made on delivering the objectives set during 2021. This included establishing the Retail management team, remerchandising Shrewsbury Harlescott and Chester into 'Big shops' and establishing the Flint shop as the North Wales Retail Hub, which along with temporary storage donated in Oswestry meant we were able to close our Wrexham warehouse.

HOPE HOUSE CHILDREN'S HOSPICES

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TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

Achievements and performance (continued)

(c) Fundraising activities/Income generation (continued)

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.

Despite ongoing Covid restrictions and difficulties in recruiting canvassers impacting on the recruitment of supporters to play the lottery, income from the lottery remained steady in 2021 at just under £1.8 Million due to low levels of attrition and smaller recruitment costs.

During the year we contracted with face-to-face canvassing agencies and individuals to recruit new supporters to the lottery through a combination of residential door to door recruitment and at venues. Due to lockdown restrictions residential and venue canvassing did not restart until mid-April 2021. During the year we worked with an agency on a telephone campaign via a third-party call centre, but results proved disappointing, and we mutually agreed to end the campaign after only a few weeks.

The business plan for 2021 set a target for the recruitment of 6,500 new lottery entries. By year end just over 4,200 new lottery entries were secured. A continued focus on player engagement over the year saw attrition remain below 25% and at the end of the year there were 31,535 tickets in the weekly lottery making this one of the largest hospice lotteries in the UK.

(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 the Balanced Asset Benchmark produced by Asset Risk Consultants (ARC). In 2021 the investment valuation (excluding additional investments) showed growth of 8.03% across the portfolio.

We started 2021 with an investment portfolio of £4.88 million. £106,739 Investment income was received through dividends and interest earned on the charity and group's listed investment portfolio. Reinvesting income and a further investment of £1.5 Million during the year resulted in £6,836,297 held in investments at year end.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

Financial review

(a) Financial and risk management objectives and policies

The Coronavirus pandemic was anticipated to continue impacting on the charity's financial situation in 2021 and a three-stage approach was adopted which split the year (and therefore our financial expectations) into thirds: -

1. January to April – limited activity and results assuming the continuation of performance levels seen in the final months of 2020.
2. May to August – interim period with results “curved” to bridge between the first third and final third showing gradually increasing results.
3. September to December – the end of the pandemic and impact of the work of the Plan Ahead teams sees a return to “normal” levels of performance based on those anticipated in the original 2020 budget.

No cuts in services or cost reduction initiatives were recommended for 2021, despite an anticipated deficit of - £971,810. This was because the significant surplus generated in 2020 due to the various government grant schemes would fund the deficit whilst leaving reserves intact.

We planned for a significant deficit budget for 2021 as we built back our fundraising activity. Whilst the shadow of Covid still loomed heavy over fundraising activity, the success that we achieved including, but not limited to Final Moments Matter, exceptional trust income, retail and lottery results and unbudgeted financial support from the Government resulted in a significant and unexpected financial surplus this year.

The trustees believe that whilst income always remains uncertain, the action taken to mitigate the risks and the reserves held mean that the risk of insufficient income to meet the charity's objectives has reduced in 2022 to a Medium Risk – under control but keep under managerial/audit review.

(b) Reserves policy

The Pandemic demonstrated how the charity's income is susceptible to fluctuations resulting from events beyond its control. Reserves are held to help ensure that children and families in the future will continue to be able to access care and support.

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 stable cost base. This led to a risk-based Reserves Policy first approved in June 2017 and revised in September 2019 that ensures reserves are held as designated funds for business continuity, workforce management and investment.

The policy sets minimum unrestricted available Designated Reserves of £4.8 million at the beginning of 2021. If reserves fell below the minimum reserve for a period of two consecutive quarters then action was to be taken within 12 months to reduce costs in accordance with the agreed priorities, bringing expenditure and income into balance. This situation did not occur in 2021.

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

Plans for the future

The Care, Fundraising, Volunteering, Retail and Digital Delivery Strategies approved over the last couple of years are the 'What' we do to deliver our Mission. These are all multiyear strategies, and they remain sound and fit for purpose. The Covid pandemic caused a hiatus in their delivery but certainly have not derailed them.

Several of the objectives and service improvements we intended to introduce in 2020 and 2021 stalled or were delayed as our focus was firmly set on managing through the pandemic and the priority is to deliver these in 2022. The title we have therefore given to our business plan for 2022 is 'completing unfinished business' and the business plan sets out to resource and prioritise this.

What 2021 taught us is that we cannot assume that we are returning to business as usual any time soon, so we need to temper our expectations. Delivery of our objectives will depend on our ability to recruit and retain staff. We are experiencing increased challenges in recruiting to key posts across the charity and addressing this recruitment challenge is a core objective for the year.

We are not proposing new service developments for 2022 other than those already agreed, and our focus will be on delivering the unfinished business of the agreed strategies whilst remaining resilient to cope with anything the pandemic or its aftermath may bring.

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 director's and 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 which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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.

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

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2021

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 29th June 2022 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 2021 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 2021 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 group and the charitable company 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

In auditing the financial statements, we have concluded that the trustees' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report set, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 we identify such material inconsistencies or apparent misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 CHILDREN'S HOSPICES

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOPE HOUSE CHILDREN'S 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, which includes the directors' report for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within 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 environment of the charitable company and the group obtained in the course of the audit, we have not identified material misstatements in the directors' report included within 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 trustee

As explained more fully in the statement of trustees responsibilities, 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

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 an auditor's report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Enquiries of management and those charged with governance were held in order to identify any laws and regulations that could be expected to have a material impact on the financial statements. Throughout the audit, the team were updated with the outcomes of these enquiries including consideration as to where and how fraud may occur in the charitable company and the group.

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

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


Auditor's responsibilities for the audit of the financial statements (continued)

No instances of material non-compliance were identified, although the prospect of detecting irregularities, including fraud, is inherently difficult. This is due to; difficulty in detecting irregularities; limits imposed by the effectiveness of the entity's controls; and the nature, timing and extent of the audit procedures performed. Irregularities as a result of fraud are inherently more difficult to detect than those that resulting from error. Despite the audit being planned and performed in accordance with ISAs (UK), there is an unavoidable risk that material misstatements may not be detected.

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.

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 Xeinadin Audit Limited

29th June 2022

Chartered Accountants
Statutory Auditor

2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9PX

Notes:

1. 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 web site.

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

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Note | Unrestricted funds £ | Restricted funds £ | 2021 Total funds £ | 2020 Total funds £ |
|---|------|----------------------------|--------------------------|--------------------------|--------------------------|
| INCOME | | | | | |
| Donations and legacies | 3 | 3,959,153 | 311,996 | 4,271,149 | 4,297,681 |
| Income from trading activities | 4 | 3,666,042 | - | 3,666,042 | 3,067,304 |
| Income from charitable activities | 5 | - | 1,047,542 | 1,047,542 | 1,017,422 |
| Investment income | 6 | 106,739 | - | 106,739 | 91,244 |
| Other income | 7 | 328,718 | 815,714 | 1,144,432 | 1,766,849 |
| TOTAL INCOME | | 8,060,652 | 2,175,252 | 10,235,904 | 10,240,500 |
| EXPENDITURE | | | | | |
| Expenditure on raising funds: | | | | | |
| Raising funds within the charity | 8 | 1,005,708 | - | 1,005,708 | 884,661 |
| Expenditure on trading activities | 9 | 2,140,829 | - | 2,140,829 | 2,052,483 |
| Expenditure on charitable activities | 10 | 4,148,002 | 2,032,515 | 6,180,517 | 5,483,352 |
| TOTAL EXPENDITURE | | 7,294,539 | 2,032,515 | 9,327,054 | 8,420,496 |
| NET SURPLUS FOR THE YEAR | | 766,113 | 142,737 | 908,850 | 1,820,004 |
| Gains on revaluation of investments | 18 | 383,725 | - | 383,725 | 116,244 |
| Gross transfer between funds | | 48,958 | (48,958) | - | - |
| NET MOVEMENT IN FUNDS FOR THE YEAR | | 1,198,796 | 93,779 | 1,292,575 | 1,936,248 |
| Total funds at 1 January | | 14,040,636 | 73,041 | 14,113,677 | 12,177,429 |
| TOTAL FUNDS AT 31 DECEMBER | | 15,239,432 | 166,820 | 15,406,252 | 14,113,677 |

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 28 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 2021**

| | Note | £ | 2021 £ | £ | 2020 £ |
|-------------------------------------|------|------------------|-------------------|------------------|-------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 17 | | 4,963,594 | | 5,028,521 |
| Investments | 18 | | 6,836,297 | | 4,875,575 |
| | | | <u>11,799,891</u> | | <u>9,904,096</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 19 | 9,498 | | 12,760 | |
| Debtors | 20 | 1,956,357 | | 1,981,880 | |
| Cash at bank and in hand | | <u>2,258,593</u> | | <u>2,710,974</u> | |
| | | 4,224,448 | | 4,705,614 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 21 | <u>(618,087)</u> | | <u>(496,033)</u> | |
| NET CURRENT ASSETS | | | 3,606,361 | | 4,209,581 |
| NET ASSETS | | | <u>15,406,252</u> | | <u>14,113,677</u> |
| CHARITY FUNDS | | | | | |
| Unrestricted Funds: | | | | | |
| Designated funds | 22 | | 5,110,000 | | 4,862,000 |
| General funds | 22 | | 10,129,432 | | 9,178,636 |
| | | | <u>15,239,432</u> | | <u>14,040,636</u> |
| Restricted Funds | 22 | | 166,820 | | 73,041 |
| TOTAL FUNDS | | | <u>15,406,252</u> | | <u>14,113,677</u> |

The financial statements were approved by the trustees on 29th June 2022 and signed on their behalf by:



Stephen Henly
Chair of Trustees

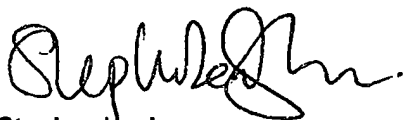
The notes of pages 28 to 49 form part of these financial statements.

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

CHARITY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2021

| | | 2021 | | 2020 | |
|-------------------------------------|-------------|------------------|--------------------------|------------------|--------------------------|
| | Note | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 17 | | 4,963,594 | | 5,028,521 |
| Investments | 18 | | 6,836,301 | | 4,875,579 |
| | | | <u>11,799,895</u> | | <u>9,904,100</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 19 | 7,731 | | 10,902 | |
| Debtors | 20 | 2,607,850 | | 3,445,616 | |
| Cash at bank and in hand | | <u>1,431,406</u> | | <u>1,122,724</u> | |
| | | 4,046,987 | | 4,579,242 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 21 | <u>(447,061)</u> | | <u>(376,096)</u> | |
| NET CURRENT ASSETS | | | 3,599,926 | | 4,203,146 |
| NET ASSETS | | | <u>15,399,821</u> | | <u>14,107,246</u> |
| CHARITY FUNDS | | | | | |
| Unrestricted Funds: | | | | | |
| Designated funds | 22 | | 5,110,000 | | 4,862,000 |
| General funds | 22 | | <u>10,123,001</u> | | <u>9,172,205</u> |
| | | | 15,233,001 | | 14,034,205 |
| Restricted Funds | 22 | | 166,820 | | 73,041 |
| TOTAL FUNDS | | | <u>15,399,821</u> | | <u>14,107,246</u> |

The financial statements were approved by the trustees on 29th June 2022 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 £1,292,575 (2020: £1,936,248).

The notes of pages 28 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 2021**

| | Notes | 2021 £ | 2020 £ |
|---|-------|-------------------------|-------------------------|
| Cash provided by operating activities | 1 | <u>1,308,185</u> | <u>1,657,000</u> |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | (260,566) | (227,035) |
| Purchase of listed investments | | (1,500,000) | (232,686) |
| Sale of listed investments | | - | 169,423 |
| Investment income | | - | 91,244 |
| Cash used on investing activities | | <u>(1,760,566)</u> | <u>(199,054)</u> |
| (Decrease)/Increase in cash and cash equivalents in the year | | (452,381) | 1,457,946 |
| Cash and cash equivalents at the beginning of the year | 2 | <u>2,710,974</u> | <u>1,253,028</u> |
| Cash and cash equivalents at the end of the year | 2 | <u><u>2,258,593</u></u> | <u><u>2,710,974</u></u> |

The notes on pages 28 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 2021

1 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Net income for the reporting period (as per the statement of financial activities) | 1,292,575 | 1,936,248 |
| Adjustments for: | | |
| Income from investments | (106,621) | (91,244) |
| Depreciation of tangible fixed assets | 325,493 | 318,196 |
| Revaluation of investments | (383,725) | (116,244) |
| Investment management fees | 29,625 | - |
| (Increase)/decrease in stocks | 3,262 | (5,884) |
| (Increase) in debtors | 25,523 | (253,839) |
| (Decrease)/increase in creditors | 122,053 | (130,233) |
| Net cash provided by (used in) operating activities | <u>1,308,185</u> | <u>1,657,000</u> |

2 ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Cash at bank and in hand | <u>2,258,593</u> | <u>2,710,974</u> |
| Total cash and cash equivalents | <u>2,258,593</u> | <u>2,710,974</u> |

HOPE HOUSE CHILDREN'S HOSPICES

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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) issued 1 January 2015 (update bulletin 2, effective 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 2019). 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 charity. 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 of 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 charity has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- 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 2021.

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.

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 and group have 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (continued)

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 charity 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 received from local government, this is recognised when the charity has entitlement to the funds, any performance conditions have been met and the amount can be reliably measured.

Other income relates to support provided to the charity throughout the COVID-19 pandemic and includes; Coronavirus Job Retention Scheme grants, retail support grants and hospice support grants. Income is recognised on receipt or when 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (continued)

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 2021**

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 |
| Other property | Depreciated to a residual value |
| 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (continued)

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.

Determining residual values and useful economic lives of tangible fixed assets

The group depreciates tangible assets over their estimated useful lives based on historic performance. The actual lives can vary.

Recognition of legacy income

The group recognises receipt of a legacy when the receipt is probable, the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. This can often be several months before the actual receipt which can vary.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. LEGAL STATUS

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

3. INCOME FROM DONATIONS AND LEGACIES

| | 2021 Unrestricted funds £ | 2021 Restricted funds £ | 2021 Total funds £ | 2020 Total funds £ |
|--------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Donations | 2,108,566 | 311,996 | 2,420,562 | 1,993,563 |
| Legacies | 1,594,338 | - | 1,594,338 | 2,146,209 |
| Tax recovered – gift aid | 214,647 | - | 214,647 | 142,549 |
| Other income | 41,602 | - | 41,602 | 15,360 |
| | <u>3,959,153</u> | <u>311,996</u> | <u>4,271,149</u> | <u>4,297,681</u> |

INCOME FROM DONATIONS AND LEGACIES – 2020 COMPARATIVES

| | 2020 Unrestricted funds £ | 2020 Restricted funds £ | 2020 Total funds £ |
|--------------------------|------------------------------------|----------------------------------|-----------------------------|
| Donations | 1,760,082 | 233,481 | 1,993,563 |
| Legacies | 2,146,209 | - | 2,146,209 |
| Tax recovered – Gift Aid | 142,549 | - | 142,549 |
| Other income | 15,360 | - | 15,360 |
| | <u>4,064,200</u> | <u>233,481</u> | <u>4,297,681</u> |

Incoming resources from non-exchange transactions

Donated goods and facilities for which there was no income recorded were received to a value of £49,894 (2020: £27,205). No conditions were attached to these donations.

In addition to paid staff, the charity was supported by 445 (2020: 588) active volunteers during the year. As a result, in 2021 volunteers provided 50,185 hours (2020: 41,069 hours) of volunteering worth equivalent of £538,859 (2020: £420,209) in salary costs.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. INCOME FROM TRADING ACTIVITIES

| | 2021 | 2021 | 2021 | 2020 |
|--------------------------------|------------------|------------|------------------|------------------|
| | Unrestricted | Restricted | Total | Total |
| | funds | funds | funds | funds |
| | £ | £ | £ | £ |
| Hope House (Trading) Limited | 66,760 | - | 66,760 | 60,934 |
| Hope House (Lottery) Limited | 1,765,348 | - | 1,765,348 | 1,862,215 |
| Hope House Children's Hospices | 1,833,934 | - | 1,833,934 | 1,144,155 |
| | <u>3,666,042</u> | <u>-</u> | <u>3,666,042</u> | <u>3,067,304</u> |

The 2021 total income from trading activities was unrestricted. The trade of Hope House (Trading) Limited is derived from the purchase and sale of merchandise (new goods). Hope House (Lottery) Limited operates the lottery scheme and raffle. Trading activities in Hope House Children's Hospices represents the sale of donated goods in the charity shops.

5. INCOME FROM CHARITABLE ACTIVITIES

| | 2021 | 2021 | 2021 | 2020 |
|-----------------------------------|--------------|------------------|------------------|------------------|
| | Unrestricted | Restricted | Total | Total |
| | funds | funds | funds | funds |
| | £ | £ | £ | £ |
| Income from statutory bodies | <u>-</u> | <u>1,047,542</u> | <u>1,047,542</u> | <u>1,017,422</u> |
| Analysed as: | | | | |
| | 2021 | 2021 | 2021 | 2020 |
| | Unrestricted | Restricted | Total | Total |
| | funds | funds | funds | funds |
| | £ | £ | £ | £ |
| Welsh LHB grants | - | 243,328 | 243,328 | 269,569 |
| NHS England grant | - | 353,352 | 353,352 | 343,061 |
| English CCG grants | - | 273,708 | 273,708 | 341,645 |
| Welsh Health Authority - Pensions | - | 9,747 | 9,747 | 35,503 |
| End of life funding | - | - | - | 27,644 |
| NHS Wales - Prevalence study | - | 48,750 | 48,750 | - |
| NHS Wales - Bonus Payment | - | 39,150 | 39,150 | - |
| Kickstart | - | 76,001 | 76,001 | - |
| Other | <u>-</u> | <u>3,506</u> | <u>3,506</u> | <u>-</u> |
| | <u>-</u> | <u>1,047,542</u> | <u>1,047,542</u> | <u>1,017,422</u> |

All income from charitable activities in 2020 was restricted.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. INVESTMENT INCOME

| | 2021 | 2021 | 2021 | 2020 |
|-------------------|--------------|------------|---------|--------|
| | Unrestricted | Restricted | Total | Total |
| | funds | funds | funds | funds |
| | £ | £ | £ | £ |
| Investment income | 106,739 | - | 106,739 | 91,244 |

Investment income has arisen on the dividends and interest earned on the charity and group's listed investment portfolio. All investment income in 2020 was unrestricted.

7. OTHER INCOME

| | 2021 | 2021 | 2021 | 2020 |
|----------------------------------|--------------|------------|-----------|-----------|
| | Unrestricted | Restricted | Total | Total |
| | funds | funds | funds | funds |
| | £ | £ | £ | £ |
| Coronavirus job retention scheme | 180,882 | - | 180,882 | 616,804 |
| Retail support scheme | 147,836 | - | 147,836 | 369,334 |
| Hospice support income | | 815,714 | 815,714 | 780,711 |
| | 328,718 | 815,714 | 1,144,432 | 1,766,849 |

Hospice support income reflects the NHS England funding to allow the hospice to make available bed capacity and community support to provide support to people with complex needs in the context of COVID-19. NHS Wales also provided funding to maintain core service provision.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. EXPENDITURE ON RAISING FUNDS WITHIN THE CHARITY

| | 2021 Total funds £ | 2020 Total funds £ |
|--------------------------------------|-----------------------------|-----------------------------|
| Promotional materials | 29,684 | 37,903 |
| Designing and brand promotion | 17,685 | 6,750 |
| Printing, postage, stationery and IT | 31,108 | 25,355 |
| Event expenses | 36,325 | 27,977 |
| Insurance | 3,804 | 3,415 |
| Telephone | 10,027 | 7,951 |
| Car allowance and lease charges | 51,960 | 56,245 |
| Travelling expenses | 3,901 | 4,513 |
| Training and conferences | 2,962 | 3,563 |
| General expenses | 18,756 | 16,878 |
| Payment processing fees | 19,049 | 15,064 |
| Campaign design | 16,004 | - |
| Fundraising staff costs | 734,458 | 651,299 |
| Investment management costs | 29,625 | 27,748 |
| | <u>1,005,708</u> | <u>884,661</u> |
| Attributable to: | | |
| Unrestricted funds | 1,005,708 | 884,661 |
| Restricted funds | - | - |
| | <u>1,005,708</u> | <u>884,661</u> |

9. EXPENDITURE ON TRADING ACTIVITIES

| | 2021 Unrestricted funds £ | 2021 Restricted funds £ | 2021 Total funds £ | 2020 Total funds £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Hope House (Trading) Limited | 24,463 | - | 24,463 | 19,222 |
| Hope House (Lottery) Limited | 448,076 | - | 448,076 | 437,726 |
| Hope House Children's Hospices | <u>1,668,290</u> | <u>-</u> | <u>1,668,290</u> | <u>1,595,535</u> |
| | <u>2,140,829</u> | <u>-</u> | <u>2,140,829</u> | <u>2,052,483</u> |

All expenditure on trading activities in 2020 was unrestricted.

The trade of Hope House (Trading) Limited is derived from the purchase and sale of merchandise (new goods) and the operation of the Retail Gift Aid scheme. Hope House (Lottery) Limited operates the lottery scheme. Trading activities in Hope House Children's Hospices represents the sale of donated goods in the charity shops.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

10. EXPENDITURE ON CHARITABLE ACTIVITIES

| | Notes | 2021 Total funds £ | 2020 Total funds £ |
|--------------------------------------|-------|-----------------------------|-----------------------------|
| Repairs and maintenance | | 96,370 | 81,410 |
| Heat and light | | 73,620 | 64,501 |
| Water charges | | 8,638 | 7,287 |
| Printing, postage, stationery and IT | | 23,346 | 22,937 |
| Housekeeping | | 54,651 | 21,631 |
| Insurance | | 22,500 | 21,690 |
| Telephone | | 23,008 | 19,007 |
| Food and catering | | 39,994 | 32,329 |
| Motor expenses | | 16,708 | 19,811 |
| Vehicle lease charges | | 4,715 | 12,106 |
| Car allowance | | 17,832 | 17,832 |
| Travelling expenses | | 11,248 | 22,817 |
| Training and conferences | | 43,185 | 23,718 |
| Recruitment | | 6,257 | 882 |
| General expenses | | 82,161 | 76,034 |
| Nursing consumables | | 35,038 | 38,638 |
| Medical cover | | 66,410 | 66,410 |
| Family bereavement fund | | - | 750 |
| Care database subscription | | 68,770 | - |
| Wages and salaries | | 4,091,306 | 3,888,374 |
| Agency | | 9,572 | 7,360 |
| Depreciation | | 299,743 | 281,832 |
| Rent | | 25,000 | 22,917 |
| | | <u>5,120,072</u> | <u>4,750,273</u> |
| Share of support costs | 11 | 1,028,447 | 721,751 |
| Share of governance costs | 11 | 31,998 | 11,328 |
| | | <u>6,180,517</u> | <u>5,483,352</u> |
| Attributable to: | | | |
| Unrestricted funds | | 4,148,002 | 4,322,482 |
| Restricted funds | | 2,032,515 | 1,160,870 |
| | | <u>6,180,517</u> | <u>5,483,352</u> |

All expenditure in 2020 and 2021 was attributable to hospice activities undertaken directly.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

11. SUPPORT AND GOVERNANCE COSTS

| | Notes | Total 2021 £ | Total 2020 £ |
|--------------------------------------|-------|--------------------|--------------------|
| Support Costs | | | |
| Printing, postage, stationery and IT | | 23,197 | 19,120 |
| Telephone | | 8,490 | 6,315 |
| Water charges | | 627 | 574 |
| Light and heat | | 2,710 | 2,240 |
| Repairs and maintenance | | 10,170 | 10,245 |
| General expenses | | 31,175 | 18,392 |
| Vehicle running expenses | | - | 612 |
| Travelling expenses | | 6,716 | 4,734 |
| Car allowance | | 22,860 | 15,945 |
| Training and conferences | | 5,710 | 1,335 |
| Wages and salaries | | 774,481 | 560,121 |
| Recruitment | | 7,391 | 8,343 |
| Apprentice levy | | 13,274 | 10,905 |
| Staff benefit scheme | | 17,057 | 18,795 |
| Bank charges | | 17,160 | 16,475 |
| Insurance | | 5,064 | 3,740 |
| Rent and service charges | | 15,250 | 15,250 |
| Irrecoverable VAT | | 7,992 | 8,610 |
| Research project | | 59,123 | - |
| | | <u>1,028,447</u> | <u>721,751</u> |
| Governance Costs | | | |
| Audit fees | | 4,366 | 5,050 |
| Trustees governance costs | | 2,296 | 3,179 |
| Professional fees | | 25,336 | 3,099 |
| | | <u>31,998</u> | <u>11,328</u> |
| | | <u>1,060,445</u> | <u>733,079</u> |

Analysed between:

| | | | |
|-----------------------|----|------------------|----------------|
| Charitable activities | 10 | <u>1,060,445</u> | <u>733,079</u> |
|-----------------------|----|------------------|----------------|

12. NET INCOME

| | | |
|---|--------------|-----------|
| This is stated after charging: | 2021 £ | 2020 £ |
| Depreciation of owned tangible fixed assets | 325,492 | 318,196 |
| Auditors remuneration – audit of group | 4,500 | 6,250 |
| Auditors remuneration – non-audit services | <u>2,500</u> | <u>-</u> |

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

13. TRUSTEE'S REMUNERATION AND BENEFITS

During the year, no trustees received any remuneration (2020: £Nil). During the year, no trustees received any benefits in kind (2020: £Nil). During the year, one trustee received reimbursement of expenses totalling £54 (2020: £nil). Expenses totalling £661 (2020: £180) for travel were waived by trustees during the year. The charity incurred costs of £2,242 (2020: £3,179) in relation to the trustees that are compulsory for them to conduct their roles. These expenses include: indemnity insurance, CRB checks and safeguarding training.

14. STAFF BENEFITS

| | Group | | Charity | |
|-----------------------|------------------|------------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Wages and salaries | 5,700,802 | 5,218,792 | 5,659,875 | 5,144,235 |
| Social security costs | 494,764 | 441,625 | 491,787 | 435,419 |
| Other pension costs | 605,476 | 588,421 | 601,582 | 581,336 |
| | <u>6,801,042</u> | <u>6,248,838</u> | <u>6,753,244</u> | <u>6,160,990</u> |

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

| | Group | | Charity | |
|---------------------------|------------|------------|------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| | No. | No. | No. | No. |
| Hospice services | 143 | 145 | 143 | 145 |
| Fundraising and publicity | 23 | 27 | 23 | 27 |
| Support | 19 | 16 | 19 | 16 |
| Retail and lottery | 64 | 60 | 60 | 57 |
| | <u>249</u> | <u>248</u> | <u>245</u> | <u>245</u> |

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

| | Group | | Charity | |
|---------------------|----------|----------|----------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| | No. | No. | No. | No. |
| In the band: | | | | |
| £60,001 - £70,000 | 1 | 1 | 1 | 1 |
| £70,001 - £80,000 | 1 | 2 | 1 | 2 |
| £80,001 - £90,000 | 1 | - | 1 | - |
| £100,001 - £110,000 | 1 | 1 | 1 | 1 |
| | <u>4</u> | <u>4</u> | <u>4</u> | <u>4</u> |

The key management personnel of the group, comprise the trustees, the chief executive officer, director of fundraising, director of care, the commercial director plus the directors of the wholly owned subsidiaries. The total employee benefits of the key management personnel were £379,702 (2020: £357,666).

HOPE HOUSE CHILDREN'S HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

15. 2020 COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total funds 2020 £ |
|---|---------------------------------|-------------------------------|--------------------------|
| INCOME | | | |
| Donations and legacies | 4,064,200 | 233,481 | 4,297,681 |
| Income from trading activities | 3,067,304 | - | 3,067,304 |
| Income from charitable activities | - | 1,017,422 | 1,017,422 |
| Investment income | 91,244 | - | 91,244 |
| Other income | 986,138 | 780,711 | 1,766,849 |
| TOTAL INCOME | 8,208,886 | 2,031,614 | 10,240,500 |
| EXPENDITURE | | | |
| Expenditure on raising funds: | | | |
| Raising funds within the Charity | 884,661 | - | 884,661 |
| Expenditure on trading activities | 2,052,483 | - | 2,052,483 |
| Expenditure on charitable activities | 3,541,771 | 1,941,581 | 5,483,352 |
| TOTAL EXPENDITURE | 6,478,915 | 1,941,581 | 8,420,496 |
| NET SURPLUS FOR THE YEAR | 1,729,971 | 90,033 | 1,820,004 |
| Gains on revaluation of investments | 116,244 | - | 116,244 |
| Gross transfer between funds | 155,781 | (155,781) | - |
| NET MOVEMENT IN FUNDS FOR THE YEAR | 2,001,996 | (65,748) | 1,936,248 |
| Total funds at 1 January | 12,038,640 | 138,789 | 12,177,429 |
| TOTAL FUNDS AT 31 DECEMBER | 14,040,636 | 73,041 | 14,113,677 |

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

16. TANGIBLE FIXED ASSETS

Group and Charity

| | Freehold Property £ | Other Property £ | Plant and Equipment £ | Motor Vehicles £ | Totals £ |
|------------------------|------------------------------------|---------------------------------|--------------------------------------|---------------------------------|---------------------|
| COST | | | | | |
| At 1 January 2021 | 6,681,905 | 385,918 | 3,590,661 | 205,953 | 10,864,437 |
| Additions | - | - | 260,566 | - | 260,566 |
| Disposals | - | - | (2,429,262) | (32,000) | (2,461,262) |
| At 31 December 2021 | <u>6,681,905</u> | <u>385,918</u> | <u>1,421,956</u> | <u>173,953</u> | <u>8,663,741</u> |
| DEPRECIATION | | | | | |
| At 1 January 2021 | 2,618,877 | - | 3,089,380 | 127,659 | 5,835,916 |
| Charge for year | 151,845 | - | 160,648 | 13,000 | 325,493 |
| Eliminated on disposal | - | - | (2,429,262) | (32,000) | (2,461,262) |
| At 31 December 2021 | <u>2,770,722</u> | <u>-</u> | <u>820,766</u> | <u>108,659</u> | <u>3,700,147</u> |
| NET BOOK VALUE | | | | | |
| At 31 December 2021 | <u>3,911,183</u> | <u>385,918</u> | <u>601,199</u> | <u>65,294</u> | <u>4,963,594</u> |
| At 31 December 2020 | <u>4,063,028</u> | <u>385,918</u> | <u>501,281</u> | <u>78,294</u> | <u>5,028,521</u> |

HOPE HOUSE CHILDREN'S HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

17. TANGIBLE FIXED ASSETS (CONTINUED)

Included in freehold property is freehold land at valuation of £608,106 (2020: £608,106), cost £608,106 (2020: £608,106) which is not depreciated. Other property relates to the Bangor shop and a property owned in Criccieth.

During the year, the charity purchased tangible fixed assets totalling £48,598 (2020: £155,781) funded by restricted donations and grants. As the performance conditions on these assets purchases have been met, the funding has been transferred to the general fund.

At 31 December 2021 the charity had received £93,460 (2020: £25,735) in restricted funding for the acquisition of tangible fixed assets which had not been purchased at the year end. This income has been carried forward in the restricted fund.

At 31 December 2021 the charity had spent £1,450 (2020: £4,119) on land and buildings funded by restricted income. As the project had not been completed at 31 December 2021, this has been carried forward in the restricted fund.

18. FIXED ASSET INVESTMENTS

| | Listed securities | Cash and settlements pending | Total |
|-----------------------------|-------------------|------------------------------|------------------|
| | £ | £ | £ |
| Group – market value | | | |
| At 1 January 2021 | 4,686,903 | 188,672 | 4,875,575 |
| Additions | 2,087,707 | - | 2,087,707 |
| Disposals | (609,721) | - | (609,721) |
| Revaluations | 383,725 | - | 383,725 |
| Movement on cash account | (9,197) | 108,208 | 99,011 |
| At 31 December 2021 | <u>6,539,417</u> | <u>296,880</u> | <u>6,836,297</u> |

| | Listed securities | Cash and settlements pending | Shares in subsidiaries | Total |
|-------------------------------|-------------------|------------------------------|------------------------|------------------|
| | £ | £ | £ | £ |
| Charity – market value | | | | |
| At 1 January 2021 | 4,686,903 | 188,672 | 4 | 4,875,579 |
| Additions | 2,087,707 | - | - | 2,087,707 |
| Disposals | (609,721) | - | - | (609,721) |
| Revaluations | 383,725 | - | - | 383,725 |
| Movement on cash account | (9,197) | 108,208 | - | 99,011 |
| At 31 December 2021 | <u>6,539,417</u> | <u>296,880</u> | <u>4</u> | <u>6,836,301</u> |

If the listed investments were recorded at historic cost they would be stated at £5,667,184 (2020: £4,282,852) in the group and charity.

Group and charity investments at market value comprise:

| | UK | Overseas | 2021 | 2020 |
|---------------------|------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Listed investments | 3,871,715 | 2,667,702 | 6,539,417 | 4,686,903 |
| Investment cash | 296,880 | - | 296,880 | 188,672 |
| At 31 December 2021 | <u>4,168,595</u> | <u>2,667,702</u> | <u>6,836,297</u> | <u>4,875,575</u> |

HOPE HOUSE CHILDREN'S HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

18. FIXED ASSET INVESTMENTS (CONTINUED)

Charity investment in subsidiaries comprise:

| 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 |
| | | | | | <u>4</u> |

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 | | Hope House (Lottery) Limited | |
|--------------------------------------|---------------------------------|---------------|---------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Current assets | 2,373 | 3,281 | 826,581 | 1,586,828 |
| Current liabilities | (804) | (1,712) | (821,714) | (1,581,961) |
| Aggregate share capital and reserves | <u>1,569</u> | <u>1,569</u> | <u>4,867</u> | <u>4,867</u> |
| Net income from trading activities | <u>45,635</u> | <u>44,758</u> | <u>1,317,272</u> | <u>1,424,489</u> |

19. STOCKS

| | Group | | Charity | |
|-----------------|--------------|---------------|--------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Good for resale | <u>9,498</u> | <u>12,760</u> | <u>7,731</u> | <u>10,902</u> |

20. DEBTORS

| | Group | | Charity | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Amounts owed by group undertakings | - | - | 651,492 | 1,463,737 |
| Other debtors | 1,784,847 | 1,848,729 | 1,784,847 | 1,848,733 |
| Prepayments | <u>171,510</u> | <u>133,151</u> | <u>171,510</u> | <u>133,146</u> |
| | <u>1,956,357</u> | <u>1,981,880</u> | <u>2,607,849</u> | <u>3,445,616</u> |

HOPE HOUSE CHILDREN'S HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

21. CREDITORS: Amounts falling due within one year

| | Group | | Charity | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Trade creditors | 108,734 | 56,323 | 93,567 | 50,385 |
| Other taxation and social security | 189,510 | 166,646 | 189,510 | 166,646 |
| Accruals and deferred income | 319,843 | 273,064 | 163,984 | 159,065 |
| | <u>618,087</u> | <u>496,033</u> | <u>447,061</u> | <u>376,096</u> |

Included within creditors is deferred income totalling £201,395 (2020: £197,337) in the group and £88,986 (2020: £170,969) in the charity. Deferred income in Hope House Children's Hospices is recognised in respect of grants where the performance agreement runs across multiple periods. Deferred income is recognised in Hope House (Lottery) Limited where players place money on account in advance of being drawn. The deferred income recognised in 2020 has been subsequently recognised as income in 2021.

HOPE HOUSE CHILDREN'S HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

22. STATEMENT OF FUNDS

| Group | Funds at 1 Jan 2021 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains / (Losses) £ | Funds at 31 Dec 2021 £ |
|---------------------------|-----------------------------|-------------|------------------|--------------------------|--------------------------|------------------------------|
| DESIGNATED FUNDS | | | | | | |
| Workforce management | 100,000 | - | - | - | - | 100,000 |
| Service development | 200,000 | - | - | (100,000) | - | 100,000 |
| Investment in fundraising | 187,000 | - | - | 13,000 | - | 200,000 |
| Business continuity | 4,375,000 | - | - | 335,000 | - | 4,710,000 |
| | <u>4,862,000</u> | <u>-</u> | <u>-</u> | <u>248,000</u> | <u>-</u> | <u>5,110,000</u> |

GENERAL FUNDS

| | | | | | | |
|---------------------------|-------------------|------------------|--------------------|---------------|----------------|-------------------|
| General funds – all funds | 9,178,636 | 8,060,652 | (7,294,539) | (199,042) | 383,725 | 10,129,432 |
| Total unrestricted funds | <u>14,040,636</u> | <u>8,060,652</u> | <u>(7,294,539)</u> | <u>48,958</u> | <u>383,725</u> | <u>15,239,432</u> |

RESTRICTED FUNDS

| | | | | | | |
|------------------------------|-------------------|-------------------|--------------------|----------|----------------|-------------------|
| Restricted funds – all funds | 73,041 | 2,175,252 | (2,032,515) | (48,958) | - | 166,820 |
| Total funds | <u>14,113,677</u> | <u>10,235,904</u> | <u>(9,327,054)</u> | <u>-</u> | <u>383,725</u> | <u>15,406,252</u> |

| Charity | Funds at 1 Jan 2021 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains / (Losses) £ | Funds at 31 Dec 2021 £ |
|------------------------------|-----------------------------|------------------|--------------------|--------------------------|--------------------------|------------------------------|
| DESIGNATED FUNDS | | | | | | |
| Workforce management | 100,000 | - | - | - | - | 100,000 |
| Service development | 200,000 | - | - | (100,000) | - | 100,000 |
| Investment in fundraising | 187,000 | - | - | 13,000 | - | 200,000 |
| Business continuity | 4,375,000 | - | - | 335,000 | - | 4,710,000 |
| | <u>4,862,000</u> | <u>-</u> | <u>-</u> | <u>248,000</u> | <u>-</u> | <u>5,110,000</u> |
| GENERAL FUNDS | | | | | | |
| General funds – all funds | 9,172,205 | 7,591,451 | (6,825,338) | (199,042) | 383,725 | 10,123,001 |
| Total unrestricted funds | <u>14,034,205</u> | <u>7,591,451</u> | <u>(6,825,338)</u> | <u>48,958</u> | <u>383,725</u> | <u>15,233,001</u> |
| RESTRICTED FUNDS | | | | | | |
| Restricted funds – all funds | 73,041 | 2,175,252 | (2,032,515) | (48,958) | - | 166,820 |
| Total funds | <u>14,107,246</u> | <u>9,766,703</u> | <u>(8,857,853)</u> | <u>-</u> | <u>383,725</u> | <u>15,399,821</u> |

HOPE HOUSE CHILDREN'S HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

22. STATEMENT OF FUNDS (CONTINUED)

2020 COMPARITIVES

| Group | Funds at 1 Jan 2020 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains / (Losses) £ | Funds at 31 Dec 2020 £ |
|------------------------------|-----------------------------|-------------------|--------------------|--------------------------|--------------------------|------------------------------|
| DESIGNATED FUNDS | | | | | | |
| Workforce management | 100,000 | - | - | - | - | 100,000 |
| Service development | 481,000 | - | - | (281,000) | - | 200,000 |
| Investment in fundraising | - | - | - | 187,000 | - | 187,000 |
| Business continuity | 4,100,000 | - | - | 275,000 | - | 4,375,000 |
| | <u>4,681,000</u> | <u>-</u> | <u>-</u> | <u>181,000</u> | <u>-</u> | <u>4,862,000</u> |
| GENERAL FUNDS | | | | | | |
| General funds – all funds | 7,357,640 | 8,989,597 | (7,259,626) | (25,219) | 116,244 | 9,178,636 |
| Total unrestricted funds | <u>12,038,640</u> | <u>8,989,597</u> | <u>(7,259,626)</u> | <u>155,781</u> | <u>116,244</u> | <u>14,040,636</u> |
| RESTRICTED FUNDS | | | | | | |
| Restricted funds – all funds | 138,789 | 1,250,903 | (1,160,870) | (155,781) | - | 73,041 |
| Total funds | <u>12,177,429</u> | <u>10,240,500</u> | <u>(8,420,496)</u> | <u>-</u> | <u>116,244</u> | <u>14,113,677</u> |
| Charity | Funds at 1 Jan 2020 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains / (Losses) £ | Funds at 31 Dec 2020 £ |
| DESIGNATED FUNDS | | | | | | |
| Workforce management | 100,000 | - | - | - | - | 100,000 |
| Service development | 481,000 | - | - | (281,000) | - | 200,000 |
| Investment in fundraising | - | - | - | 187,000 | - | 187,000 |
| Business continuity | 4,100,000 | - | - | 275,000 | - | 4,375,000 |
| | <u>4,681,000</u> | <u>-</u> | <u>-</u> | <u>181,000</u> | <u>-</u> | <u>4,862,000</u> |
| GENERAL FUNDS | | | | | | |
| General funds – all funds | 7,351,209 | 8,535,695 | (6,805,724) | (25,219) | 116,244 | 9,172,205 |
| Total unrestricted funds | <u>12,032,209</u> | <u>8,535,695</u> | <u>(6,805,724)</u> | <u>155,781</u> | <u>116,244</u> | <u>14,034,205</u> |
| RESTRICTED FUNDS | | | | | | |
| Restricted funds – all funds | 138,789 | 1,250,903 | (1,160,870) | (155,781) | - | 73,041 |
| Total funds | <u>12,170,998</u> | <u>9,786,598</u> | <u>(7,966,594)</u> | <u>-</u> | <u>116,244</u> | <u>14,107,246</u> |

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

22. STATEMENT OF FUNDS (continued)

DESIGNATED FUNDS

Workforce Management Fund

The trustees are conscious that the charity must operate with an appropriately skilled workforce and are very aware of their responsibilities to its employees. Funds are therefore held and designated in a Workforce Management Fund to accommodate the cost of ensuring sufficient skilled capacity across the organisation.

Changes in service delivery (including increased digital delivery and use of technology) may result in some staff not having the necessary skills to work effectively. If unable to retrain and gain skills at the required level of competence, then this fund allows the organisation to discharge its obligation to those staff not able to maintain high standards of delivery due to circumstances beyond their control.

Payment from this fund can only be considered in cases where the benefit to both the employee and the organisation can be demonstrated.

Service Development Fund

Fundraising

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

To achieve the desired levels of growth, it is proposed that the investment in fundraising is increased to 24% of total voluntary income by 2024. Reserves are designated to support this investment if required.

Care

In December 2019, the Board approved a new Care Strategy. Investment to enhance and redesign services to drive delivery was planned in 2021 but this was deferred to focus on managing through the Coronavirus Pandemic. This investment is again planned for 2022 with a reserve fund designated if required.

Business Continuity Fund

To manage income shortfalls

Analysis has identified and assessed the risk to the income received by the charity from various sources. Reserves are held to ensure service continuity if this income falls short of the forecast, allowing time to either restore this income or reduce costs accordingly.

To adjust costs

A reserve has been designated for costs associated with restructuring the charity to reduce costs in the event of income not meeting forecast. This fund would be used primarily to meet the cost of reducing the workforce.

Catastrophic event

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, but it is prudent to designate a reserve fund to mitigate the impact or to aid recovery should such an event occur. Therefore, designated funds are held for catastrophic events.

HOPE HOUSE CHILDREN'S HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2021 | Restricted funds 2021 | Total funds 2021 |
|-------------------------------|-------------------------------|-----------------------------|------------------------|
| Tangible fixed assets | 4,962,144 | 1,450 | 4,963,594 |
| Fixed asset investments | 6,836,297 | - | 6,836,297 |
| Current assets | 4,059,078 | 165,370 | 4,224,448 |
| Creditors due within one year | (618,088) | - | (618,088) |
| | <u>15,239,432</u> | <u>166,820</u> | <u>15,406,252</u> |

| | Unrestricted funds 2020 | Restricted funds 2020 | Total funds 2020 |
|-------------------------------|-------------------------------|-----------------------------|------------------------|
| Tangible fixed assets | 5,024,402 | 4,119 | 5,028,521 |
| Fixed asset investments | 4,875,575 | - | 4,875,575 |
| Current assets | 4,636,692 | 68,922 | 4,705,614 |
| Creditors due within one year | (496,033) | - | (496,033) |
| | <u>14,040,636</u> | <u>73,041</u> | <u>14,113,677</u> |

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 amounted to £605,476 (2020: £588,421). Charges payable by the charity amounted to £601,582 (2020: £581,336).

HOPE HOUSE CHILDREN'S HOSPICES
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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

25. OPERATING LEASE COMMITMENTS

At 31 December 2021 the total commitments under non-cancellable operating leases as follows:

| | Land and Buildings | | Other | |
|--------------------------|--------------------|------------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Group and charity | | | | |
| Expiry date: | | | | |
| Within 1 year | 371,345 | 393,298 | 19,508 | 13,614 |
| Between 1 and 2 years | 292,210 | 291,000 | 19,508 | 11,702 |
| Between 2 and 5 years | 368,333 | 537,750 | 13,947 | 13,112 |
| After more than 5 years | 5,438 | 16,521 | - | - |
| | <u>1,037,326</u> | <u>1,238,569</u> | <u>52,963</u> | <u>38,428</u> |

During the year operating lease charges were recognised as rent expenses in the following; the cost of operating the charity shops £345,863 (2020: £355,719); hospice activities undertaken directly £25,000 (2020: £22,917); and support costs £15,250 (2020: £15,250).

During the year operating lease charges were recognised as vehicle lease expenses in the following; raising charitable donations £nil (2020: £591); cost of operating charity shops £17,166 (2020: £20,990); hospice activities undertaken directly £4,715 (2020: £12,106); and support costs £nil (2020: £nil).

26. RELATED PARTY TRANSACTIONS

During the year, group staff made donations to the charity and 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 £77,059 (2020: £41,185).

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

Included in other debtors with the charity are the intercompany balances of £804 (2020: £1,712) owing from Hope House (Trading) Limited and £650,688 (2020: £1,462,026) owed to Hope House (Lottery) Limited. All the profits of the subsidiaries for the period have been distributed by Gift Aid to the charity. The profits for the year totalled £45,635 (2020: £44,758) for Hope House (Trading) Limited and £1,317,272 (2020: £1,424,489) for Hope House (Lottery) Limited.

Hope House (Trading) Limited charged £3,338 (2020: £3,046) to Hope House Children's Hospices for operating the gift aid scheme on the sale of new goods.

27. ULTIMATE CONTROLLING PARTY

The charity is controlled by the trustees.