



TRUSTEE'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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hope house tŷ gobaith
children's hospices



Hope House Children's Hospices (A company limited by guarantee)

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 2022

Independent auditors



Trustee's report and consolidated financial statements for the year ended 31 December 2022



Hope House Children's Hospices (A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 DECEMBER 2022

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	(resigned 7 December 2022)
Dr Supriya Kapas	Quality Assurance Pharmacist	
Andrew Morris	Company Director	
Gary Morton	Group Chief Executive	
Dr David Sharp	General Practitioner	
Kelly Stant	Solicitor	
Dr Jean B Watt	Retired Consultant Paediatrician	
Gail A Caddell	Nursing Director	(appointed 23 February 2023)
Sarah Griffith	HR Professional	(appointed 23 March 2023)

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
Kelly Stant (resigned 23 November 2022)
Andrew Morris (appointed 23 November 2022)

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

Executive leadership team

Simi Epstein	Director of Income Generation and Communications
Karen Wright	Director of Care
W Andrew Fergus	Director of Finance and Transformation

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

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REVIEW) FOR THE YEAR ENDED 31 DECEMBER 2022

The trustees (who are also the directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Hope House Children's Hospices (the charity and the group) for the year ended 31 December 2022. The trustees confirm that the annual report and financial statements of the charity and the group comply with the current statutory requirements, the requirements of the charity and the group's governing document and the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) (Charities SORP (FRS102)).

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.

LETTER FROM THE CHAIR OF TRUSTEES

Despite the continued effects of Covid on individuals, families, businesses and the economy during the year in review, I am very pleased to report that we were able to deliver more care and raise more funds than we had expected.

- We delivered an increased number of overnight stays at the hospices; which is what the families have told us is the most important service that we offer.
- We invested in the development of a Transition Pathway and the team to deliver it to empower young people being discharged from our services as they reach adulthood.
- We increased the number of families being supported at end of life and delivered outstanding care at a place of their choosing.
- We strengthened our complex care team to help deliver vital symptom control management to our children.

Whilst 2022 saw a significant increase in referrals to us, we do not believe that we are reaching anything like all of the children and families who could benefit from our services. As we emerged from the Pandemic we sought to address this. Our reserves position, and the positive increase in fundraising income, allowed us to embark on an ambitious three year strategic plan aligned to our vision. We are investing in: the growth of our services and extending our reach; in generating sustainable income; and in our people to create an even better place to work and build a career.

Project Wheatshed is a part of our strategic plan and is our initiative to explore whether there is an unmet need in Cheshire and, if the evidence suggests there is, how we may deliver more services to those communities.

Our supporters and donors are the lifeblood of the charity. We rely on you to help raise over 80% of our income. Whilst we are extremely grateful to receive funding from the statutory sector, just one pound in every six we raise comes from statutory funding. Without your generosity and dedication we simply could not deliver any of our services. During the year, people and businesses found new and inspiring ways to support us. Only yesterday a young person, Millie, told me that she had been inspired to set up a regular donation of £5 per month to support the work we do for life-threatened children.

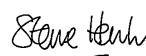
Together the many thousands of people who support us helped increase our fundraising income by 34.9%. We cannot thank you enough for your support, it really is humbling.

I would like to extend a very warm welcome to the many new members of staff who joined us in 2022 and to thank those who left for their hard work, dedication and commitment especially in the last few years since the start of the Pandemic. Thanks to the commitment and dedication of our wonderful staff, volunteers and supporters we have reached more children and families who have benefited from the vital care we offer.

Looking forward, significant challenges remain not least in terms of the cost of living. The board is committed to ensuring we not only deliver on our ambitious strategic plan to expand the care we offer but also to ensure that in so doing we deliver sustainable growth. The generosity shown by those through a legacy gift is absolutely essential to us but also uncertain. We are investing in initiatives to grow our regular income alongside our fundraising activities. Our lottery and retail shops continue to perform very well.

It is a privilege and honour to chair the board but it would be impossible without our outstanding Executive Leadership Team. Children and families are at the centre of everything we do and why we do it. In the last year I have been privileged to meet many of the children and families we care for; supporters; donors and volunteers and, of course, our staff. Many of the stories that remain with me are those I hear from the children and their families about how we have supported them at a moment of crisis or how we have helped them achieve their wish, manage their pain or simply in providing much needed respite care in a safe, caring and fun environment.

As we look forward to reaching many more in the future; thank you to everyone who has supported us in the past and all of those who will support us in the future.



Steve Henly
Chair of Trustees



Hope House Children's Hospices (A company limited by guarantee)

WHY HOPE HOUSE CHILDREN'S HOSPICES EXISTS AND OUR MISSION

Why We Are Here

'Why' is how we explain our purpose, 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.

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 responsively as we can
- Raise sufficient funds and use them carefully to benefit the children and families we care for
- Value and recognise the contribution of all who 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

What We Do

The 'What' is 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

1. Communications and Marketing
2. Individual Giving and Engagement
3. Fundraising
4. Retail

Care strategy

1. Quality and Assurance
2. Family Support
3. Respite and Key Working
4. Complex Care

People and resources strategies

1. Estates and Facilities
2. Governance and Information Management
3. Human Resources and Volunteering
4. Finance and Business Planning

GOVERNANCE STRUCTURE AND MANAGEMENT OF HOPE HOUSE CHILDREN'S HOSPICES

Governing documents and legalities.

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

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

The 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.'

Hope House Children's Hospice is registered with the Care Quality Commission and Tŷ Gobaith Children's Hospice is registered with Healthcare Inspectorate Wales as hospices for children and young adults.

Appointment 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, 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 members of Association have considered and determined not to set a maximum number of terms of office that a trustee may serve as it is felt a mix of experienced and new trustees gives the board balance, and the disadvantages of imposing a maximum number of terms of office a trustee can serve outweigh the potential advantages due to the loss of skills, knowledge and experience this would unnecessarily cause and the risk that the loss of institutional memory and lack of board continuity has on the ability of the board to exercise effective governance. Trustees are subject to an annual review and the Board of Trustees is progressively refreshed 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 June 2022.

At the Annual General Meeting on the 14th of September 2022 Jean Watt and Chris Hudson retired by rotation and Kelly Stant retired following being drawn by lot, and being eligible were re-elected to the Board of Hope House Children's Hospices.

If a trustee position becomes available, or if the Board decides that an individual with a particular skillset would be beneficial to the charity's governance, an open recruitment process is conducted usually involving an external publicity campaign in order to find the best possible candidates for the role.

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.

The 2023 AGM will be held at The Acota Centre Of Excellence, Maes-Y-Clawdd, Maesbury Road Industrial Estate, Oswestry SY10 8NN on Wednesday 27th of September 2023.

Trustee induction training and development

New trustees undergo an induction process to ensure that they understand their legal obligations under charity and company law, the content of the Articles of Association, the board and decision-making process, the charity's Mission, strategic plan and the recent performance. Trustees also have access to 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 2022 trustees completing training in:

- Data Protection UK
- Health and Safety for Directors
- Mental Health Legislation
- Safeguarding Children and Adults at Risk
- Social Media Use

Trustees also attended development sessions on providing board assurance on the delivery of effective care and putting the community of Cheshire in the heart of Hope House Children's Hospices.

Trustees undertake an annual appraisal with the Chair of Trustees, and this helps to identify areas of concern, interest and development.

Organisational structure and decision making

The Board of Trustees administers the charity and meets once every three months. 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 2022 were:

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

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

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.

A Chief Executive Officer is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations the Chief Executive has delegated authority, within the terms of delegation approved by the trustees for all operational matters. The trustees set the long-term goals for the organisation and the Chief Executive translates this into a strategy and business plan which is then delivered by the Chief Executive and the Executive Team.



Related Parties

Hope House (Trading) Ltd. and Hope House (Lottery) Ltd. are wholly owned subsidiaries of Hope House Children's Hospices and are consolidated as part of these accounts. Hope House (Trading) Ltd sells merchandise and Hope House (Lottery) Ltd runs the weekly lottery and regular raffles.

PRINCIPAL RISKS

The trustees have assessed the major risks to which the charity is exposed. 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.

The principal risks faced by Hope House to delivering its charitable purpose in 2022 were	
Risk of supporter dissatisfaction.	A certain level of complaint is to be expected given the level of care and fundraising activity undertaken. However, widespread supporter dissatisfaction could not be accepted as the charity is dependent for most of its income from supporters.
Failure to ensure robust information governance.	Poor information governance could lead to complaints and/or regulatory intervention and sanctions by the ICO. Reputational damage may occur impacting on support.
Shortage of clinical skills preventing delivery of the care strategy.	Due to Covid, and to protect the long-term future of Hope House, we decided to pause recruitment across the organisation until we had greater confidence in our financial position. This included recruitment into some nursing roles which has been challenging as activity increased. Nurse recruitment will continue to be difficult and it will take time to recruit to the level that we need to be able to deliver our long-term vision.
Issues with workplace culture impacting staff wellbeing and resilience.	Every aspect of our lives has been touched by Covid-19 and its impact on our staff can be felt through increased pressure at work and at home; new working practices, accelerated change and health and financial fears. We know this pressure has and will continue to have a effect on the wellbeing and resilience of our staff.
Not meeting charitable objects in Cheshire.	Hope House Children's Hospices support a small percentage of children and families in Cheshire. Other children's hospices also provide support. The data however suggests that there may be a deficit and inequity in hospice care for children and families in Cheshire.
Insufficient income to meet planned expenditure.	The Pandemic demonstrated how the charity's income is susceptible to fluctuations resulting from events beyond its control. The high levels of uncertainty over income is offset by a fairly static cost base.
Unable to meet the needs of technology dependent children.	Research has proved what is being experienced in the hospices, that children with life-limiting conditions are living with increased levels of medical complexity, including technology dependency. If we are to deliver our Mission we must ensure our staff have the skills and experience required to care for these children.

STRATEGIC REVIEW
ACTIVITIES FOR ACHIEVING OUR OBJECTIVES

In 2022 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. Care was provided at Hope House in Morda near Oswestry, Shropshire and Tŷ Gobaith in Conwy, North Wales, at home and in the community.

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

To fund the provision of care the charity received funding from statutory sources and raised funds by donations, through 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.

OUR STAFF AND VOLUNTEERS

The truth is that our staff and volunteers are by far and away the most important element of the success of Hope House Children's Hospices. More to the point, it's what they bring to work that is the single most important component of our success however we measure it. You can see, hear, and feel it every day across all areas of the charity.

Supporting staff to feel engaged and motivated

Ensuring that we all feel connected to our work, involved in decisions about how we do things and given opportunities to learn and develop is vital if we are to be happy at work, give our very best and be successful individually and collectively.

We listen, through formal staff engagement surveys and informally and evolve our ways of working, communication, and reward, amongst other things, in response. Pleasingly, the feedback is that we are getting many things right and Hope House Children's Hospices is a great organisation to work for but there is still more we can do.

In May 2022 we invited 260 paid staff to participate in the Hospice UK Employee Engagement Survey – administered by Birdsong Charity Consulting. 169 staff completed the survey representing 65% of paid staff. Staff told us that Hope House Children's Hospices is a great charity to work for, whether that be in one of our hospices, our shops, fundraising or support services with over 90% of staff reporting that they are proud to work for the charity, enjoy the work they do and working with colleagues, and feel like they can be themselves at work.

Some staff reported that they can feel overwhelmed by stress at work, that communication between teams can be improved and that the charity does not do enough to encourage staff to improve their physical and mental wellbeing. Following on from this report in December 2022 the Board of Trustees approved funding to appoint a Director of People and Resources to take forward an employee centric organisational development programme to make Hope House Children's Hospices an even greater place to work.

Volunteers

In addition to paid staff the charity was supported by volunteers who are active in many roles across all areas of the charity including the trustees who give their time voluntarily. Many volunteers support fundraising activities and work in our charity shops.

In 2022, 480 individuals actively volunteered donating 66,568 hours' worth equivalent of £725,132 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.

OUR STAFF AND VOLUNTEERS (CONTINUED)

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.

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 of April each year.

	2020	2021	2022
Mean gender pay gap	+9.39%	+14.99%	+11.2%

The mean gender pay gap for the whole economy (according to the 2022 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures) is 13.9%. At 11.2%, Hope House Children's Hospices results show a lower mean gender pay gap than that for the whole economy.

The ongoing difference between the mean 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 a gender pay gap as defined by the Equality Act does not exist at Hope House Children's Hospices and that any gender pay gap does not stem from paying men and women differently for the same or equivalent work.

Pay policy for senior staff

How the salaries of Key Management Personnel are determined is set out in policy and determined by trustees. The overall goal of Hope House Children's Hospices key management personnel pay policy is to offer fair pay to attract and keep appropriately qualified staff to lead, manage and deliver the charity's purpose. In order to recruit and retain high calibre staff, trustees recognise that the remuneration package offered must be competitive whilst reflecting the motivation of working for a charity and the values of the organisation. They therefore seek to ensure salaries are competitive but do not exceed those paid in comparable jobs in non-charitable organisations. The median salary of all staff is used as a benchmark for setting the highest salary level in the organisation and pay for the most senior member of staff will not normally exceed 6X median pay.

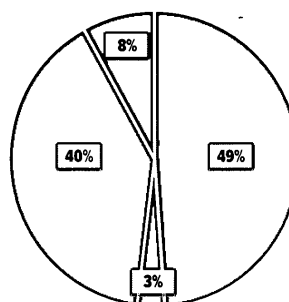


OUR CARE SERVICES AND SUPPORT

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. On the 1st of June 2022, 260 children and young adults with a life-limiting or life-threatening condition were registered with Hope House Children's Hospices. In 2022, 84 new referrals were received, a significant increase from 2021.

Area of residence of children registered with Hope House Children's Hospices



- Betsi Cadwaladr University
- NHS Cheshire and Merseyside
- NHS Shropshire, Telford and Wrekin
- Powys Teaching

49% of children with life-limiting and life threatening conditions registered with the charity were resident in the Betsi Cadwaladr Health Board area (North Wales) followed by children resident in Shropshire CCG area. (40%).

Only 7 children registered with the charity were resident in Cheshire. We believe there are children in Cheshire who are not accessing hospice services and as a result we launched Project Wheatseaf in December 2022 to research if there is unmet need and how Hope House Children's Hospices can respond.



Age range for support

In 2022 we informed service users and stakeholders that we would be implementing the decision (taken in 2018) to reduce the upper age range for support from 25 to 18 from January 2023 on a phased approach that will continue through to December 2024.

A new Transition Pathway has been developed and recruitment started to build a larger, multi-disciplinary transition team and service. The role of the multi-disciplinary transition service is to ensure that, by the time the young person is discharged from our care, they are empowered with the appropriate information and knowledge to enter adult services, enabling them to access opportunities to maximise their health, general wellbeing and individual goals.

OUR CARE SERVICES AND SUPPORT
(CONTINUED)

How we helped children and their families - in numbers

260

children with life-threatening conditions received the help and care they needed

159

children were cared for at Hope House and Tŷ Gobaith for 1,787 nights of planned respite care and 645 nights of crisis and emergency (unplanned) care

720

therapy sessions were enjoyed including sensory play, swimming and physiotherapy

42

families whose baby was diagnosed with a life-threatening condition before or after birth were supported by our Neonatal Nurses

1,540

counselling and bereavement support sessions helped children, parents and families during their child's illness and beyond

54

families received compassionate end of life care for their child at the hospices or at home

6

families whose child died suddenly in the community received care after death in our Snowflake Suites

210

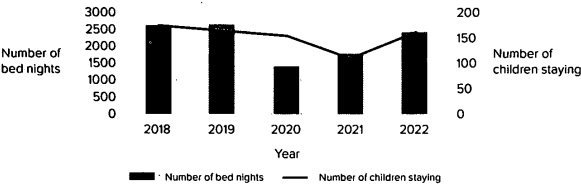
brothers and sisters used our Sibling Support Service

OUR CARE SERVICES AND SUPPORT
(CONTINUED)

Hospice care

Hope House Children's Hospices operates two hospices, Hope House in Morda near Oswestry, Shropshire and Tŷ Gobaith in Conwy, North Wales.

Overnight stays in the hospices



Families tell us that they rely on the hospice for overnight respite and it is the most important service that we offer, giving parent carers a break from the intense care that many children with life-limiting conditions require. During 2022, the number of children staying at the hospices and the number of overnight stays increased substantially from 2021 as we recruited more care staff, allowing us to open more bed nights.

Complex care and symptom control

We were delighted that during 2022 we appointed our first specialist Paediatric Palliative Care Consultant jointly with Betsi Cadwaladr University Health Board, strengthening our team of Doctors and Clinical Nurse Specialist to care for children in North Wales, Powys and at both Hope House and Tŷ Gobaith hospices.

Deaths and end-of-life

Over the last 12 months we continued to prioritise end of life care and supported an increased number of families, giving them a choice of where their child died, whether that be at home, in the hospice or in hospital.

This included enabling critically ill babies and children to be transferred out of the neonatal and critical care units to their preferred place of death (hospice or home). Sadly 66 children registered with the hospices died in 2022 and 54 families received compassionate end of life care for their child at the hospices, in hospital or at home and 251 individuals were supported with counselling and bereavement support.

Parent and family support.

We were able to restart in person counselling during the year to complement the telephone and on-line counselling introduced in 2020.

In 2022 a parent and infant support group was formed following feedback from families the neonatal service had been supporting. The aims of the group are to provide a comfortable, safe and caring environment for babies and their parents/carers to attend and experience different activities and ideas, for both babies and parents which are simple and affordable to replicate at home. Peer support is also one of the main aims of the group, giving the opportunity for parents to talk to others who have similar experiences. Feedback has been very positive, all families loved coming and they report it gave them an opportunity to offload. One parent said it was the only place she had felt able to bring her baby without people staring or feeling judged. Another said it was the first time they had met anyone else with a baby with complex life limiting conditions and how important this was for them.

OUR 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.

During 2022, 96% of the feedback we received was positive. Here is a small sample of the feedback received:

"My son's medical, emotional and physical needs were all met with 100% efficiency, compassion and care. Seeing how happy my son is to attend Hope House and how happy he is when I collect him from a respite stay speaks volumes. Happy child equals happy parents. Places like Hope House are invaluable to families like ours."

"The team has recently provided outstanding care to a young person with end stage lung disease, enabling them to stay at home for end of life care which was of paramount importance to the young person and their family. The support provided was set up within hours during a period when many people were due to be on holiday. The team provided an amazing standard of care with very short notice in a complicated and high intensity setting and prevented admission to hospital. Their ability to provide "whatever necessary" care was outstanding. As well as supporting the family, the team enabled the many professionals involved to communicate and support care to be provided at home. I have not seen another example of this level and intensity of palliative care support provided at home."

"I sometimes find it very difficult asking people for help because I feel it's disturbing but the nurses never made me feel that way, this was so helpful to me. They will take my child for me to have some rest, I found this very helpful. Even though I sometimes don't ask, they will gladly come and ask to take her for a cuddle. And of course, the amazing hospitality lady, she was amazing, from making sure the siblings were OK to making sure we had enough of everything to feel comfortable. Overall, thumbs up."

"Sibling support has been a massive part of our life and life changing, my children go out with Mary and Brian and they just love it. Since they have been going my daughter and son have met other children like themselves that have a sibling with complex care need and they are able to relate with each other how they feel. My daughter says that she loves that there are other people that understand what she is going through and it's nice to spend time doing exciting activities but not only that - the confidence she has and is able to speak to Mary or Brian about any concerns she has in her life and how they are able to explain things to her in a way that I just don't know where to start. They take the time to find out what my children are in to and like to do and plan time with them on things they like so they take an interest. I don't know what we would do without sibling support."

In August 2022 we introduced a new feedback system for service users called 'We care about what you think'. This system simplifies the process for service users to provide feedback on how services met their needs and also to provide comments and suggestions and this feedback is informing service developments:

"Son's suggestion-better internet so he could play online games on his Xbox."

"To get a physiotherapist on site on weekends so kids could be accessed and use the pool when needed."

Complaints

Two complaints about the care provided in 2022 were upheld and action taken to learn from these complaints.

OUR FUNDRAISING

When times have been tough, our extraordinary supporters have amazed us with their unfaltering support. We are eternally grateful to all those who continued to raise money for us during another challenging year.

In 2022 we raised £5.8 million from donations and legacies compared to £4.3 million in 2021, and it is testament to our supporters and our team that despite the cost of living crisis fundraising income (excluding legacies) exceeded both the budget and 2019 income. Trust income was a particular area of growth.

Final Moments Matter

In November 2022 we repeated our Final Moments Matter online fundraising initiative and during just 36 Hours £576,000 was raised to fund all end of life care in 2023.

Gifts in Wills

We are incredibly grateful to those who left us a gift in their Will, which fund almost half of the care we provide. These gifts enable Hope House to care for more children right now, and to plan with more certainty for the care of children and families of the future.

Retail contribution

After the challenges posed by the Covid pandemic in both 2020 and 2021, we were delighted to see strong performance across all 15 of our shops. The team surpassed their budgets, exceeding all expectations, finishing the year with a net contribution to the charity of over £1million for the first time, hitting our Retail Strategy objective, 3 years early.

In 2023 we will continue to invest in retail operations looking for locations to open new shops and to relocate others to sustain and improve performance.

Hope House Lottery

The Hope House weekly 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.

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. The business plan for 2022 set a target for ambitious growth of the lottery to end the year with just over 36,000 entries in the weekly draw and a net contribution to Hope House Children's Hospices of £715,000. We ended the year with just under 36,000 entries in the weekly draw and a contribution to the charity of just over £1million.

Our fundraising standards

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.

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:

- 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.
- 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.
- We have a comprehensive vulnerable people's policy that is regularly reviewed and updated as required.
- We respect and value all contributions to the charity and will never do any fundraising activity that may undermine our core values or integrity.

Our fundraising standards

(continued)

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.

Listening to supporters and addressing complaints

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: Six complaints – Four complaints upheld and action taken.
- Fundraising including Lottery: Fifteen complaints – Eight complaints 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.



OUR 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 multi year strategies, and they remain sound and fit for purpose. In 2022 good progress was made in resetting the building blocks for the organisation to deliver on these strategies after the hiatus of the Pandemic. The additional funds that we have raised over the past few years also present us with an incredible opportunity to invest in our future plans, so that we are significantly closer to achieving our Mission.

Our priorities for 2023 include:

Making Hope House Children's Hospices an even greater place to work.

The strength of Hope House Children's Hospices lies in its people. Collectively improving culture, recruitment, equality, diversity and inclusion and learning and development are all building blocks for an effective organisation that delivers results. We will launch an integrated Organisational Development Initiative in 2023 to take this forward.

Extending our reach

We will work closely with statutory partners to increase the care we provide in the community and to raise awareness of the full range of hospice services. This includes embedding paediatric palliative care nurses with the children's community nursing teams in Shropshire Telford and Wrekin, Cheshire and North Wales.

We will continue our investment in community engagement to raise awareness and access to hospice services amongst underrepresented communities and we will research needs, service sufficiency and impact for children and families resident in Cheshire and develop plans to address these needs.

Transforming services and spaces

We will continue embracing change, implementing transformation strategies to improve choice, experience and efficiency. We will embed the digital transformation programmes of the last couple of years and continue to explore new solution and maintain the momentum of hospice space improvements.

Focusing on a sustainable future

We will progress the development of our facilities, creating the hospices for the future. This will include assessing and investing in mitigating our environmental impact.

We will invest in future long-term income generation, ensuring we have sustainable and predictable income to support our future ambitions.

We will demonstrate the need for hospice services and the impact and value of the care and support so that we can hold constructive and evidenced based discussion with statutory funding partners over future funding arrangements.





Hope House Children's Hospices (A company limited by guarantee)

FINANCIAL REVIEW

Financial performance in 2020 and 2021 (driven primarily by the receipt of £2.6m in Government Covid grants) significantly exceeded expectations bringing financial stability and confidence. This enabled the Board of Trustees to invest in the plans and activities agreed in the Care, Fundraising and People Strategies that were delayed due to the Pandemic.

The board formulated a business plan to deliver on these strategies in 2022 to 2024 through significant investment in care services, income generation, people development, and supporting infrastructure. Two years of deficit budgets in 2022 and 2023 and an aggressive capital programme will reduce reserves whilst bringing the annual budget back into balance by 2024 by increasing income.

Overall Hope House Children's Hospices spent £7.2 million (2021: £6.2million) on charitable activities. This included core, fundraising and service related activity. Over 79% of expenditure was on staff costs.

The fundraising team generated a total income during this period of £5.8million from donations and legacies compared to £4.3million in 2021. Legacy income of £2.5million was received (2021: £1.6million) and gifts in wills remains a significant source of funding for the charity and a particular area of focus for the future.

Our shops sprung back from the challenges of the Pandemic with a net contribution to the charity of over £1million exceeding pre covid levels. The same was seen with our lottery which also made a net contribution to the charity of £1million.

Hope House Children's Hospices maintained its strong relationships with public healthcare commissioners, who invested in the services we delivered to local children and families. During 2022 Hope House Children's Hospices received £1.4million in funding from statutory bodies towards service provision. And we are grateful to the UK and Welsh Governments, NHS England and NHS Wales for the financial support they continued to provide.

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 trustees established the level of reserves that the charity ought to have as £5.2million at the end of 2022, plus an additional £1.5million of working capital (total £6.7million) after a detailed analysis of the financial risks to which it is exposed. It reflects the interaction between reliability of income and the extent to which expenditure is committed.

From analysis it has been determined that there are high levels of uncertainty over income offset by a fairly static cost base. This led to a risk-based Reserves Policy that ensures reserves are held as designated funds for business continuity, workforce management and investment.

Following three years of significant surplus, reserves as of 31st December 2022, were substantially above policy. The charity is investing heavily in developing and modernising services including investment in infrastructure, digital transformation and staffing and the remaining reserves will help facilitate this activity. Three years of deficit budgets in 2023, 2024 and 2025 will bring the reserves down closer to policy by the end of the period.

Investment policy

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 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).

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.

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 21st June 2023 and signed on their behalf by:

Steve Henly

Steve Henly
Chair of Trustees



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 2022 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 2022 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.

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 trustees

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.

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

Chartered Accountants
Statutory Auditor

21st June 2023

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.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

		Unrestricted funds	Restricted funds	2022 Total funds	2021 Total funds
	Note	£	£	£	£
INCOME					
Donations and legacies	3	5,456,812	398,879	5,855,691	4,271,149
Income from trading activities	4	4,683,074	-	4,683,074	3,666,042
Income from charitable activities	5	-	1,413,222	1,413,222	1,047,542
Investment income	6	144,909	-	144,909	106,739
Other income	7	-	179,964	179,964	1,144,432
TOTAL INCOME		10,284,795	1,992,065	12,276,860	10,235,904
EXPENDITURE					
Expenditure on raising funds:					
Raising funds within the charity	8	1,263,702	-	1,263,702	1,005,708
Expenditure on trading activities	9	2,793,998	-	2,793,998	2,140,829
Expenditure on charitable activities	10	5,417,024	1,835,288	7,252,312	6,180,517
TOTAL EXPENDITURE		9,474,724	1,835,288	11,310,012	9,327,054
NET SURPLUS FOR THE YEAR		810,071	156,777	966,848	908,850
NET MOVEMENT IN FUNDS FOR THE YEAR					
Gains on revaluation of investments	18	(726,159)	-	(726,159)	383,725
Gross transfer between funds		138,635	(138,635)	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		222,547	18,142	240,689	1,292,575
Total funds at 1 January	22	15,239,432	166,820	15,406,252	14,113,677
TOTAL FUNDS AT 31 DECEMBER		15,461,979	184,962	15,646,941	15,406,252

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

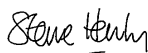
The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes on pages 34 to 38 form part of these financial statements.

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	£	2022 £	£	2021 £
FIXED ASSETS					
Tangible assets	16		4,872,793		4,963,594
Investment property	17		344,235		-
Investments	18		6,219,160		6,836,297
			<u>11,436,188</u>		<u>11,799,891</u>
CURRENT ASSETS					
Stocks	19		14,073		9,498
Debtors	20		2,408,586		1,956,357
Cash at bank and in hand			<u>2,447,991</u>		<u>2,258,593</u>
			<u>4,870,650</u>		<u>4,224,448</u>
CREDITORS					
Amounts falling due within one year	21		<u>(659,897)</u>		<u>(618,087)</u>
NET CURRENT ASSETS			<u>4,210,753</u>		<u>3,606,361</u>
NET ASSETS			<u>15,646,941</u>		<u>15,406,252</u>
CHARITY FUNDS					
Unrestricted funds:	22				
Designated funds			5,210,000		5,110,000
General funds			<u>10,251,979</u>		<u>10,129,432</u>
			<u>15,461,979</u>		<u>15,239,432</u>
Restricted funds			184,962		166,820
TOTAL FUNDS			<u>15,646,941</u>		<u>15,406,252</u>

The financial statements were approved by the trustees on 21st June 2023 and signed on their behalf by:



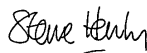
Stephen Henly
Chair of Trustees

The notes on pages 35 to 40 form part of these financial statements.

CHARITY BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	£	2022 £	£	2021 £
FIXED ASSETS					
Tangible assets	16		4,872,793		4,963,594
Investment property	17		344,235		-
Investments	18		6,219,164		6,836,301
			<u>11,436,192</u>		<u>11,799,895</u>
CURRENT ASSETS					
Stocks	19		12,485		7,731
Debtors	20		2,399,390		2,607,850
Cash at bank and in hand			<u>2,305,943</u>		<u>1,431,406</u>
			<u>4,717,818</u>		<u>4,046,987</u>
CREDITORS					
Amounts falling due within one year	21		<u>(513,500)</u>		<u>(447,061)</u>
NET CURRENT ASSETS			<u>4,204,318</u>		<u>3,599,926</u>
NET ASSETS			<u>15,640,510</u>		<u>15,399,821</u>
CHARITY FUNDS					
Unrestricted funds:	22				
Designated funds			5,210,000		5,110,000
General funds			<u>10,245,548</u>		<u>10,123,001</u>
			<u>15,455,548</u>		<u>15,233,001</u>
Restricted funds			184,962		166,820
TOTAL FUNDS			<u>15,640,510</u>		<u>15,399,821</u>

The financial statements were approved by the trustees on 21st June 2023 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 £240,689 (2021: £1,292,575).

The notes on pages 35 to 40 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Cash provided by operating activities	1	880,353	1,308,185
Cash flows from investing activities:			
Purchase of tangible fixed assets		(489,354)	(260,566)
Purchase of investment property		(201,601)	-
Purchase of listed investments		-	(1,500,000)
Cash used on investing activities		(690,955)	(1,760,566)
Increase/(Decrease) in cash and cash equivalents in the year		189,398	(452,381)
Cash and cash equivalents at the beginning of the year	2	2,258,593	2,710,974
Cash and cash equivalents at the beginning of the year	2	2,447,991	2,258,593

The notes on pages 34 to 40 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

	2022 £	2021 £
Net income for the reporting period (as per the statement of financial activities)	240,689	1,292,575
Adjustments for:		
Income from investments	(144,909)	(106,621)
Revaluation of investments	726,159	(383,725)
Investment management fees	35,888	29,625
Depreciation of tangible fixed assets	437,521	325,493
(Increase)/decrease in stocks	(4,575)	3,262
(Increase)/decrease in debtors	(452,229)	25,523
Increase in creditors	41,809	122,053
Net cash provided by (used in) operating activities	880,353	1,308,185

CF 2 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank and in hand	2,447,991	2,258,593
Total cash and cash equivalents	2,447,991	2,258,593

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 2022.

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.

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.

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.

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
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 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss and transferred to a non-distributable profit reserve.

1.13 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.

1.14 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.15 Debtors

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

1.16 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the account.

1.17 Creditors and provisions

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

1.18 Pensions

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

1.19 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.

1.20 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.

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

	2022 Unrestricted funds £	2022 Restricted funds £	2022 Total funds £	2021 Total funds £
Donations	2,375,933	398,879	2,774,812	2,420,562
Legacies	2,555,931	-	2,555,931	1,594,338
Tax recovered – gift aid	238,466	-	238,466	214,647
Other income	286,482	-	286,482	41,602
	<u>5,456,812</u>	<u>398,879</u>	<u>5,855,691</u>	<u>4,271,149</u>

INCOME FROM DONATIONS AND LEGACIES – 2021 COMPARATIVES

	2021 Unrestricted funds £	2021 Restricted funds £	2021 Total funds £
Donations	2,108,566	311,996	2,420,562
Legacies	1,594,338	-	1,594,338
Tax recovered – gift aid	214,647	-	214,647
Other income	41,602	-	41,602
	<u>3,959,153</u>	<u>311,996</u>	<u>4,271,149</u>

Incoming resources from non-exchange transactions

Donated goods and facilities for which there was no income recorded were received to a value of £55,636 (2021: £49,894). No conditions were attached to these donations.

In addition to paid staff, the charity was supported by 480 (2021: 445) active volunteers during the year. As a result, in 2022 volunteers provided 66,568 hours (2021: 50,185 hours) of volunteering worth equivalent of £725,132 (2021: £538,589) in salary costs.

4. INCOME FROM TRADING ACTIVITIES

	2022 Unrestricted funds £	2022 Restricted funds £	2022 Total funds £	2021 Total funds £
Hope House (Trading) Limited	82,585	-	82,585	66,760
Hope House (Lottery) Limited	1,866,821	-	1,866,821	1,765,348
Hope House Children's Hospices	2,733,668	-	2,733,668	1,833,934
	<u>4,683,074</u>	<u>-</u>	<u>4,683,074</u>	<u>3,666,042</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

	2022 Unrestricted funds £	2022 Restricted funds £	2022 Total funds £	2021 Total funds £
Income from statutory bodies	-	1,413,222	1,413,222	1,047,542

Analysed as:

	2022 Unrestricted funds £	2022 Restricted funds £	2022 Total funds £	2021 Total funds £
Welsh LHB grants	-	240,612	240,612	243,328
NHS England grant	-	329,249	329,249	353,352
English CCG grants	-	267,288	267,288	273,708
NHS/WHa - Pensions	-	72,554	72,554	9,747
NHS EOL grants	-	170,949	170,949	-
NHS Wales – Hospice funding	-	319,968	319,968	-
NHS Wales - Prevalence study	-	-	-	48,750
NHS Wales - Bonus payment	-	-	-	39,150
Kickstart	-	12,602	12,602	76,001
Other	-	-	-	3,506
	-	1,413,222	1,413,222	1,047,542

6. INVESTMENT INCOME

	2022 Unrestricted funds £	2022 Restricted funds £	2022 Total funds £	2021 Total funds £
Investment income	144,909	-	144,909	106,739

Investment income has arisen on the dividends and interest earned on the group's and charity's listed investment portfolio. All investment income in 2021 was unrestricted.

7. OTHER INCOME

	2022 Unrestricted funds £	2022 Restricted funds £	2022 Total funds £	2021 Total funds £
Coronavirus job retention scheme	-	-	-	180,882
Retail support scheme	-	-	-	147,836
Hospice support income	-	179,964	179,964	815,714
	-	179,964	179,964	1,144,432

Hospice support income was fully restricted in both 2022 and 2021. This 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.

8. EXPENDITURE ON RAISING FUNDS WITHIN THE CHARITY

	2022 Total funds £	2021 Total funds £
Promotional materials	45,029	29,684
Designing and brand promotion	25,451	17,685
Printing, postage, stationery and IT	32,493	31,108
Event expenses	98,469	36,325
Insurance	5,248	3,804
Telephone	10,340	10,027
Travelling expenses	11,997	3,901
Training and conferences	9,367	2,962
General expenses	26,693	18,756
Payment processing fees	32,851	19,049
Campaign design	-	16,004
Fundraising staff costs	916,794	786,778
Investment management costs	35,888	29,625
Commission paid	13,082	-
	1,263,702	1,005,708

Attributable to:

Unrestricted funds	1,263,702	1,005,708
Restricted funds	-	-
	1,263,702	1,005,708

9. EXPENDITURE ON TRADING ACTIVITIES

	2022 Unrestricted funds £	2022 Restricted funds £	2022 Total funds £	2021 Total funds £
Hope House (Trading) Limited	42,630	-	42,630	24,463
Hope House (Lottery) Limited	816,861	-	816,861	448,076
Hope House Children's Hospices	1,934,507	-	1,934,507	1,668,290
	2,793,998	-	2,793,998	2,140,829

All expenditure on trading activities in 2021 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.

10. EXPENDITURE ON CHARITABLE ACTIVITIES

		2022 Total funds £	2021 Total funds £
	Note		
Repairs and maintenance		92,049	96,370
Heat and light		84,351	73,620
Water charges		12,108	8,638
Printing, postage, stationery and IT		50,651	23,346
Housekeeping		65,477	54,651
Insurance		27,713	22,500
Telephone		28,128	23,008
Food and catering		64,022	39,994
Motor expenses		22,829	16,708
Vehicle lease charges		8,047	4,715
Travelling expenses		22,438	11,248
Training and conferences		58,225	43,185
Recruitment		536	6,257
General expenses		158,928	82,161
Nursing consumables		27,823	35,038
Medical cover		66,410	66,410
Care database subscription		56,485	68,770
Wages and salaries		4,695,255	4,109,138
Agency		7,043	9,572
Depreciation		338,875	299,743
Rent		27,500	25,000
		<u>5,914,893</u>	<u>5,120,072</u>
Share of support costs	11	1,265,557	1,028,447
Share of governance costs	11	<u>71,862</u>	<u>31,998</u>
		<u>7,252,312</u>	<u>6,180,517</u>
Attributable to:			
Unrestricted funds		5,417,024	4,148,002
Restricted funds		<u>1,835,288</u>	<u>2,032,515</u>
		<u>7,252,312</u>	<u>6,180,517</u>

All expenditure in 2022 and 2021 was attributable to hospice activities undertaken directly.

11. SUPPORT AND GOVERNANCE COSTS

		2022 Total £	2021 Total £
	Note		
Support Costs			
Printing, postage, stationery and IT		21,331	23,197
Telephone		11,734	8,490
Water charges		451	627
Light and heat		2,238	2,710
Repairs and maintenance		36,541	10,170
General expenses		113,352	31,175
Travelling expenses		13,850	6,716
Training and conferences		3,317	5,710
Wages and salaries		928,506	797,341
Agency and recruitment		22,154	7,391
Apprentice levy		16,791	13,274
Staff benefit scheme		17,243	17,057
Bank charges		19,105	17,160
Insurance		6,960	5,064
Rent and service charges		15,250	15,250
Irrecoverable VAT		13,635	7,992
Research project		23,099	59,123
		<u>1,265,557</u>	<u>1,028,447</u>
Governance Costs			
Audit fees		5,600	4,366
Trustees governance costs		3,209	2,296
Professional fees		63,053	25,336
		<u>71,862</u>	<u>31,998</u>
		<u>1,337,419</u>	<u>1,060,445</u>
Analysed between:			
Charitable activities	10	<u>1,337,419</u>	<u>1,060,445</u>

12. NET INCOME

	2022 £	2021 £
This is stated after charging:		
Depreciation of owned tangible fixed assets	437,521	325,492
Auditors remuneration – audit of group	5,600	4,366
Auditors remuneration – non-audit services	<u>2,500</u>	<u>2,500</u>

13. TRUSTEE'S REMUNERATION AND BENEFITS

During the year, no trustees received any remuneration (2021: £Nil). During the year, no trustees received any benefits in kind (2021: £Nil). No trustees were reimbursed expenses (2021: £54). Expenses totalling £1,456 (2021: £661) for travel were waived by trustees during the year. The charity incurred costs of £3,209 (2021: £2,242) 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	
	2022 £	2021 £	2022 £	2021 £
Wages and salaries	6,661,886	5,880,861	6,623,497	5,839,934
Social security costs	595,794	494,764	593,661	491,787
Other pension costs	485,558	425,417	483,835	421,523
	<u>7,743,238</u>	<u>6,801,042</u>	<u>7,700,993</u>	<u>6,753,244</u>

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

	Group		Charity	
	2022 No.	2021 No.	2022 No.	2021 No.
Hospice services	145	143	145	143
Fundraising and publicity	23	23	23	23
Support	23	19	23	19
Retail and lottery	60	64	56	60
	<u>251</u>	<u>249</u>	<u>247</u>	<u>245</u>

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

	Group		Charity	
	2022 No.	2021 No.	2022 No.	2021 No.
In the band:				
£60,001 - £70,000	-	1	-	1
£70,001 - £80,000	2	1	2	1
£80,001 - £90,000	-	1	-	1
£90,000 - £100,000	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 income generation and communications, director of care, director of finance and transformation plus the directors of the wholly owned subsidiaries. The total employee benefits of the key management personnel were £415,206 (2021: £379,702).

15. 2021 COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
INCOME			
Donations and legacies	3,959,153	311,996	4,271,149
Income from trading activities	3,666,042	-	3,666,042
Income from charitable activities	-	1,047,542	1,047,542
Investment income	106,739	-	106,739
Other income	328,718	815,714	1,144,432
TOTAL INCOME	<u>8,060,652</u>	<u>2,175,252</u>	<u>10,235,904</u>
EXPENDITURE			
Expenditure on raising funds:			
Raising funds within the Charity	1,005,708	-	1,005,708
Expenditure on trading activities	2,140,829	-	2,140,829
Expenditure on charitable activities	4,148,002	2,032,515	6,180,517
TOTAL EXPENDITURE	<u>7,294,539</u>	<u>2,032,515</u>	<u>9,327,054</u>
NET SURPLUS FOR THE YEAR	766,113	142,737	908,850
Gains on revaluation of investments	383,725	-	383,725
Gross transfer between funds	48,958	(48,958)	-
NET MOVEMENT IN FUNDS FOR THE YEAR	<u>1,198,796</u>	<u>93,779</u>	<u>1,292,575</u>
Total funds at 1 January	14,040,636	73,041	14,113,677
TOTAL FUNDS AT 31 DECEMBER	<u>15,239,432</u>	<u>166,820</u>	<u>15,406,252</u>

16. TANGIBLE FIXED ASSETS

Group and Charity

	Freehold Property £	Plant and Equipment £	Motor Vehicles £	Total £
COST				
At 1 January 2022	7,067,823	1,421,956	173,953	8,663,741
Additions	-	489,354	-	489,354
Transfer				
- Investment property	(142,634)	-	-	(142,634)
At 31 December 2022	6,925,189	1,911,319	173,953	9,010,461
DEPRECIATION				
At 1 January 2022	2,770,722	820,766	108,659	3,700,147
Charge for year	217,228	207,293	13,000	437,521
Eliminated on disposal	-	-	-	-
At 31 December 2022	2,987,950	1,028,059	121,659	4,137,668
NET BOOK VALUE				
At 31 December 2022	3,937,239	883,260	52,294	4,872,793
At 31 December 2021	4,297,101	601,199	65,294	4,963,594

Freehold property comprises the following: Hope House Hospice building and land, Ty Gobaith building and land, Administration Bungalow and the Bangor Shop. The freehold land is held at a cost of £608,106 (2021: £608,106), which is not depreciated.

Due to the acquisition of an investment property in the year (note 17) the previously bequeathed property of 2 Parclau Bach, Criccieth, has been transferred to investment property.

During the year, the charity purchased tangible fixed assets totalling £138,635 (2021: £48,598) 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 2022 the charity had received £43,602 (2021: £93,460) 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 2022 the charity had spent £71,080 (2021: £1,450) on tangible fixed assets funded by restricted income. As the projects had not been completed at 31 December 2022, these have been carried forward in the restricted fund.

17. INVESTMENT PROPERTY

Group and Charity

	Total £
FAIR VALUE	
At 1 January 2022	-
Additions	201,601
Transfer	142,634
At 31 December 2022	344,235

During the year, the group and charity purchased the buy-to-let property, 81 Borfa Green, Welshpool. Upon recognition of this investment property, the previously bequeathed property of 2 Parclau Bach, Criccieth, has been transferred to investment property.

The fair value of the Welshpool property has been arrived at based on the market value price paid on 23rd March 2022. The trustees consider that the valuation of the property remained unchanged at 31st December 2022.

The fair value of the Criccieth property has been arrived at based on the valuation undertaken when the asset was gifted on 5th May 2015. The trustees consider that there have been no significant valuation charges at 31st December 2022.

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	
	2022 £	2021 £	2022 £	2021 £
Current assets	2,373	2,373	173,635	826,581
Current liabilities	(804)	(804)	(168,768)	(821,714)
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>44,084</u>	<u>45,635</u>	<u>1,049,960</u>	<u>1,317,272</u>

19. STOCKS

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Goods for resale	<u>14,073</u>	<u>9,498</u>	<u>12,485</u>	<u>7,731</u>

20. DEBTORS

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Amounts owed by group undertakings	-	-	804	651,492
Other debtors	2,223,126	1,784,848	2,213,126	1,784,848
Prepayments	<u>185,460</u>	<u>171,510</u>	<u>185,460</u>	<u>171,510</u>
	<u>2,408,586</u>	<u>1,956,357</u>	<u>2,399,390</u>	<u>2,607,850</u>

21. CREDITORS: Amounts falling due within one year

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade creditors	84,459	108,734	67,788	93,567
Amounts due to fellow group undertakings	-	-	22,370	-
Other taxation and social security	155,431	125,369	155,431	125,369
Other creditors	<u>91,842</u>	<u>77,748</u>	<u>82,192</u>	<u>66,723</u>
Accruals and deferred income	<u>328,165</u>	<u>306,236</u>	<u>185,719</u>	<u>161,402</u>
	<u>659,897</u>	<u>618,087</u>	<u>513,500</u>	<u>447,061</u>

Included within creditors is deferred income totalling £200,694 (2021: £201,695) in the group and £80,087 (2021: £88,986) 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 2021 has been subsequently recognised as income in 2022.

22. STATEMENT OF FUNDS

Group	Funds at 1 Jan 2022 £	Income £	Expenditure £	Transfers in/out £	Gains / (Losses) £	Funds at 31 Dec 2022 £
DESIGNATED FUNDS						
Workforce management	100,000	-	-	-	-	100,000
Service development	100,000	-	-	-	-	100,000
Investment in fundraising	200,000	-	-	-	-	200,000
Business continuity	4,710,000	-	-	100,000	-	4,810,000
	5,110,000	-	-	100,000	-	5,210,000
GENERAL FUNDS						
General funds – all funds	10,129,432	10,284,795	(9,474,724)	38,635	(726,159)	10,251,979
Total unrestricted funds	15,239,432	10,284,795	(9,474,724)	138,635	(726,159)	15,461,979
RESTRICTED FUNDS						
Restricted funds – all funds	166,820	1,992,065	(1,835,288)	(138,635)	-	184,962
Total funds	15,406,252	12,276,860	(11,310,012)	-	(726,159)	15,646,941
Charity	Funds at 1 Jan 2022 £	Income £	Expenditure £	Transfers in/out £	Gains / (Losses) £	Funds at 31 Dec 2022 £
DESIGNATED FUNDS						
Workforce management	100,000	-	-	-	-	100,000
Service development	100,000	-	-	-	-	100,000
Investment in fundraising	200,000	-	-	-	-	200,000
Business continuity	4,710,000	-	-	100,000	-	4,810,000
	5,110,000	-	-	100,000	-	5,210,000
GENERAL FUNDS						
General funds – all funds	10,123,001	9,429,432	(8,619,361)	38,635	(726,159)	10,245,548
Total unrestricted funds	15,233,001	9,429,432	(8,619,361)	138,635	(726,159)	15,455,548
RESTRICTED FUNDS						
Restricted funds – all funds	166,820	1,992,065	(1,835,288)	(138,635)	-	184,962
Total funds	15,399,821	11,421,497	(10,454,649)	-	(726,159)	15,640,510

22. STATEMENT OF FUNDS (CONTINUED)

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
	4,862,000	-	-	248,000	-	5,110,000
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	14,040,636	8,060,652	(7,294,539)	48,958	383,725	15,239,432
RESTRICTED FUNDS						
Restricted funds – all funds	73,041	2,175,252	(2,032,515)	(48,958)	-	166,820
Total funds	14,113,677	10,235,904	(9,327,054)	-	383,725	15,406,252
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
	4,862,000	-	-	248,000	-	5,110,000
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	14,034,205	7,591,451	(6,825,338)	48,958	383,725	15,233,001
RESTRICTED FUNDS						
Restricted funds – all funds	73,041	2,175,252	(2,032,515)	(48,958)	-	166,820
Total funds	14,107,246	9,766,703	(8,857,853)	-	383,725	15,399,821

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 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. Funds are designated to support this investment if required.

Care

As the needs and complexity of the children cared for by the organisation evolves, services must evolve with them. To ensure that this development is possible, funds have been designated should they be 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.

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022
Group - 2022			
Tangible fixed assets	4,801,713	71,080	4,872,793
Investment property	344,235	-	344,235
Fixed asset investments	6,219,160	-	6,219,160
Current assets	4,756,768	113,882	4,870,650
Creditors due within one year	(659,897)	-	(659,897)
	<u>15,461,979</u>	<u>184,962</u>	<u>15,646,941</u>
	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021
Group - 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	(618,087)	-	(618,087)
	<u>15,239,432</u>	<u>166,820</u>	<u>15,406,252</u>
	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022
Charity - 2022			
Tangible fixed assets	4,801,713	71,080	4,872,793
Investment property	344,235	-	344,235
Fixed asset investments	6,219,164	-	6,219,164
Current assets	4,603,936	113,882	4,717,818
Creditors due within one year	(513,500)	-	(513,500)
	<u>15,455,548</u>	<u>184,962</u>	<u>15,640,510</u>
	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021
Charity - 2021			
Tangible fixed assets	4,962,144	1,450	4,963,594
Fixed asset investments	6,836,301	-	6,836,301
Current assets	3,881,617	165,370	4,046,987
Creditors due within one year	(447,061)	-	(447,061)
	<u>15,233,001</u>	<u>166,820</u>	<u>15,399,821</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 £485,558 (2021: £425,417). Charges payable by the charity amounted to £483,835 (2021: £421,523).

At 31 December 2022 the total commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	2022 £	2021 £	2022 £	2021 £
Group and charity				
<i>Amounts falling due</i>				
Within 1 year	395,768	371,345	19,508	19,508
Between 2 and 5 years	549,037	660,543	13,857	33,455
After more than 5 years	-	5,438	-	-
	<u>944,805</u>	<u>1,037,326</u>	<u>33,365</u>	<u>52,963</u>

During the year operating lease charges were recognised as rent expenses in the following: the cost of operating the charity shops £345,555 (2021: £345,863); hospice activities undertaken directly £27,500 (2021: £25,000); and support costs £15,250 (2021: £15,250).

During the year operating lease charges were recognised as vehicle lease expenses in the following: cost of operating charity shops £11,735 (2021: £17,166) and hospice activities undertaken directly £8,047 (2021: £4,715).

26. FINANCIAL COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

At 31 December 2022 the group and charity had committed to £18,344 (2021: £nil) in ongoing capital projects in addition to restricted assets committed to.

27. RELATED PARTY TRANSACTIONS

During the year, group staff made donations to the charity and played the lottery run by Hope House (Lottery) Limited. 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 £122,442 (2021: £77,059).

Hope House (Trading) Limited and Hope House (Lottery) Limited are 100% owned subsidiaries of Hope House Children's Hospices. All the profits of the subsidiaries for the period have been distributed by Gift Aid to the charity. The profits for the year totalled £44,084 (2021: £45,635) for Hope House (Trading) Limited and £1,019,960 (2021: £1,317,272) for Hope House (Lottery) Limited. Hope House (Trading) Limited charged £4,129 (2021: £3,338) to Hope House Children's Hospices for operating the gift aid scheme on the sale of new goods.

At 31st December 2022 the charity was owed £804 (2021: £804) by Hope House (Trading) Limited and £22,370 was owed to Hope House (Lottery) Limited. At 31st December 2021, the charity was owed £650,688 by Hope House (Lottery) Limited.

28. ULTIMATE CONTROLLING PARTY

The charity is controlled by the trustees.

[illegible]

NOTES





hopehouse.org.uk

hope house *by* **goborn**
children's hospices