



**TRUSTEES' REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**



**Charity Registration No. 1003859**  
**Company Registration No. 2588103**

**HOPE HOUSE CHILDREN'S HOSPICES**  
**TRUSTEES' REPORT AND CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**Independent auditors**





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## REFERENCE AND ADMINISTRATIVE DETAILS

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### 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	
Dr Supriya Kapas	Quality Assurance Pharmacist	
Andrew Morris	Company Director	(resigned 20/03/2024)
Gary Morton	Group Chief Executive	
Dr David Sharp	General Practitioner	
Kelly Miller	Solicitor	
Dr Jean B Watt	Retired Consultant Paediatrician	(resigned 20/03/2024)
Gail A Caddell	Nursing Director	(resigned 11/09/2023)
Sarah Griffith	HR Professional	

##### 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  
Andrew Morris (resigned 27 September 2023)  
Kelly Miller (appointed 18 October 2023)

**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
Suzy Watts	Director of People and Resources (left 19/04/2024)

**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**

Best Practice IFA Group, Belmont House, Shrewsbury Business Park,  
Shrewsbury, Shropshire, SY2 6LG

## LETTER FROM THE CHAIR OF TRUSTEES

I am incredibly proud of the whole team at Hope House Children's Hospices for all that has been achieved during 2023. Following the pandemic years, we began 2023 with economic uncertainty, higher interest rates than we had been used to for many years, inflation approaching 10%, political volatility and continued overseas conflict. Despite this, our teams continued to build back and worked hard, delivering more care and raising even more money.

I am deeply grateful to our exceptional care staff, for whom I have the greatest admiration and appreciation for their continued commitment to providing the highest quality compassionate care possible. In 2023 we supported 236 children and their families. Our care team delivered increases of:

- 55% in planned respite nights;
- 81% in therapy sessions including sensory play, swimming sessions and physiotherapy;
- 17% in counselling and bereavement support sessions.

Despite the economic difficulties and cost of living crisis which affected so many people we saw an increase of 3.7% in our fundraising income excluding legacies. This represents an overall increase of 59.2% since 2020, a remarkable achievement. Our 'Final Moments Matter' campaign raised a staggering £621k which will pay for all end-of-life care that we expect to deliver in 2024. Of the money we raised, 84% is spent on charitable activities with just 16% being re-invested in fundraising to generate this vital income.

Our 15 retail shops contributed a net income to the charity of £1.1m. As we look towards the future, we are not only intending to increase the number of shops, we are also improving our retail estate both in terms of our current shops and where they are located.

Our lottery, which contributed a net income of £1.3m, continues to perform well but we know that we cannot expect to continue to grow it at the rate we did pre-pandemic. Therefore, we are investing in an engagement and retention programme with our players to ensure the lottery's continued success for many years to come.

We are extremely grateful to the UK and Welsh Governments for the funding we receive. However, just 13.4% of our income comes from the statutory sector, much lower than for the adult hospice sector and as I write, its future is uncertain. To continue operating, we are dependent on the goodwill of our incredible donors who support us in so many innovative, selfless and very often courageous ways. However you supported us in 2023, thank you, we cannot do what we do without your continued help and generosity.

I must also mention our 614 volunteers, including our trustee board, who donated a total of 84,039 hours in 2023 (up 26% on 2022) with an estimated value to the charity of over £1m. Their boundless commitment and enthusiasm for the charity is inspiring. I am grateful to every one of you for your continued dedication and support.

During 2023, we recognised that our costs were increasing significantly across the whole organisation and despite the sterling work of our income generation teams, the gap between income and costs is likely to widen in the long term. We also know that the demands on our service are increasing, the number of children with a life-threatening condition is increasing, and thankfully many of the children are living for longer due to advances in medicine and technology but often with more complex conditions and needs.

Families tell us that they depend and rely upon overnight respite and rank it as the most important service we can offer to them. The time children and their families can spend at Hope House and Tŷ Gobaith improves the quality of life for the whole family. We believe that there is a significant unmet and unknown demand in our community for the care we can provide; understanding this need and removing any barriers to accessing it is one of our highest priorities.

We had planned a deficit budget for the years 2023 to 2025 with a strategic objective to reach a balanced budget in the medium term. However, as we started the year, we knew our purpose was too broad to achieve this goal.



We needed to better define 'Our Purpose' to focus our resources on where we can have greatest impact. In October, the Board adopted new Charitable Objects and we began work on defining a new purpose to guide the organisation through the next decade.

This new purpose was approved by the Board in early 2024 and will see us do just three things:

- Provide professional care and support;
- Reach every local child from diagnosis;
- Raise the money we need.

We have healthy reserves and have designated funds for expenditure in specific areas, namely to help us achieve our purpose; to modernise our hospice facilities; and to grow and develop our retail business.

Finally, I would like to thank the many wonderful children and their families who, over the last few years, have allowed us to share stories of their personal journeys with people throughout our communities at our fundraising events, on social media and in our fundraising campaigns. It is these stories that make the difference to the level of generosity we receive from our wonderful donors and supporters. Thank you.

A handwritten signature in black ink that reads "Steve Henly". The signature is written in a cursive, flowing style.

**Steve Henly**  
**Chair of Trustees**

**26th June 2024**



ly good  
ope house  
children's hospices

Bethan  
Healthcare Assistant

## WHY HOPE HOUSE CHILDREN'S HOSPICES EXISTS AND OUR MISSION

In September 2023 following Charity Commission approval, the Members of Association of Hope House Children's Hospices approved new Charitable Objects and Articles of Association to better reflect the services provided by the charity as it had evolved since 1991, and to modernise the language. This was the start of a process to redefine the charity's purpose to reflect the needs of our beneficiaries and our role in best meeting those needs.

In March 2024 the Board approved a new mission for the charity.

### THE PROBLEM WE WANT TO SOLVE

Children with life-threatening conditions and their families are suffering and too many get support too late or not at all

### OUR PURPOSE

Hope House Children's Hospices is a charity that gives every local child with a life-threatening condition and their family access to professional care and improves their quality of life from the point of diagnosis

### HOW WE ACHIEVE THIS



Provide professional care and support



Reach every local child from diagnosis



Raise the money we need

Work has now started on aligning the charity behind our new purpose and ensuring the charity puts our purpose foremost when considering investment, activity and service 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 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 company (and charity) was established under a Memorandum of Association on 4th March 1991 and is governed under its Articles of Association. At the Annual General Meeting on the 27th September 2023 the Members of Association adopted new Articles of Association which form the charity's governing document that incorporate revised charitable objects as approved by the Charity Commission.

The objects of the charity are to relieve the need of:

- (a) babies, children and young people with life-threatening and terminal conditions and their families, who are residing in and around Shropshire, Cheshire, North and Mid Wales, in particular, but not exclusively, by providing:
  - (i) respite care and symptom management;
  - (ii) crisis, palliative and end of life care and support;
  - (iii) psycho-social support, including counselling and wellbeing support for the children and young people and their families;
  - (iv) death and bereavement services for their families; and
- (b) the families of babies, children and young people who have died in other circumstances through bereavement support.

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 adults and for the treatment of disease, disorder or injury.

## Appointment of trustees

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

In accordance with the Articles of Association one-third (or the number nearest one-third) of the trustees must retire at each of the First Trustee Meeting, those longest in office retiring first and the choice between any of equal service being made by drawing lots. A retiring trustee shall be eligible for re-appointment by the trustees.

At the First Trustee Meeting on 20th March 2024, David Sharp, Andrew Morris, Gary Morton and Graeme Harkness retired by rotation and being eligible, David Sharp, Gary Morton and Graeme Harkness were re-elected.

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. Imposing a maximum number of terms of office a trustee can serve would unnecessarily cause the loss of skills, knowledge and experience and risk the loss of institutional memory, continuity, and ability 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.

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.



Three year terms of office have been set for the officers of the Board: Chair, Vice Chair and Honorary Treasurer and Chairs of the Board Committees are appointed annually. There is no restriction on the number of terms an officer of the Board or committee chair can serve.

#### **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 purpose, strategic plan and the recent performance.

Trustees also have access to training and in September 2023 a trustee training plan was approved offering a combination of online training and in person training and development sessions covering the following subjects:

- Charitable purpose and governing documents;
- Safeguarding children and vulnerable adults including deprivation of liberties;
- Equality and diversity;
- Strategic budgeting and financial management;
- Risk management;
- Conflict of interest and loyalty;
- Data Protection;
- Communications and use of social media.

Trustees also attended sessions to develop the new purpose and on statutory funding for children's hospices and charging for services.

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 and charitable governance responsibilities.

The committees in place during 2023 were:

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

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 March 2018 and section 13.5 of the Articles of Association September 2023.

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 Leadership 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 the charity's accounts. Hope House (Trading) Ltd sells merchandise and Hope House (Lottery) Ltd runs the weekly lottery and regular raffles.

Trustees represent the charity on the subsidiary Board of Hope House (Lottery) Ltd and the Chief Executive and Director of Finance and Transformation on the subsidiary Board of Hope House (Trading) Ltd.

## 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.

The principal potential risks to delivering the charitable purpose that were faced by Hope House Children's Hospices at the start of 2023 and the mitigation taken during the year are tabled below:

Potential Risk	Description
<p><b>Supporter dissatisfaction:</b></p> <p>Widespread supporter dissatisfaction could not be accepted as the charity is dependent for the majority of its income from supporters.</p>	<ul style="list-style-type: none"> <li>During the year the Supporter Engagement Team was strengthened and new engagement initiative launched.</li> </ul>
<p><b>Breach of Information Governance procedures and systems:</b></p> <p>As the systems used to collect, store and use personal information become increasingly sophisticated there is a risk of a breach of data protection rules and principles either inadvertently or through criminal activity.</p>	<ul style="list-style-type: none"> <li>Staff completed mandatory data protection training.</li> <li>The IT system was tested for robustness against attack and information security measures are continually under review.</li> </ul>
<p><b>Shortage of clinical skills:</b></p> <p>Clinically trained staff remain vital to the successful delivery of services by Hope House Children's Hospices and without clinical staff it is impossible to deliver safe care.</p>	<ul style="list-style-type: none"> <li>A Specialist Paediatric Palliative Care Consultant was appointed jointly with Betsi Cadwalader University Health Board.</li> <li>Funded training for nurse associates introduced with six members of staff undergoing or completing training.</li> <li>An Organisational Development Programme introduced including strengthening learning and development in clinical skills and competencies and a new learning and development team established.</li> <li>Workforce Sharing Agreement made with statutory sector providers in Shropshire, Telford and Wrekin.</li> </ul>

Potential Risk	Description
<p><b>Issues with workplace culture impacting staff wellbeing and resilience:</b></p> <p>It was evident that the impact of accelerated change was being felt in some teams in 2022 and we lacked a co-ordinated approach to organisational development and addressing issues of values, culture and wellbeing.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>▪ A strategic and co-ordinated employee centric organisational development programme resourced and launched including learning, succession planning, culture and values, staff resilience and wellbeing.</li> <li>▪ Two staff led forums established to lead our approach to belonging and wellbeing.</li> </ul>
<p><b>Not meeting charitable objects in Cheshire:</b></p> <p>Initial evidence suggested that the proportion of children in Cheshire accessing hospice services was considerably lower than in other areas of our catchment.</p>	<ul style="list-style-type: none"> <li>▪ Project Wheatsheaf launched to investigate service demand and paediatric palliative and hospice services in Cheshire and to develop an action plan to address shortcomings.</li> <li>▪ Community hospice nurse appointed to work within the Mid Cheshire Community Children's Nursing Team.</li> </ul>
<p><b>Insufficient income to meet planned expenditure:</b></p> <p>Significant deficit budgets are planned for 2023 and 2024 but current position is resilient due to surplus reserves. However, unless long term income can increase in line with increased service costs then services could need to be reduced, impacting families and staff job security.</p>	<ul style="list-style-type: none"> <li>▪ Increased investment in fundraising.</li> <li>▪ Legacy giving strategy approved and resourced.</li> <li>▪ New shop opened in Wrexham.</li> <li>▪ Pause on significant service developments pending the setting of a new charitable purpose and aligning of resources to deliver that purpose.</li> </ul>
<p><b>Unable to meet the needs of all technology dependent children:</b></p> <p>The medical complexity of children receiving care is increasing, including technological dependency. The current workforce is limited in terms of care technology expertise and the necessary specialised equipment and medical support is not currently in place.</p>	<ul style="list-style-type: none"> <li>▪ Review of providing care for invasively ventilated children undertaken and care offer determined.</li> <li>▪ Investment in training and continual professional development for care staff.</li> </ul>

The action taken during the year mitigated and managed these risks. Throughout the year the continuous review of risks identified new risks, and at the end of 2023, the following potential risks were identified as falling above the charity's risk appetite.

Potential Risk	Description
<b>The charity lacks direction, strategy and forward planning.</b>	<ul style="list-style-type: none"> <li>Our current charitable purpose is very broad, leading to a dilution of focus and resources and tensions over competing priorities.</li> <li>Annual business plans over the last four years have focussed on activity to rebuild and recover from the pandemic. A new approach is required to focus on delivering a focussed charitable purpose.</li> <li>Resources are not aligned with delivering the Charitable Objects and allocation of reserves and resources could be more focussed.</li> <li>Demand on resources is outstripping income. More focus is required in both service delivery and income generation to bring finances back into balance.</li> </ul>
<b>Trustee body lacks relevant skills or commitment.</b>	<ul style="list-style-type: none"> <li>The retirement of a number of trustees has reduced the collective experience of the trustees and recruiting trustees with some skills (such as paediatric nursing or medicine) remains challenging.</li> <li>Not all trustees participate in their annual appraisal and attendance by some trustees at meetings falls below the level expected.</li> </ul>
<b>It is unclear if services best meet beneficiaries needs</b>	<ul style="list-style-type: none"> <li>Whilst service user feedback is actively encouraged and considered by the trustees there are children with life-threatening conditions who do not access our services and we do not necessarily know their needs.</li> <li>There appears to be communities that are underrepresented as beneficiaries (community of location, culture, condition) and we do not know if our services meet their needs.</li> <li>Our services do not meet the needs of all children with life-threatening conditions (e.g. Children reliant on invasive ventilation).</li> </ul>
<b>Insufficient income to meet planned expenditure</b>	<ul style="list-style-type: none"> <li>Significant deficit budgets are planned for 2024 and 2025 but current position is resilient due to surplus reserves. However, unless long term income can increase in line with increased service costs then services could need to be reduced, impacting families and staff job security.</li> </ul>
<b>Significant reduction or loss of statutory sector funding</b>	<ul style="list-style-type: none"> <li>Statutory funding accounts for around 15% of annual income and therefore the impact would be significant if this was lost, potentially leading to reduction in service and staff redundancies, with impact on morale and reputation. The future of the Children's Hospice Grant is uncertain and agreements with Integrated care boards and local health boards are on an annual basis.</li> </ul>
<b>Shortage of clinical skills preventing delivery of the care strategy</b>	<ul style="list-style-type: none"> <li>Whilst nurse recruitment and retention has stabilised the hospices remain substantially reliant on local GPs for medical cover and the continuation of this cover is uncertain.</li> <li>Health Board funding for the Specialist Paediatric Palliative Care Consultant remains uncertain.</li> <li>Pilot project funding for the Community Hospice Nurses in Shropshire and Cheshire expires in 12 months.</li> </ul>
<b>Inappropriate reserves held (too low or too high)</b>	<ul style="list-style-type: none"> <li>Reserves held are currently in excess of reserves policy.</li> </ul>



## STRATEGIC REVIEW

### ACTIVITIES FOR ACHIEVING OUR OBJECTIVES

In 2023, we provided specialist nursing, care and support to life-threatened children and young adults. 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

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.

By the end of 2023 the charity employed 264 staff, divided between the departments shown in the table below.

#### Staff at HHCH in 2023 vs 2022 by department.

Department	2023		2022	
	Total permanent and temp staff	% of staff compliment	Total permanent and temp staff	% of staff compliment
Care	144	54%	146	56%
Retail	59	22%	57	22%
Fundraising (Incl Lottery)	29	10%	28	9%
Support	32	14%	27	13%
<b>Grand Total</b>	<b>264</b>		<b>258</b>	

#### Supporting staff to feel engaged and motivated

Ensuring that all colleagues feel connected to our work, involved in decisions about how we do things and given opportunities to learn and develop is vital to 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 employees tell us that Hope House Children's Hospices is a great organisation to work for but there is still more we can do.

In response to staff feedback a range of new staff benefits were introduced in 2023 including:

- Healthcare cash plan;
- 24/7 access to a confidential counselling service;
- Access to online GP appointments;
- Improved life assurance terms;
- Confidential telephone advice service for life issues.

An employee centric organisational development programme was agreed and resourced to make Hope House Children's Hospices an even greater place to work, and two staff led forums were launched to lead our approach to belonging including diversity and inclusion, and wellbeing.

## 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.

In 2023, 614 individuals actively volunteered donating over 84,000 hours', equivalent to over £1 million in salary cost alone. The table below shows the number of volunteers, hours, and annual wage savings for the two years 2022 and 2023. The table shows that over this period the number of active volunteers increased by 28% to the highest level seen over the last five years.

Location	Number of individuals		Total annual volunteer hours		Annual wage 'saving'	
	2023	2022	2023	2022	2023	2022
Tŷ Gobaith	7	8	1,538	1,878	£20,168	£19,601
Hope House	25	14	3,175	1,327	£39,223	£13,355
Shops	386	330	77,180	60,456	£841,260	£576,168
Fundraising/ Friends	185	117	1,495	2,174	£16,296	£20,653
Trustees	11	11	651	733	£105,446	£95,355
<b>Grand Total</b>	<b>614</b>	<b>480</b>	<b>84,039</b>	<b>66,568</b>	<b>£1,022,393</b>	<b>£725,132</b>

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 otherwise be achieved, 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.

### 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	2023
Mean gender pay gap	+9.39%	+14.99%	+11.2%	+14.97%

The mean gender pay gap for the whole UK economy (according to the Office for National Statistics (ONS) 2023 Annual Survey of Hours and Earnings (ASHE) figures) is 13.2%. At 14.97% in 2023 Hope House Children's Hospices results show a slightly higher 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.

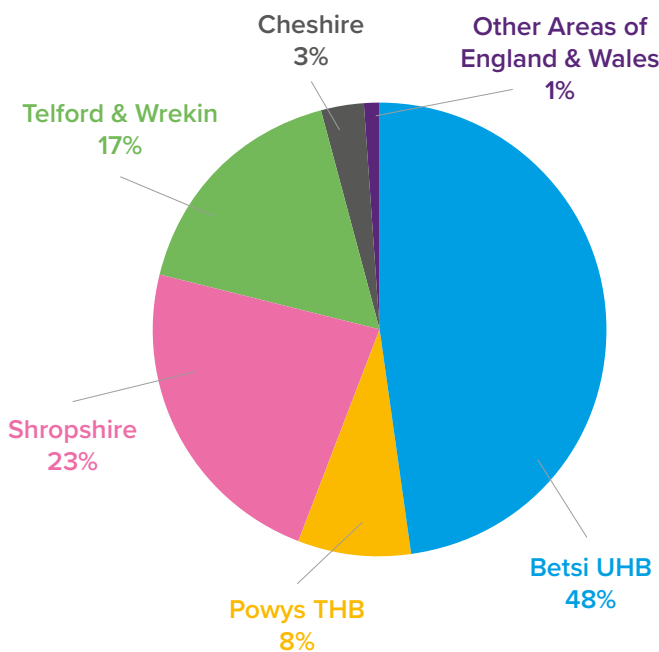


## OUR CARE SERVICES AND SUPPORT

### 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. At the end of December 2023, 236 children and young adults with a life-threatening condition were registered with Hope House Children's Hospices. This is a reduction from 2022, due to the implementation of the reduction in the upper age range for support and discharging young adults once they reach their 18th birthday.

56% of these children were resident in Wales and 44% in England. The split of home locations of children registered with Hope House Children's Hospices is shown below.



Despite men being more likely to be employed in more senior roles commanding higher salaries than women generally in the UK, this is not the case at Hope House Children's Hospices with around 43% of the women employed by Hope House Children's Hospices earning within the higher pay quartiles.

### 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 capping the highest salary level in the organisation and pay for the most senior member of staff will not normally exceed six times the median full time equivalent pay of all paid members of staff calculated annually in September each year.

As in previous years the largest number of children are resident in the Betsi Cadwalader University Health Board area (North Wales) followed closely by the 40% resident in the Shropshire, Telford and Wrekin Integrated Care Board Area.

The data above also shows the low numbers of children supported within Cheshire. In 2023, Project Wheatsheaf was established to explore reasons behind this. The results of its first phase found that the areas mainly supported by us were South and West Cheshire. This research will inform the work to reach more children being undertaken within 2024.

Research on the prevalence of UK children with Life-threatening Conditions (LTCs) 'Make Every Child Count' published in February 2020 and the Children in Wales Requiring Palliative Care: Trends in Prevalence and Complexity report 2023 both found numbers of children with LTCs increasing, in part due to increased survival from advances in medicine and improved care meaning more children with LTCs reaching adolescence or even adulthood.

Based on the most recent Office for National Statistics data, within our catchment area we support a population of around 2,106,362 with a child population of 431,338. Taking and applying the prevalence data from the most recent research, it would suggest that there are approximately 2,564 children with a LTCs in our catchment area.

As of December 2023, we had open cases with 236 children which equates to an estimated 9.2% of children with LTC's within our catchment area although this varies up to over 20% in some communities. Not all children identified in the research will need or want hospice services however, understanding need, removing barriers and increasing reach is one of our three priorities going forward.

### Age range for support

We support children and young people with life-threatening conditions from 24 weeks gestation until their 18th Birthday. Transition support continues for another 12 months.

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 in house hospice support from 25 to 18 from January 2023, with transition support remaining in place for a further 12 months. The policy change has been applied on a phased approach that will continue through to December 2024.

Unfortunately overnight out of home short breaks for adults with LTC's is extremely limited, and the loss of this support has been particularly hard felt by families. Our multi-disciplinary transition team work with young adults and their families to identify and secure support but unless significant increased investment is made in adult social care, overnight short breaks for adults will remain severely limited.

### How we helped children and their families - in numbers

**236** children with life-threatening conditions were registered with Hope House Children's Hospices on the 31st of December 2023. (260 in 2022)



**171** children were cared for at Hope House and Tŷ Gobaith

for **2,778** nights of planned respite care and **333** nights of crisis and emergency (unplanned) care.

159 in 2022 1,787 nights of planned respite care and 645 nights of crisis and emergency (unplanned) care.

**1,307** therapy sessions were enjoyed including sensory play, swimming and physiotherapy. (720 in 2022)

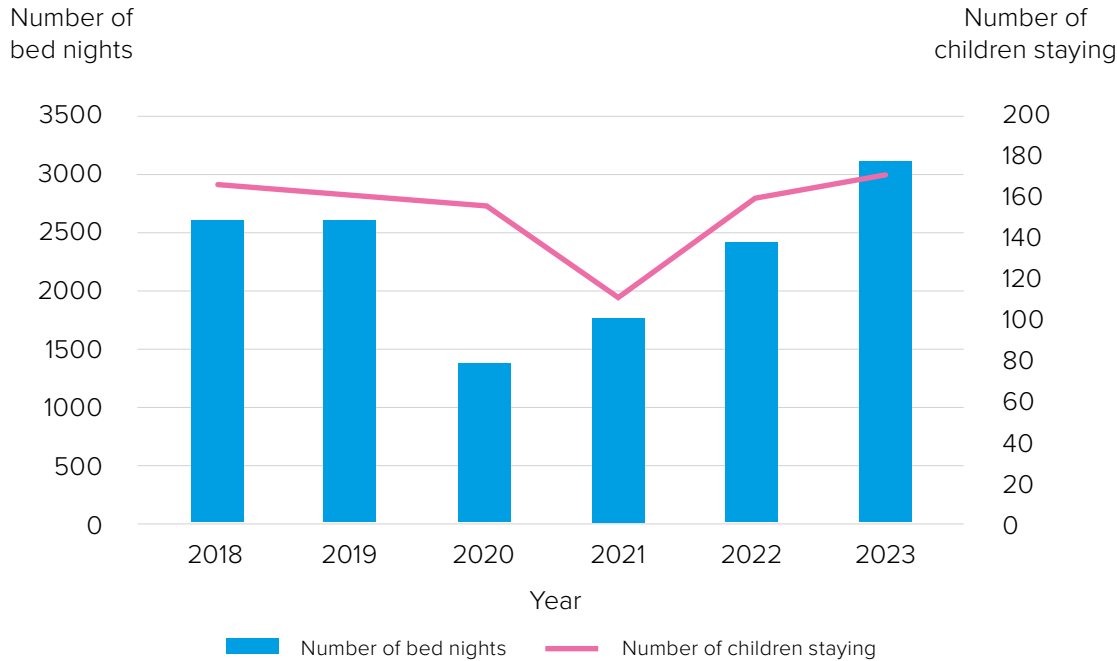


**42** families whose baby was diagnosed with a life-threatening condition before or after birth were supported by our Neonatal Nurses. (42 in 2022)

**1,812** counselling and bereavement support sessions helped children, parents and families during their child's illness and beyond. (1,540 in 2022)

## OUR CARE SERVICES AND SUPPORT (CONTINUED)

### Overnight stays in the hospices



### Hospice care

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

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-threatening conditions require and care, experiences and opportunities for children that improve their quality of life.

During 2023, the number of children staying at the hospices and the number of overnight stays increased substantially from 2022, continuing an upward trend in response to demand and facilitated by the recruitment of more care staff, allowing us to open more bed nights.

As a result of increased overnight stays bed occupancy averaged 83% over the year as an average of both 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, where possible 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).

The recent research published suggests that around 2.3% of children with LTCs will die each year, though survival rates are rising. Applying this to our catchment population, we may expect around 59 children with LTCs to have passed away in 2023. 37 children registered with Hope House Children's Hospices sadly died in 2023. These 37 children accounted for approximately 62% of children with LTCs expected to die in 2023 within our catchment area.



## 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 2023, we received 153 responses recorded via our complaints, concerns and compliments system, including 106 from parents/carers. 98% of the feedback we received was positive.

### Here is a small sample of the feedback received.

*"A massive thank you to all at Hope House for your incredible support this year. The past seven months have been incredibly difficult for us, there aren't many occasions we are able to 'switch off' from giving the 24/7 care he needs - Hope House has saved us in so many ways and we will be forever grateful for the love and support we receive each and every time we visit."*

*"Thank you both so much for coming yesterday. It meant the world to us that you were there. I mean every word I say and said when I say we would have been lost without you two and we adore you both. I will never, ever stop trying to find ways to thank you for looking after my little girl when I didn't know how to help her and didn't know the way forward xx."*

*"Thank you so much for all you have done for the Sunshine Group. You have made an incredible difference to us. We have so valued the way you have welcomed us and come alongside him in a very gentle and caring way.*

*You have always been so willing to share your observations and give guidance, which has made a really positive impact on us. We will really miss the group, the learning and the friends we have made, Thank you for everything x."*

*"I thank Tŷ Gobaith for everything during his rare life. Invaluable care for families who have special children and young people x."*

### Complex care and symptom control

Our first specialist Paediatric Palliative Care Consultant appointed jointly with Betsi Cadwaladr Health University Health Board, continued to develop our specialist medical support for children in North and Mid Wales, including out of hours and at the hospices.

Unfortunately, plans to provide similar support to children resident in Shropshire and Telford and Wrekin did not materialise and we are continuing to work closely with NHS colleagues to find a way to deliver this service.

### Parent and family support

In 2023 the counselling service was remodelled and a cohort of third party experienced counsellors contracted to support a smaller in-house team of family counsellors. This new model of care increased choice and capacity and as a result 355 family members received counselling and bereavement support a 120% increase from 2022.

The parent and infant support group formed in 2022 grew during 2023 and was rebadged as the Sunshine Group. 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.

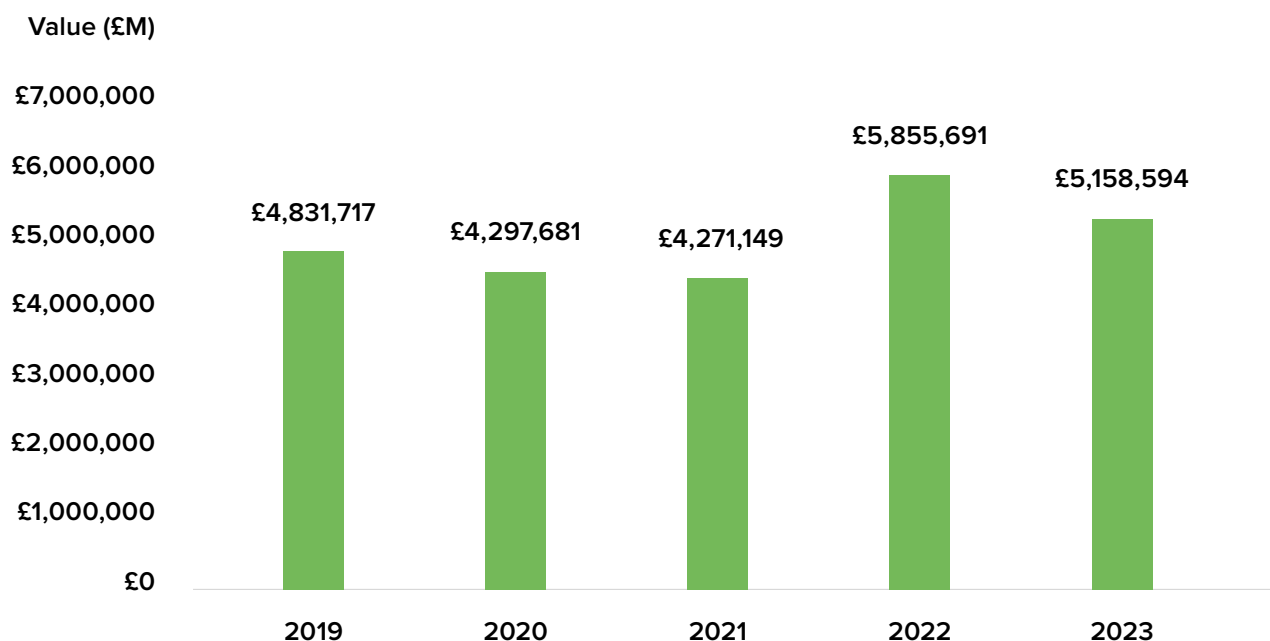
### Complaints

We received one concern, and one complaint both of which were partially upheld and action taken to learn from these complaints.

## OUR FUNDRAISING

Despite the ongoing cost of living pressures experienced during 2023, our extraordinary supporters have amazed us with their unfaltering support. We are eternally grateful to all those who continued to donate to us and to raise money during another challenging year.

In 2023 we raised £5.16 million from donations and legacies compared to £5.86 million in 2022. Excluding legacies, fundraising income (including regular giving, in memory, trusts and Gift Aid) has grown by 35% since 2019 to £3.4m in 2023.



Notable fundraising successes in 2023 include:

### Final Moments Matter

In November 2023 we repeated our Final Moments Matter online fundraising initiative and during just 36 Hours a record £621,000 was raised to fund all end of life care in 2024.

### Raffle mailings

We are incredibly grateful to families that allow us to tell their story as part of our twice yearly appeals. Our Christmas appeal 2023 raised over £100,000 and our summer appeal £80,000.

### Fundraising events

- Dark runs raised £81,452 supported by match funding from Principality Building Society;
- Cheshire and Shropshire balls raised over £80,000;
- 150 individuals and organisations took part in Let's Eat Cake, raising over £15,000.

### Retail contribution

2023 was another record year for our retail operations contributing £1.1 million to the charity, net of costs.

This was a 25% increase from 2022. During 2023 we operated 15 shops and an online and mail order shop. In January 2023 we moved our shop in Wrexham to a larger unit on a retail park and during 2023 planned for a charity superstore in Oswestry that opened early in 2024.

### 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](http://www.sterlinglotteries.co.uk)). The Hope House Lottery belongs to the member group HLA ([www.hospicelotteries.co.uk](http://www.hospicelotteries.co.uk)). We adhere to the Gambling Commission regulations including contributing to begambleaware each year.

The Lottery strategy for 2023 was to:

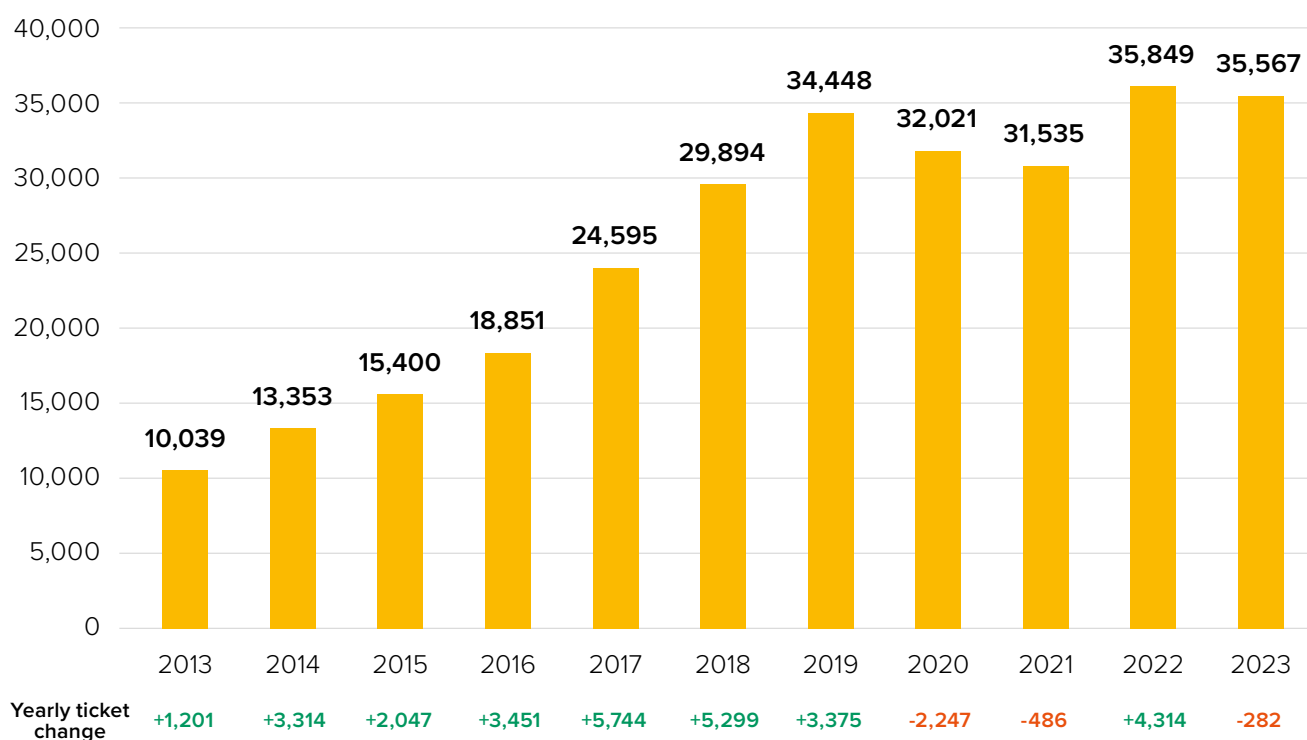
- Maintain lottery growth
- Further engage with lottery players to reduce the anticipated rise in levels of attrition
- Deliver a significant financial contribution to the charity

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 2023 set a year-end target of 37,000 entries in the weekly draw and a net contribution to Hope House Children’s Hospice of just over £1,Million. We ended the year with 35,567 entries in the weekly draw and a contribution to the charity of just over £1.3 Million.



Our lottery has grown from strength to strength over the last 10 years as shown in the chart below.

### Year-end Lottery lines 2008-2023



Given the size of the lottery and the population that we serve, we are unlikely to see the significant growth we experienced between 2013 and 2019 and our future strategy is to maintain player numbers through recruitment and a focus on player engagement to reduce cancellations and maintain profitability.

## **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 two 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.

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 2023 regarding our fundraising activity**

- Retail: Nine complaints – Six complaints upheld and action taken.
- Fundraising including lottery: 18 complaints – Seven complaints upheld and action taken.

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

## **Our plans for the future**

Following a systematic review from October 2023, a new mission and purpose was approved by the Board of Trustees in March 2024. During 2024 our priorities will be aligning the charity behind the new purpose.

A change programme and six workstreams have been established to lead on to aligning the charity to the new purpose.

The workstreams will focus on the following areas in 2024:

- Informed Choice;
- Understanding Needs;
- Aligning Services;
- Our People;
- Understanding Reach;
- Governance and Operations.

## **Ensuring a financially sustainable organisation by**

Developing new and growing existing income streams, and by reviewing costs and activity to reduce expenditure.



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.

We will assess the efficiency and effectiveness of functions and activity across the charity to identify opportunities to streamline processes, automate routine tasks, remove overheads, bring efficiencies and if necessary reduce activity and we will review existing contracts and agreements with suppliers e.g. service contracts, to identify opportunities for cost savings.

### **Creating hospice spaces fit for the future**

We will engage with service users to help determine the suitability of hospice spaces for current service users and identify any gaps or areas for improvement in meeting the needs of children and their families. We will evaluate the impact of changes in the demographics of children and families.

We will raise funds and invest in physical improvements to hospice spaces including the creation of a new end of life suite at Tŷ Gobaith and gardens at Hope House ensure that spaces and hospice buildings remain child and family-centred and adaptable to individual needs and preferences.

Where financially viable we will as part of our programme incorporate sustainability and green building practices, to minimise energy consumption, reduce waste, and promote a healthy environment.

## FINANCIAL REVIEW

**Financial performance in 2023 significantly exceeded expectations and the receipt of an unbudgeted grant from Welsh Government at the end of the year turned a small deficit into a small surplus for the year.**

### Income

The fundraising team generated a total income during this period of £5.16 million from donations and gifts in wills compared to £5.86 million in 2022. Income from gifts in wills was £1.7 million (2022: £2.6 million) although significant income was received from gifts in wills accounted for in the previous year in accordance with accounting principles. Gifts in wills remains a significant source of funding for the charity and an area of focus.

Our shops continued to perform well making a net contribution to the charity of over £1 million. The same was seen with our Lottery which also made a net contribution to the charity of £1.3 million.

Hope House Children's Hospices maintained its strong relationships with healthcare commissioners, who invested in the services we delivered to local children and families. During 2023 Hope House Children's Hospices received £1.65m in funding from statutory bodies towards service provision. We are grateful to the UK and Welsh Governments and NHS organisations in England and Wales for the financial support they continued to provide.

### Expenditure

Significant investment in care services, income generation, people development, and supporting infrastructure was made during 2023, with total expenditure increasing by over £1.3 million from 2022 to £12.6 million, driven primarily by increased numbers of staff and wage inflation in order to recruit and retain high calibre staff.

Overall, Hope House Children's Hospices spent £8.2 million (2022: £7.3 million) on charitable activities, excluding fundraising. Overall around 85% of total expenditure (excluding trading activities) is on charitable activity. Over 63% of expenditure on charitable activities was on staff costs.

Excluding expenditure on lottery and trading activities, £1.5 million was spent on fundraising.

### Reserves policy

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

Reserves are held for the following purposes:

#### To manage short term income shortfalls

Each income stream is assessed as to the likelihood and degree of an income shortfall. Reserves are held at a level sufficient to ensure service continuity for two years if income falls short of forecast, whilst steps are taken to reduce costs.

#### To adjust costs to match income

Reserves are held to restructure costs in the event of income not meeting forecast. The money would primarily be used to meet the costs of reducing the workforce by up to 25%.

#### To provide for catastrophic events

Through a risk management process, we seek to rationalise, quantify and avoid events occurring and insure against those risks that cannot be removed. However, there is always the potential of an unforeseen catastrophic event occurring. It is impossible to quantify such an event but there is sense in holding reserves to mitigate impact or aid recovery should one occur.

### Level of reserves

For the period 2023 to 2025, reserves will be held at the levels below. If reserves fall below these levels then action will be taken to reduce costs within the following 12 months in accordance with agreed priorities, bringing expenditure and income into balance. The level of reserves and compliance with the policy will be considered by the Board of Trustees quarterly and the policy will be reviewed by December 2025.

Purpose for which reserves are held	Minimum reserves at year end		
	2023	2024	2025
To manage income shortfalls	2,826,000	2,853,000	2,976,125
To adjust costs	1,000,000	1,000,000	1,000,000
To respond to a catastrophic event	350,000	350,000	350,000
<b>Total</b>	<b>4,176,000</b>	<b>4,203,000</b>	<b>4,326,125</b>

The level of reserves have been determined through a risk based reserves calculation that accounts for high levels of uncertainty over income offset by a fairly static cost base.

An additional £1.5 million is held as working capital to meet short term cash flow requirements so the total funds required by policy at the end of each year are as follows:

Year	Total Reserves
2023	£5,676,000
2024	£5,703,000
2025	£5,826,125

Following three years of significant surplus, reserves during 2023 were substantially above policy and in December 2023 the Board of Trustees establishment of three designated funds for the financial years 2023 - 2025.

- Hospices Modernisation and Enhancement Fund - £1,000,000
- Retail Growth & Development Fund - £500,000
- Purpose & Impact Alignment Fund - £1,500,000.

Unlike the current contingency designated funds (for which the reserves policy determines the minimum level that must be maintained), the funds are designated with the specific intent to spend them. Designating funds in this way will both allow the Board and delegated committees, to draw on designated funds in pursuit of the charity’s purpose and demonstrate to external funders and stakeholders why these funds are being held.

### 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 Best Practice IFA.

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 26th June 2024 and signed on their behalf by:



**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 2023 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 of 31 December 2023 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 12 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:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Enquiry of management and those charged with governance to identify any instances of non-compliance with laws and regulations.

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

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequence of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance the imposition of fines or litigation or the loss of the Company's license to operate. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to the enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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](http://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.

**Helen Furlong FCCA (Senior Statutory Auditor)  
For and on behalf of Xeinaidin Audit Limited**

**21st June 2023**

**Chartered Accountants  
Statutory Auditor  
Unit 2  
Hilliards Court  
Chester Business Park  
Chester  
CH4 9QP**

### **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 2023

	Note	Unrestricted funds £	Restricted funds £	2023 Total funds £	2022 Total funds £
<b>INCOME</b>					
Donations and legacies	<b>3</b>	4,708,362	450,232	5,158,594	5,855,691
Income from trading activities	<b>4</b>	5,268,594	-	5,268,594	4,683,074
Income from charitable activities	<b>5</b>	-	1,648,919	1,648,919	1,413,222
Investment income	<b>6</b>	188,735	-	188,735	144,909
Other income	<b>7</b>	-	-	-	179,964
<b>TOTAL INCOME</b>		10,165,691	2,099,151	12,264,842	12,276,860
<b>EXPENDITURE</b>					
Expenditure on raising funds:					
Raising funds within the charity	<b>8</b>	1,507,485	-	1,507,485	1,263,702
Expenditure on trading activities	<b>9</b>	2,954,393	-	2,954,393	2,793,998
Expenditure on charitable activities	<b>10</b>	6,245,135	1,927,553	8,172,688	7,252,312
<b>TOTAL EXPENDITURE</b>		10,707,013	1,927,553	12,634,566	11,310,012
<b>NET (DEFICIT)/SURPLUS FOR THE YEAR</b>		(541,322)	171,598	(369,724)	966,848
Movement in revaluation reserve	<b>17</b>	65,764	-	65,764	-
Gains on revaluation of investments	<b>18</b>	348,883	-	348,883	(726,159)
Gross transfer between funds		126,817	(126,817)	-	-
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		142	44,781	44,923	240,689
Total funds at 1 January	<b>22</b>	15,461,979	184,962	15,646,941	15,406,252
<b>TOTAL FUNDS AT 31 DECEMBER</b>		<b>15,462,121</b>	<b>229,743</b>	<b>15,691,864</b>	<b>15,646,941</b>

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 41 to 62 form part of these financial statements.

## CONSOLIDATED BALANCE SHEET

### FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	£	2023 £	£	2022 £
<b>FIXED ASSETS</b>					
Tangible assets	16		4,811,226		4,872,793
Investment property	17		409,999		344,235
Investments	18		7,719,316		6,219,160
			12,940,541		11,436,188
<b>CURRENT ASSETS</b>					
Stocks	19	19,514		14,073	
Debtors	20	1,866,827		2,408,586	
Cash at bank and in hand		1,663,988		2,447,991	
			3,550,329		4,870,650
<b>CREDITORS</b>					
Amounts falling due within one year	21	(799,006)		(659,897)	
<b>NET CURRENT ASSETS</b>			2,751,323		4,210,753
<b>NET ASSETS</b>			<b>15,691,864</b>		<b>15,646,941</b>
<b>CHARITY FUNDS</b>					
Unrestricted funds:					
Designated funds			7,176,000		5,210,000
General funds			8,220,357		10,251,979
Revaluation reserve			65,764		
			15,462,121		15,461,979
Restricted funds			229,743		184,962
<b>TOTAL FUNDS</b>			<b>15,691,864</b>		<b>15,646,941</b>

The financial statements were approved by the trustees on 26th June 2024 and signed on their behalf by:



**Stephen Henly**  
Chair of Trustees

The notes of pages 41 to 62 form part of these financial statements.

## CHARITY BALANCE SHEET

### FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	£	2023 £	£	2022 £
<b>FIXED ASSETS</b>					
Tangible assets	16		4,811,226		4,872,793
Investment property	17		409,999		344,235
Investments	18		7,719,320		6,219,164
			<u>12,940,545</u>		<u>11,436,192</u>
<b>CURRENT ASSETS</b>					
Stocks	19	18,274		12,485	
Debtors	20	2,011,478		2,399,390	
Cash at bank and in hand		1,350,151		2,305,943	
		<u>3,379,903</u>		<u>4,717,818</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	21	(635,016)		(513,500)	
<b>NET CURRENT ASSETS</b>					
			2,744,887		4,204,318
<b>NET ASSETS</b>					
			<u>15,685,432</u>		<u>15,640,510</u>
<b>CHARITY FUNDS</b>					
<b>Unrestricted funds:</b>					
Designated funds	22		7,176,000		5,210,000
General funds			8,213,925		10,245,548
Revaluation reserve			65,764		-
			<u>15,455,689</u>		<u>15,455,548</u>
Restricted funds			229,743		184,962
<b>TOTAL FUNDS</b>					
			<u>15,685,432</u>		<u>15,640,510</u>

The financial statements were approved by the trustees on 26th June 2024 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 £88,237 (2022: £240,689).

The notes of pages 41 to 62 form part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
<b>Cash provided by operating activities</b>	<b>CF1</b>	545,239	880,353
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(329,242)	(489,354)
Purchase of investment property		-	(201,601)
Purchase of listed investments		(1,000,000)	-
<b>Cash used on investing activities</b>		<b>(1,329,242)</b>	<b>(690,955)</b>
Increase/(Decrease) in cash and cash equivalents in the year		(784,003)	189,398
Cash and cash equivalents at the beginning of the year	<b>CF2</b>	2,447,991	2,258,593
<b>Cash and cash equivalents at the beginning of the year</b>	<b>CF2</b>	<b>1,663,988</b>	<b>2,447,991</b>

The notes on pages 41 to 62 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

	2023 £	2022 £
<b>Net income for the reporting period (as per the statement of financial activities)</b>	44,923	240,689
<b>Adjustments for:</b>		
Income from investments	(188,735)	(144,909)
Revaluation of investments	(348,883)	726,159
Revaluation of investment property	(65,764)	-
Investment management fees	37,462	35,888
Depreciation of tangible fixed assets	390,809	437,521
(Increase)/decrease in stocks	(5,441)	(4,575)
(Increase)/decrease in debtors	541,759	(452,229)
Increase in creditors	139,109	41,809
	<u>545,239</u>	<u>880,353</u>
<b>Net cash provided by operating activities</b>	<b>545,239</b>	<b>880,353</b>

### CF 2 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Cash at bank and in hand	1,663,988	2,447,991
<b>Total cash and cash equivalents</b>	<b>1,663,988</b>	<b>2,447,991</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

### 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 2023.

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

	<b>2023</b> <b>Unrestricted</b> <b>funds</b> <b>£</b>	<b>2023</b> <b>Restricted</b> <b>funds</b> <b>£</b>	<b>2023</b> <b>Total</b> <b>funds</b> <b>£</b>	<b>2022</b> <b>Total</b> <b>funds</b> <b>£</b>
Donations	2,621,014	450,232	3,071,246	2,774,812
Legacies	1,734,002	-	1,734,002	2,555,931
Tax recovered – gift aid	304,518	-	304,518	238,466
Other income	48,828	-	48,828	286,482
	4,708,362	450,232	5,158,594	5,855,691

### INCOME FROM DONATIONS AND LEGACIES – 2022 COMPARATIVES

	<b>2022</b> <b>Unrestricted</b> <b>funds</b> <b>£</b>	<b>2022</b> <b>Restricted</b> <b>funds</b> <b>£</b>	<b>2022</b> <b>Total</b> <b>funds</b> <b>£</b>
Donations	2,375,933	398,879	2,774,812
Legacies	2,555,931	-	2,555,931
Tax recovered – gift aid	238,466	-	238,466
Other income	286,482	-	286,482
	5,456,812	398,879	5,855,691

#### Incoming resources from non-exchange transactions

Donated goods and facilities for which there was no income recorded were received to a value of £80,582 (2022: £55,636). No conditions were attached to these donations.

In addition to paid staff, the charity was supported by 614 (2022: 480) active volunteers during the year. As a result, in 2023 volunteers provided 84,039 hours (2022: 66,568 hours) of volunteering worth equivalent of £1,022,393 (2022: £725,132) in salary costs.

### 4. INCOME FROM TRADING ACTIVITIES

	<b>2023</b> <b>Unrestricted</b> <b>funds</b> <b>£</b>	<b>2023</b> <b>Restricted</b> <b>funds</b> <b>£</b>	<b>2023</b> <b>Total</b> <b>funds</b> <b>£</b>	<b>2022</b> <b>Total</b> <b>funds</b> <b>£</b>
Hope House (Trading) Limited	85,114	-	85,114	82,585
Hope House (Lottery) Limited	2,010,753	-	2,010,753	1,866,821
Hope House Children's Hospices	3,172,727	-	3,172,727	2,733,668
	5,268,594	-	5,268,594	4,683,074

The 2022 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

	2023 Unrestricted funds £	2023 Restricted funds £	2023 Total funds £	2022 Total funds £
Income from statutory bodies	-	1,648,919	1,648,919	1,413,222

Analysed as:

	2023 Unrestricted funds £	2023 Restricted funds £	2023 Total funds £	2022 Total funds £
Welsh LHB grants	-	214,956	214,956	240,612
NHS England grant	-	307,240	307,240	329,249
English CCG grants	-	318,247	318,247	267,288
NHS/WHA - Pensions	-	80,256	80,256	72,554
NHS EOL grants	-	-	-	170,949
NHS Wales – Hospice funding	-	426,624	426,624	319,968
Kickstart	-	-	-	12,602
Southampton Hospital	-	301,596	301,596	-
	-	1,648,919	1,648,919	1,413,222

All income from charitable activities in 2022 was restricted.

## 6. INVESTMENT INCOME

	2023 Unrestricted funds £	2023 Restricted funds £	2023 Total funds £	2022 Total funds £
Hope House (Lottery) Limited	2	-	2	-
Hope House Children's Hospices	188,733	-	188,733	144,909
	188,735	-	188,735	144,909

Investment income has arisen on the dividends and interest earned on the group's and charity's listed investment portfolio. All investment income in 2022 was unrestricted.

## 7. OTHER INCOME

	2023 Unrestricted funds £	2023 Restricted funds £	2023 Total funds £	2022 Total funds £
Hospice support income	-	-	-	179,964
	-	-	-	179,964

Hospice support income was fully restricted in 2022. 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

	<b>2023</b> <b>Total</b> <b>funds</b> <b>£</b>	<b>2022</b> <b>Total</b> <b>funds</b> <b>£</b>
Promotional materials	75,464	45,029
Designing and brand promotion	36,861	25,451
Printing, postage, stationery and IT	44,529	32,493
Event expenses	117,183	98,469
Insurance	5,929	5,248
Telephone	14,491	10,340
Travelling expenses	21,409	11,997
Training and conferences	351	9,367
General expenses	11,643	26,693
Payment processing fees	43,899	32,851
Fundraising staff costs	1,094,502	916,794
Investment management costs	37,456	35,888
Commission paid	1,042	13,082
Innovation fund	2,726	-
	<u>1,507,485</u>	<u>1,263,702</u>
Attributable to:		
Unrestricted funds	1,507,485	1,263,702
Restricted funds	-	-
	<u>1,507,485</u>	<u>1,263,702</u>

## 9. EXPENDITURE ON TRADING ACTIVITIES

	<b>2023</b> <b>Unrestricted</b> <b>funds</b> <b>£</b>	<b>2023</b> <b>Restricted</b> <b>funds</b> <b>£</b>	<b>2023</b> <b>Total</b> <b>funds</b> <b>£</b>	<b>2022</b> <b>Total</b> <b>funds</b> <b>£</b>
Hope House (Trading) Limited	56,120	-	56,120	42,630
Hope House (Lottery) Limited	727,055	-	727,055	816,861
Hope House Children's Hospices	2,171,218	-	2,171,218	1,934,507
	<u>2,954,393</u>	<u>-</u>	<u>2,954,393</u>	<u>2,793,998</u>

All expenditure on trading activities in 2022 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

	Note	2023 Total funds £	2022 Total funds £
Repairs and maintenance		162,867	92,049
Heat and light		88,908	84,351
Water charges		9,357	12,108
Printing, postage, stationery and IT		52,505	50,651
Housekeeping		92,626	65,477
Insurance		34,652	27,713
Telephone		39,829	28,128
Food and catering		94,443	64,022
Motor expenses		21,529	22,829
Vehicle lease charges		7,755	8,047
Travelling expenses		31,296	22,438
Training and conferences		33,776	58,225
Recruitment		-	536
General expenses		138,908	158,928
Nursing consumables		33,238	27,823
Medical cover		73,846	66,410
Care database & software subscriptions		100,077	56,485
Wages and salaries		5,253,787	4,695,255
Agency		3,264	7,043
Depreciation		342,376	338,875
Rent		28,760	27,500
Innovation fund		2,481	-
		6,646,280	5,914,893
Share of support costs	<b>11</b>	1,491,381	1,265,557
Share of governance costs	<b>11</b>	35,027	71,862
		8,172,688	7,252,312
Attributable to:			
Unrestricted funds		6,245,135	5,417,024
Restricted funds		1,927,553	1,835,288
		8,172,688	7,252,312

All expenditure in 2023 and 2022 was attributable to hospice activities undertaken directly.

## 11. SUPPORT AND GOVERNANCE COSTS

	Note	Total 2023 £	Total 2022 £
<b>Support Costs</b>			
Printing, postage, stationery and IT		34,563	21,331
Telephone		23,565	11,734
Water charges		1,768	451
Light and heat		1,171	2,238
Repairs and maintenance		3,660	36,541
General expenses		124,714	113,352
Travelling expenses		20,993	13,850
Training and conferences		42,736	3,317
Wages and salaries		1,026,464	928,506
Agency and recruitment		21,534	22,154
Apprentice levy		32,366	16,791
Staff benefit scheme		25,832	17,243
Bank charges		17,205	19,105
Insurance		8,650	6,960
Rent and service charges		19,062	15,250
Irrecoverable VAT		5,665	13,635
Research project		-	23,099
Software subscriptions		81,433	-
		1,491,381	1,265,557
<b>Governance Costs</b>			
Audit fees		6,000	5,600
Trustees governance costs		4,619	3,209
Professional fees		24,408	63,053
		35,027	71,862
		1,526,408	1,337,419
Analysed between:			
Charitable activities	10	1,526,408	1,337,419

## 12. NET INCOME

	2023 £	2022 £
This is stated after charging:		
Depreciation of owned tangible fixed assets	390,809	437,521
Auditors remuneration – audit of group	5,000	5,600
Auditors remuneration – non-audit services	2,500	2,500
	2,500	2,500

### 13. TRUSTEE'S REMUNERATION AND BENEFITS

During the year, no trustees received any remuneration (2022: £Nil). During the year, no trustees received any benefits in kind (2022: £Nil). No trustees were reimbursed expenses (2022: £nil). Expenses totalling £1,406 (2022: £1,456) for travel were waived by trustees during the year. The charity incurred costs of £4,619 (2022: £3,209) 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	
	2023 £	2022 £	2023 £	2022 £
Wages and salaries	7,563,828	6,661,886	7,525,500	6,623,497
Social security costs	658,901	595,794	656,687	593,661
Other pension costs	559,402	485,558	557,231	483,835
	<u>8,782,131</u>	<u>7,743,238</u>	<u>8,739,418</u>	<u>7,700,993</u>

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

	Group		Charity	
	2023 No.	2022 No.	2023 No.	2022 No.
Hospice services	161	145	161	145
Fundraising and publicity	28	23	28	23
Support	27	23	27	23
Retail and lottery	69	60	66	56
	<u>285</u>	<u>250</u>	<u>282</u>	<u>246</u>

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

	Group		Charity	
	2023 No.	2022 No.	2023 No.	2022 No.
In the band:				
£70,001 - £80,000	2	2	2	2
£90,000 - £100,000	1	1	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 £462,412 (2022: £415,206).

15. 2022 COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted funds £	Restricted funds £	2022 Total funds £
<b>INCOME</b>				
Donations and legacies	3	5,456,812	398,879	5,855,691
Income from trading activities	4	4,683,074	-	4,683,074
Income from charitable activities	5	-	1,413,222	1,413,222
Investment income	6	144,909	-	144,909
Other income	7	-	179,964	179,964
<b>TOTAL INCOME</b>		<b>10,284,795</b>	<b>1,992,065</b>	<b>12,276,860</b>
<b>EXPENDITURE</b>				
Expenditure on raising funds:				
Raising funds within the Charity	8	1,263,702	-	1,263,702
Expenditure on trading activities	9	2,793,998	-	2,793,998
Expenditure on charitable activities	10	5,417,024	1,835,288	7,252,312
<b>TOTAL EXPENDITURE</b>		<b>9,474,724</b>	<b>1,835,288</b>	<b>11,310,012</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>810,071</b>	<b>156,777</b>	<b>966,848</b>
Loss on revaluation of investments	18	(726,159)	-	(726,159)
Gross transfer between funds		138,635	(138,635)	-
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>222,547</b>	<b>18,142</b>	<b>240,689</b>
Total funds at 1 January	22	15,239,432	166,820	15,406,252
<b>TOTAL FUNDS AT 31 DECEMBER</b>		<b>15,461,979</b>	<b>184,962</b>	<b>15,646,941</b>

## 16. TANGIBLE FIXED ASSETS

### Group and Charity

	Freehold Property £	Plant and Equipment £	Motor Vehicles £	Total £
<b>COST</b>				
At 1 January 2023	6,925,189	1,911,319	173,953	9,010,461
Additions	-	321,747	7,495	329,242
Disposals	-	-	(5,100)	(5,100)
At 31 December 2023	6,925,189	2,233,066	176,348	9,334,603
<b>DEPRECIATION</b>				
At 1 January 2023	2,987,950	1,028,059	121,659	4,137,668
Charge for year	157,927	225,946	6,936	390,809
Eliminated on disposal	-	-	(5,100)	(5,100)
At 31 December 2023	3,145,877	1,254,005	123,495	4,523,377
<b>NET BOOK VALUE</b>				
At 31 December 2023	3,779,312	979,061	52,853	4,811,226
At 31 December 2022	3,937,239	883,260	52,294	4,872,793

Freehold property comprises the following: Hope House Hospice building and land, Tŷ Gobaith building and land, Administration Bungalow and the Bangor Shop. The freehold land is held at a cost of £608,106 (2022: £608,106), which is not depreciated.

During the year, the charity purchased tangible fixed assets totalling £126,817 (2022: £138,635) 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 2023 the charity had received £45,600 (2022: £71,080) in restricted funding for the acquisition of tangible fixed assets which had not been completed at the year end. This income has been carried forward in the restricted fund.

## 17. INVESTMENT PROPERTY

### Group and Charity

	<b>Total £</b>
<b>FAIR VALUE</b>	
At 1 January 2023	344,235
Revaluation	65,764
At 31 December 2023	409,999

The investment properties held by the charity are the buy to let property of, 81 Borfa Green, Welshpool and 2 Parciau Bach, Criccieth, a property previously bequeathed to the group and the charity.

The properties have been revalued to reflect their fair values in the accounts. The Welshpool property's fair value is based on the market value price per a marketing report carried out by Morris Marshall Poole, independent valuers, who are not connected to the charity, on 4 April 2024.

The market value of the Criccieth property was arrived at on the basis of a valuation carried out by TP & Co Surveying, independent valuers, who are not connected to the charity, on 5 April 2024.

The trustees consider these valuations to be appropriate as at 31 December 2023.

The historic cost of the properties is £344,235.

See note 22 for the impact on the group's and charity's reserves.

## 18. FIXED ASSET INVESTMENTS

	<b>Listed securities £</b>	<b>Cash and settlements pending £</b>	<b>Total £</b>
<b>Group – market value</b>			
At 1 January 2023	6,067,909	151,251	6,219,160
Additions	2,352,551	-	2,352,551
Disposals	(1,192,296)	-	(1,192,296)
Revaluations	348,883	-	348,883
Movement on cash account	-	(8,982)	(8,982)
At 31 December 2023	7,577,047	142,269	7,719,316

	<b>Listed securities £</b>	<b>Cash and settlements pending £</b>	<b>Shares in subsidiaries £</b>	<b>Total £</b>
<b>Charity – market value</b>				
At 1 January 2023	6,067,909	151,251	4	6,219,164
Additions	2,352,551	-	-	2,352,551
Disposals	(1,192,296)	-	-	(1,192,296)
Revaluations	348,883	-	-	348,883
Movement on cash account	-	(8,982)	-	(8,982)
At 31 December 2023	7,577,047	142,269	4	7,719,320

If the listed investments were recorded at historic cost they would be stated at £7,119,737 (2022: £5,906,117) in the group and charity.

## 18. FIXED ASSET INVESTMENTS (CONTINUED)

Group and charity listed investments at market value comprise:

	UK £	Overseas £	2023 £	2022 £
Listed investments	3,889,136	3,687,911	7,577,047	6,067,909
Investment cash	142,269	-	142,269	296,880
At 31 December 2023	<u>4,031,405</u>	<u>3,687,911</u>	<u>7,719,316</u>	<u>6,219,160</u>

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	
	2023 £	2022 £	2023 £	2022 £
Current assets	2,373	2,373	312,704	173,635
Current liabilities	(804)	(804)	(307,837)	(168,768)
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><b>33,249</b></u>	<u><b>44,084</b></u>	<u><b>1,283,700</b></u>	<u><b>1,049,960</b></u>

## 19. STOCKS

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Goods for resale	<u>19,514</u>	<u>14,073</u>	<u>18,274</u>	<u>12,485</u>

## 20. DEBTORS

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Amounts owed by group undertakings	-	-	144,651	804
Other debtors	1,662,151	2,223,126	1,662,151	2,213,126
Prepayments	204,676	185,460	204,676	185,460
	<u>1,866,827</u>	<u>2,408,586</u>	<u>2,011,478</u>	<u>2,399,390</u>

## 21. CREDITORS: Amounts falling due within one year

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade creditors	186,895	84,459	170,366	67,788
Amounts due to fellow group undertakings	-	-	-	22,370
Other taxation and social security	169,046	155,431	169,046	155,431
Other creditors	88,088	91,842	88,088	82,192
Accruals and deferred income	354,977	328,165	207,516	185,719
	<u>799,006</u>	<u>659,897</u>	<u>635,016</u>	<u>513,500</u>

Included within creditors is deferred income totalling £228,861 (2022: £200,694) in the group and £101,156 (2022: £80,087) 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 the lottery being drawn. The deferred income recognised in 2022 has been subsequently recognised as income in 2023 and 2023 income will be recognised in 2024.

## 22. STATEMENT OF FUNDS

Group	Funds at 1 Jan 2023 £	Income £	Expenditure £	Transfers in/out £	Gains / (Losses) £	Funds at 31 Dec 2023 £
<b>DESIGNATED FUNDS</b>						
Workforce management	100,000	-	-	(100,000)	-	-
Service development	100,000	-	-	(100,000)	-	-
Investment in fundraising	200,000	-	-	(200,000)	-	-
Business continuity	4,810,000	-	-	(634,000)	-	4,176,000
Hospice modernisation	-	-	-	1,000,000	-	1,000,000
Retail growth	-	-	-	500,000	-	500,000
Purpose alignment	-	-	-	1,500,000	-	1,500,000
	<u>5,210,000</u>	<u>-</u>	<u>-</u>	<u>1,966,000</u>	<u>-</u>	<u>7,176,000</u>
<b>GENERAL FUNDS</b>						
General funds – all funds	10,251,979	10,165,691	(10,707,013)	(1,839,183)	348,883	8,220,357
Revaluation reserve	-	-	-	-	65,764	65,764
Total unrestricted funds	<u>15,461,979</u>	<u>10,165,691</u>	<u>(10,707,013)</u>	<u>126,817</u>	<u>414,647</u>	<u>15,462,121</u>
<b>RESTRICTED FUNDS</b>						
Restricted funds – all funds	184,962	2,099,151	(1,927,553)	(126,817)	-	229,743
<b>Total funds</b>	<u><b>15,646,941</b></u>	<u><b>12,264,842</b></u>	<u><b>(12,634,566)</b></u>	<u><b>-</b></u>	<u><b>414,647</b></u>	<u><b>15,691,864</b></u>

## 22. STATEMENT OF FUNDS (CONTINUED)

Charity	Funds at 1 Jan 2023 £	Income £	Expenditure £	Transfers in/out £	Gains / (Losses) £	Funds at 31 Dec 2023 £
<b>DESIGNATED FUNDS</b>						
Workforce management	100,000	-	-	(100,000)	-	-
Service development	100,000	-	-	(100,000)	-	-
Investment in fundraising	200,000	-	-	(200,000)	-	-
Business continuity	4,810,000	-	-	(634,000)	-	4,176,000
Hospice modernisation	-	-	-	1,000,000	-	1,000,000
Retail growth	-	-	-	500,000	-	500,000
Purpose alignment	-	-	-	1,500,000	-	1,500,000
	5,210,000	-	-	1,966,000	-	7,176,000
<b>GENERAL FUNDS</b>						
General funds – all funds	10,245,548	9,386,770	(9,928,093)	(1,839,183)	348,883	8,213,925
Revaluation reserve	-	-	-	-	65,764	65,764
Total unrestricted funds	15,455,548	9,386,770	(9,928,093)	126,817	414,647	15,455,689
<b>RESTRICTED FUNDS</b>						
Restricted funds – all funds	184,962	2,099,151	(1,927,553)	(126,817)	-	229,743
<b>Total funds</b>	<b>15,640,510</b>	<b>11,485,921</b>	<b>(11,855,646)</b>	<b>-</b>	<b>414,647</b>	<b>15,685,432</b>

## 22. STATEMENT OF FUNDS (CONTINUED)

### 2022 COMPARITIVES

Group	Funds at 1 Jan 2022 £	Income £	Expenditure £	Transfers in/out £	Gains / (Losses) £	Funds at 31 Dec 2022 £
<b>DESIGNATED FUNDS</b>						
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
<b>GENERAL FUNDS</b>						
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
<b>RESTRICTED FUNDS</b>						
Restricted funds – all funds	166,820	1,992,065	(1,835,288)	(138,635)	-	184,962
<b>Total funds</b>	<b>15,406,252</b>	<b>12,276,860</b>	<b>11,310,012</b>	<b>-</b>	<b>(726,159)</b>	<b>15,646,941</b>
<b>Charity</b>						
	Funds at 1 Jan 2022 £	Income £	Expenditure £	Transfers in/out £	Gains / (Losses) £	Funds at 31 Dec 2022 £
<b>DESIGNATED FUNDS</b>						
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
<b>GENERAL FUNDS</b>						
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
<b>RESTRICTED FUNDS</b>						
Restricted funds – all funds	166,820	1,992,065	(1,835,288)	(138,635)	-	184,962
<b>Total funds</b>	<b>15,399,821</b>	<b>11,421,497</b>	<b>(10,454,649)</b>	<b>-</b>	<b>(726,159)</b>	<b>15,640,510</b>

## 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.

#### **Hospice modernisation**

A reserve has been designated for Hospice improvements and modernisations, this is in recognition of the age of the hospice buildings and the need to invest in capital projects to ensure that we are providing the 'hospice of the future' environment. There is an internal plan and expectation that we will be able to gain additional funds for this work through Grants and Trusts.

#### **Retail growth**

There is a need in the coming years to invest in the retail shops of the hospice, this is for refurbishment, health and safety improvements, expansion and business development initiatives to increase the contribution to the main charity from the retail sector. Each shop will be reviewed on an individual basis and will have its own business case for using the reserves.

#### **Purpose Alignment**

As the Charity works through their new purpose alignment, this fund has been designated to ensure that we can continue the development of care services, the increase of the Hospices reach and sustainable charitable income growth. This will ensure that the new purpose is in place through all areas of the charity.

### 23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2023	Restricted funds 2023	Total funds 2023
<b>Group - 2023</b>			
Tangible fixed assets	4,765,626	45,600	4,811,226
Investment property	409,999	-	409,999
Fixed asset investments	7,719,316	-	7,719,316
Current assets	3,366,186	184,143	3,550,329
Creditors due within one year	(799,006)	-	(799,006)
	15,462,121	229,743	15,691,864
	<b>Unrestricted funds 2022</b>	<b>Restricted funds 2022</b>	<b>Total funds 2022</b>
<b>Group - 2022</b>			
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)
	15,461,979	184,962	15,646,941
	<b>Unrestricted funds 2023</b>	<b>Restricted funds 2023</b>	<b>Total funds 2023</b>
<b>Charity - 2023</b>			
Tangible fixed assets	4,765,626	45,600	4,811,226
Investment property	409,999	-	409,999
Fixed asset investments	7,719,320	-	7,719,320
Current assets	3,195,760	184,143	3,379,903
Creditors due within one year	(635,016)	-	(635,016)
	15,455,689	229,743	15,685,432
	<b>Unrestricted funds 2022</b>	<b>Restricted funds 2022</b>	<b>Total funds 2022</b>
<b>Charity - 2022</b>			
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)
	15,455,548	184,962	15,640,510

## 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 £559,402 (2022: £485,558). Charges payable by the charity amounted to £557,231 (2022: £483,835).

## 25. OPERATING LEASE COMMITMENTS

At 31 December 2023 the total commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	2023 £	2022 £	2023 £	2022 £
<b>Group and charity</b>				
<i>Amounts falling due</i>				
Within 1 year	368,293	395,768	18,804	19,508
Between 2 and 5 years	809,271	549,037	23,107	13,857
After more than 5 years	341,583	-	-	-
	<u>1,519,147</u>	<u>944,805</u>	<u>41,911</u>	<u>33,365</u>

During the year operating lease charges were recognised as rent expenses in the following; the cost of operating the charity shops £349,406 (2022: £345,555); hospice activities undertaken directly £28,760 (2022: £27,500); and support costs £19,062 (2022: £15,250).

During the year operating lease charges were recognised as vehicle lease expenses in the following; cost of operating charity shops £13,352 (2022: £11,735) and hospice activities undertaken directly £7,755 (2022: £8,047).

## 26. FINANCIAL COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

At 31 December 2023 the group and charity had committed to £217,838 (2022: £18,344) 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 £165,773 (2022: £122,442).

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 £33,249 (2022: £44,084) for Hope House (Trading) Limited and £1,283,700 (2022: £1,019,960) for Hope House (Lottery) Limited. Hope House (Trading) Limited charged £4,255 (2022: £4,129) to Hope House Children's Hospices for operating the Gift Aid scheme on the sale of new goods.

At 31st December 2023 the charity was owed £804 (2022: £804) by Hope House (Trading) Limited and was owed £143,847 by Hope House (Lottery) Limited. At 31st December 2022, the charity owed £22,370 to Hope House (Lottery) Limited.

## 28. ULTIMATE CONTROLLING PARTY

The charity is controlled by the trustees.



