

# DERIAN HOUSE CHILDRENS HOSPICE

## Report of the Trustees and Financial Statements 2021



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# Reference and Administrative Information

Charity Commission Number	1005165
Tax exemption number	XN 81887
GAYE number	CT607/01
Company registration number	02650110 (England and Wales)
Trustees	Mrs Karen Swindley Miss Helen Rotheram <sup>o*</sup> Mr James Cole <sup>o*</sup> Mr Stephen Game Mr Andrew Chatterjee Mr Christopher Monk <sup>o</sup> Mr Matthew Cowburn Dr Lisa Kauffmann Ms Jane Robinson <sup>*</sup> Director of Derian House Children's Hospice Shops Limited <sup>o</sup> Member of the Finance and Income sub committee
<b>Senior Management Team:</b>	
Chief Executive Officer	Mr David Robinson
Director of Clinical Services	Mrs Lynn Grayson
Head of Finance	Mrs Diane McNally
Head of Facilities and Infrastructure	Mr Luke Bateson
Head of People and Culture	Mr Ben Leavesley
Head of Governance and Compliance	Mrs Vanessa Spinks
Head of Income, Marketing and Communications	Mrs Caroline Taylor
Head of Retail and Online Sales	Mr Andrew Upton-Ford
<b>Senior Care Team:</b>	
Hospice Manager	Ms Ruth Islip
Family and Young People's Service Manager	Mrs Dawn Andrews
Clinical Educator	Miss Siobhan McCoy
Community Service Manager	Mrs Clare Grady-Smith
Registered Office and Principal address	Derian House, Chancery Road, Astley Village, Chorley, PR7 1DH
<b>Professional Advisors:</b>	
Bankers	Virgin Money, 44 Fishergate, Preston, PR1 8BH
Auditors	RSM UK Audit LLP, Bluebell House, Brian Johnson Way, Preston, PR2 5PE
Investment Managers	Brewin Dolphin Ltd, 1 The Avenue, Spinningfields, Manchester, M3 3AP Veritas Investment Management LLP, 90 Long Acre, London, WC2E 9RA
Solicitors	Napthens, 7 Winckley Square, Preston, PR1 3JD
Visiting Medical Officers	Dr Qamar Ahmed, Croston Village Surgery, Croston PR26 9HJ Dr Elizabeth Craghill, Floor 2, 9 Portland Street, Manchester. M1 3BE Dr Rebecca Boyes Rutlands, Sandy Lane, Mawdesley L40 2QB Dr Suzanne J Heald, Library House Surgery, Chorley PR7 2AD

# Introduction

## Welcome to Derian House Children's Hospice financial report for 2021

We have continued to experience a very challenging 2021 as we have carried on navigating our way through the national pandemic. Despite that I am delighted to report that we have been able to continue to provide safe and effective care to our children, young people and families and, despite the environment we have been operating within, we have continued to develop our services. This report celebrates some of our many achievements. As always, it is important to say that without the continued loyalty of supporters we would not be able to do any of the work the incredible staff here at Derian House do and we thank them for their generous donations – you can see how we have put these to good use over the pages that follow.

We continue to provide Outstanding care for our children, young people and their families and we are committed to working with them to understand what further we could offer to support them by continuing to grow and develop our services. Over the last year we have restructured the way we offer respite to families (meaning more families can benefit); doubled the amount of free holidays we can offer families with the purchase of two new holiday lodges in The Lake District; revamped our gardens to harness the healing benefits of nature - adding a Victorian glasshouse; improved our counselling services with the creation of a new woodland counselling pod; and launched The Keepsake Circle, a new service which offers bereaved families a chance to create a song in memory of their child.

We have invested in our staff, with three members of the team completing Masters qualifications to become Advanced Clinical Practitioners, and our first scholarship awarded for a brand new Nurse Associate role. The care we are able to offer has been improved through the new roles, with team members now able to prescribe, and support being given to staff and families on children's wards at local hospitals.

The challenges of a pandemic have continued to impact on our fundraising and our income generation. We have had to seek new ways to raise funds, including direct mail campaigns, email marketing and social media advertising. We have continued to grow our lottery which offers a sustainable income, and of course we are delighted to have launched the Great Big House Giveaway thanks to the generosity of Kingswood Homes. We have also continued to engage closely with NHS commissioners over the last 12 months to secure further funding to support our important work.

Despite the issues that the high street has experienced, we have opened a new retail store in Blackburn and we have plans over the coming year for more stores across Lancashire and Greater Manchester, spreading the reach of Derian even further.

We again say a big thank you to all of our generous supporters for enabling us to provide a vital service to the children and young people of Lancashire, South Cumbria and Greater Manchester. It is only thanks to your kind donations that we are able to ensure that in the North West, every child matters.

Thank you



Karen Swindley  
Chair of Trustees



# Trustees Report

The Trustees, who are also Directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 December 2021. The Trustees have adopted the provisions of the statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2015 in preparing the annual report and financial statements of the charity.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is a company limited by guarantee. It is governed by a Memorandum and Articles of Association last updated on 9th January 2018 and is excused from the requirement to use the word 'limited' as part of its name.

Trustees are elected in accordance with the Memorandum of Articles and meet four to six times per year. A panel comprising existing Trustees selects members of the Trustee Board, who each stand for re-election every 3 years in accordance with the Articles of Association, generally subject to a maximum of 9 years unless otherwise agreed by the Board of Trustees. Trustees are selected in general for their proven expertise and experience in professional, business and activity areas relevant to the charity. On joining the Board, the Trustees are given what is considered an appropriate level of training and undergo annual performance reviews.

## Board Committees

The Board of Trustees also oversee operations of the Hospice through a set of Board Subcommittees:

- Quality, Safety and Improvement sub-committee operates to ensure all aspects of the Hospice's care provision, along-side health and safety, are closely monitored and discussed and areas are highlighted for improvement.
- Finance and Income sub-committee operates to monitor and discuss all financial aspects of the Hospice with a focus on diversity of income generation streams, cash flow, investment and reserve policies and overall financial capacity of the charity.
- HR Strategic sub-committee monitors our people management and wellbeing, with a focus on ensuring we have a strong, well trained and motivated workforce for the long term sustainability of the charity.
- Audit and Risk sub-committee oversees the audit activity within the Hospice and ensures that the audits are fit for purpose in providing the Board with assurance. The sub-committee also oversees how the Hospice is reviewing and assessing all the risks which it may face.

## Executive Management

The day to day running of Derian House and the exercise of executive responsibilities are carried out by the Chief Executive Officer who attends meetings of the Board along with the Director of Clinical Services and other Senior staff. Senior staff also attend and report to the Board Subcommittees.

## OBJECTIVES AND ACTIVITIES

Derian House was established to provide care to children and young people who have a life-threatening or life shortening condition, and to support the families of such children and young people through the provision of a hospice and related support services.

Derian House provides care and support to children and young adults from 0-26 years (and transitional services up to the age of 28) in a purpose built hospice with separate children's (The House) and young adults (The Lodge) accommodation and age appropriate facilities. Care and support is provided to the whole family through the provision of:

- Regular short planned breaks
- Emergency admission for symptom control
- Derian at Home community service
- End of life care in the hospice or at home
- Pre and post bereavement support to the whole family
- Education and training

As part of Derian House's ongoing strategic planning, a Needs Assessment was carried out in October 2020 to establish the future needs of our families and stakeholders. The Needs Assessment highlighted that short breaks and wellbeing are vital services provided by Derian House. We have now completed an options appraisal using the output from the family and stakeholder engagement and provided the Board with innovative developments for the future growth of the hospice. We aim to maintain a maximum of two year operating costs as a reserve which allows the remainder of reserves to be used in the development of these newly proposed services which currently equates to an investment of between £6m-£7m.

# Strategic Report

## ACHIEVEMENTS AND PERFORMANCE

### Care Services

Despite the ongoing restrictions associated with the COVID pandemic the clinical team has continued to deliver a high quality service to the children, young people and their families. Derian House has continued to adapt the services to the individual needs of each family maintaining the ability to respond at times of crisis and urgent need. Innovations across all areas of care and support have continued as the team strive to establish the Hospice as a centre of excellence for children's palliative and end of life care. Increasing numbers of children are being referred to the Hospice teams and we are delighted that with the easing of some restrictions we have been able to welcome families for their first overnight stays as well as widening the level of support offered in the community and increasing the provision of emotional and well-being support by the family counsellors.

The role of the Advanced Clinical Practitioner (ACP) is now well embedded within the Hospice and has developed in line with the aspirations of the Lancashire & South Cumbria strategy. The ACP's now provide in-reach palliative and end of life care support to a local acute Trust working on an honorary contract. This collaborative approach enables them to ensure that specialist support is available to the children wherever they are being cared for, hospice, hospital or at home. As well as providing expert advice the ACP's are able to promote early referrals, provide symptom management plans, support earlier discharge from hospital at the same time as preventing further admissions. Education and training is also provided to the hospital medical and nursing staff. This work has more recently been supported by NHS England and recognised as an exemplar project, we look forward to sharing our learning with colleagues at a national level.

Engagement with external providers and stakeholders has gone from strength to strength and has been of particular importance with the changing face of commissioning as the Integrated Care Systems are formalized. Derian House is now established as an equal provider of children's services across Lancashire and South Cumbria and implementation of the agreed regional strategy continues.

The Needs Assessment project has enabled us to explore options for future service provision which we aim to implement as part of our new 3-year strategy. The findings from the project have been presented at the national Hospice UK conference and also discussed at a range of meetings with other providers learning from our findings and implementing their own similar projects.

We continue to engage with the CQC and are delighted that the monthly reviews undertaken by them support our Outstanding rating. Feedback from families is now collected formally by the Friends and Family test as well as informally, as ever it is humbling to see the appreciation from families for the work that the teams do and that families take the time to do this in what can be the worst possible times of their lives.

There is much to be proud of in terms of achievements and recognition of the services and support we provide over the last year but it should be noted that this would not have been possible without the dedication, hard work, commitment and resilience of the whole team. As we emerge cautiously from these unprecedented times there is a great deal to look forward to building on the success of the last year.

### Income (Fundraising, Communications and Marketing)

Although 2021 began with yet another lockdown and more uncertainty surrounding COVID restrictions, the determination, resilience and creativity of our staff and volunteers meant we have been able to deliver an impressive performance.

Although we were not able to get back to "life as normal" and run events during the first half of the year, we took the opportunity to restructure our resources and shift direction. With traditional methods of fundraising having dried up, we began to use more digital methods of raising money, with virtual challenges, direct mail campaigns and social media advertising.

We combined our fundraising and communications departments and built a strong team, with community and data-driven decisions at the heart of everything we do. Work was carried out to improve our engagement with current donors, creating specific journeys for different types of donor and ensuring they feel recognised and valued.

In August we launched the Great Big House Giveaway, which saw us hold a huge prize draw to give away a £250,000 brand new house in Feniscowles, Lancashire donated by Kingswood Homes. As something completely new this led to lots of learnings about email marketing and social media advertising. It allowed us to reach a new audience, helping add more than 7,000 new emails to our donor database.

In the summer COVID restrictions had eased to allow us to run a hugely successful skydiving event "Dive for Derian". In the last quarter of the financial year our new staff had settled in and we were able to run much-missed Christmas events such as Jingle All the Way, Lights of Love, Deck the Halls and Trees of Love.

Our lottery has continued to grow – hitting our target for 10,000 players by the end of the year and delivering forecasted income. We diversified our recruitment methods, adding social media advertising, telephone recruitment and venue selling.

Working more collaboratively and investing in our people led to a strong, effective and aligned team. With this in place we were pleased to see fundraising income for the year ahead of budget – a phenomenal effort in a year affected by COVID restrictions, staff changes and significant pressure.

What started as a difficult year turned into a great success story, with targets exceeded and a new engaged and focussed team in a strong place to deliver an ambitious budget for 2022. Next year our focus will be on continuing to grow our lottery at pace, delivering a full calendar of events, continuing to grow our database, improving our donor journey and recruiting more regular givers to give us a sustainable income.

## Volunteers

We have seen a steady return of the majority of our volunteers since the COVID pandemic and the number of hours our volunteers provide us with has continued to increase both across the hospice and our retail sites.

In summer we opened our new Blackburn store and we successfully signed up 11 new volunteers to support the team, we also engaged with the local college and began offering work placements to their students in January 2022. The aim of the placements is to not only spread awareness of Derian House but to provide students with an opportunity to gain invaluable experience within a retail setting.

We continue to strengthen our relationship with the Princes' Trust in Chorley and the team have enjoyed watching these young people grow in confidence and take up further studies within the area of their placements.

We are also excited to welcome 9 new Sibling Support volunteers, these extra hands will enable our Family Support Team to offer more weekend sessions to our families in 2022.

## Strategic Aims

Our overarching aim is to continue to provide Outstanding care to Children and Young People with life limiting and life shortening conditions. We believe that we have a solid foundation from which to innovate and respond to opportunities and challenges, having the following strategic aims:

1. Provide outstanding care.
2. A great place to work.
3. Champion the voice of our families, staff and volunteers.
4. Lead the way in children and young people's hospice care and wellbeing.
5. Be innovative and creative.
6. Have sustainable financial plans.

## FINANCIAL REVIEW

### Review of the year and year end position

#### Income from donations, legacies and grant income

Income from donations, legacies and grant income for the year ended 31 December 2021 fell from £3,224,709 in 2020 to £3,087,023.

We saw an increase in donations and general fundraising income, as well as the growing lottery, the prize draw and fundraising events restarting after COVID, but this was offset by a fall in income from legacies, transitional care and the Hospice UK COVID Grant funding.

#### Expenditure on charitable activities for the operation of the Hospice

The expenditure on charitable activities for 2021 was £4,092,795, an increase of £407,778 on 2020.

Promotional expenditure also increased, reflecting the increase in fundraising income.

#### Derian House Children's Hospice Shops Limited

This company is a wholly owned subsidiary of Derian House Children's Hospice and carries out trading activities on behalf of the charity selling donated goods and bought in goods such as cards and giftware. Five (2020: four) outlets on short term leases and one owned outlet was rented out, but no profits were gifted to the Charity in both 2020 and 2021. In 2021 we did open a new shop in Blackburn, reflected in the increase in income and expenditure, but overall it was a very difficult year for retail in general as a result of closures during COVID-19 lockdown periods being imposed.

## Investments

As at 31 December 2021, Derian House held £17.57m in its long term investment portfolio (2020: £16.08m). Investment income in 2021 was £192,203 compared with £221,243 in 2020. The investments saw an increase in market value in 2021 of £1,498,542 compared to an increase in 2020 of £361,455.

The only way to enjoy the benefits of market growth is to remain at risk in the market and steps have been taken to try to ensure that the risk is minimised and that in the long term significant gains will be realised.

## Investment and Reserves Policy

As a consequence of sound financial management and fiscal prudence, Derian House has accumulated Reserves. In considering how best to manage these Reserves the Trustees have taken the following into consideration:

- Derian House is dependent upon highly volatile funding streams (in the form of grants, donations and legacies) with a relatively low proportion of discretionary, insecure and fluctuating income coming from the NHS and other government bodies (with no guarantee it will continue beyond 12 months). Expenditure is relatively fixed in the short term as staff costs and infrastructure costs make up a large proportion of the annual spend.
- We care for over four hundred children and young people with long-term challenging life-limiting and life-threatening conditions a year. Due to:
  - the complex nature of their conditions
  - the level of clinical and other care required to support them and
  - the lack of other suitable provision

the Trustees have decided it is prudent to designate a level of free Reserves equivalent to a maximum of 24 months annual running costs to ensure the continuity of services and long-term care to our children, young people and families, as well as staff members in the event of a major shortfall in income such as a global pandemic.

- Derian House has relied heavily on legacy income for many years and includes one million pounds in its annual budget. If legacy income was to dramatically fall in any one year and not achieve the budget, this fund could be released to support operating costs. The Trustees consider it sensible to maintain a Legacy Equalisation Fund of up to one million pounds within Derian House's Reserves.

Finally, the Trustees believe any free Reserves over and above this should be invested in the development of services and the infrastructure of the Hospice for the benefit of its users.

Accordingly, the Trustees believe that the ongoing future of the Hospice warrants the expenditure outlined above, and justifies the level of Reserves held.

The main objectives for the investment of the reserves are:

- To achieve a reasonable overall return whilst preserving capital in the medium to long term;
- To invest in a diversified portfolio to protect against market volatility; and
- To maintain appropriate liquidity against any near term needs.

The time horizon for the investment portfolio is long term (i.e. in excess of ten years) to support the ongoing viability of Derian House, although the assets in the portfolio are not permanent endowment and both capital and income can be distributed from the portfolio at any time in the furtherance of Derian House. Holdings in the portfolio should therefore be realisable at relatively short notice under normal market conditions.

To protect real value of the assets in the portfolio and generate a reasonable income yield from the portfolio, the long term real return target for the portfolio has been set at 3.5% per annum after RPI inflation or 6.5% in nominal terms assuming RPI inflation averages 3% per annum in line with the trend over the past 30 years. This target is net of management fees. The ARC Balanced Asset Charity benchmark will be used by Trustees to compare performance of both firms.

A reasonable level of capital volatility within the investment portfolios is considered by the Trustees to be acceptable given the investment portfolios' long term time horizon and real return objectives. The portfolios should, nevertheless, be well diversified across asset classes and individual investments.

The Trustees wish to invest in a socially responsible manner and the investment manager is expected to take into account environmental, social and governance issues in their investment analysis and decision-making process and engage with company management when appropriate.

Diversification within the portfolios should be such as to limit the maximum downside risk in the portfolio in any one year period in normal market conditions (98% of the time) to 15-20%, which is generally accepted as a medium risk level.

The Trustees review this policy annually in light of changes to the Charity's economic and operating environment.

## Principal Risks and Uncertainties

Delivery of the services provided by the Charity is delegated to the CEO and the Trustees ensure that the delivery is in accordance with the Charity's aims and objectives by a number of internal controls, which also operate to provide reasonable assurance against material misstatement or loss. The procedures include;

- Preparation of an annual business plan and budget for consideration and approval by the Trustees;
- Regular reviews of financial performance, comparison with the approved business plan and explanation of variances at least monthly by the CEO and Finance Manager. The results of such examinations are then considered at the regular Trustee meetings;
- Regular meetings of the CEO with the Chair of the Trustees;
- The delegation and segregation of authorities and duties to prevent any one individual exercising control of key areas;
- Appraisal of the Chair and Board of Trustees through the appraisal system; and

- Strategic Risk Register completed and reviewed by the Board of Trustees in line with the Risk Policy.

## STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The Trustees (who are Directors of Derian House Children's Hospice for the purposes of company law) are responsible for preparing the Annual Report (including the 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 financial position of the group and charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The Trustees who held office at the date of approval of this Trustee Report confirm that, so far as they are each aware, there is no relevant audit information of which the charitable company's auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the charitable company's auditor are aware of that information.

## AUDITORS

In accordance with the Companies Act 2006 a resolution proposing the appointment of RSM UK Audit LLP as Auditor will be put to the members.

In approving the Trustees' Report, we also approve the Strategic Report included therein, in our capacity as company Directors. This report was approved by the Board of Trustees on 30 June 2022.

  
Karen Swindley  
Chair of the Board of Trustees

# Independent Auditor's Report to the Members of Derian House Childrens Hospice

## Opinion

We have audited the financial statements of Derian House Children's Hospice (the 'charitable company') for the year ended 31 December 2021 which comprise as the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of 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 the 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

## Opinions 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 Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 9, 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.

### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011 and the charitable company's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, reviewing minutes of meetings held in the year for any instances for non-compliance and remaining alert to new or unusual transactions which may not be in accordance with the governing document.

The most significant laws and regulations that have an indirect impact on the financial statements are the Care Quality Commission. We reviewed the latest rating awarded to the Charity by the Care Quality Commission and correspondence with the regulator during the year.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### 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 auditor's 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.



KAREN MUSGRAVE (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Bluebell House  
Brian Johnson Way  
Preston  
PR2 5PE

Date 6/7/2022.

# Consolidated Statement of Financial Activities

for the year end 31 December 2021 (Including income and expenditure account)

	Note	Unrestricted Funds	Restricted Items	Total 2021	Total 2020
		£	£	£	£
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Income from donations, legacies and grant income	2	2,048,487	1,038,536	3,087,023	3,224,709
Income from other trading activities	3	856,039	-	856,039	439,932
Investment income	4	192,203	-	192,203	221,243
Incoming resources from charitable activities	5	130,263	432,600	562,863	1,219,161
<b>Total incoming resources</b>		<b>3,226,992</b>	<b>1,471,136</b>	<b>4,698,128</b>	<b>5,105,045</b>

## Resources Expended

<b>Costs of raising funds</b>					
Costs of generating voluntary income	6	851,371	-	851,371	621,529
Commercial trading operations	6	668,310	-	668,310	432,098
Investment management costs		112,455	-	112,455	102,109
Expenditure on charitable activities – operation of Hospice	7	2,609,169	1,483,626	4,092,795	3,685,017
<b>Total Resources Expended</b>		<b>4,241,305</b>	<b>1,483,626</b>	<b>5,724,931</b>	<b>4,840,753</b>

Net incoming/(outgoing) resources before transfers		(1,014,313)	(12,490)	(1,026,803)	264,292
<b>Gross transfers between funds</b>		-	-	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		(1,014,313)	(12,490)	(1,026,803)	264,292
Net realised /unrealised gains on investment assets	13	2,357,650	-	2,357,650	1,458,715
Net realised gain on revaluation of property		-	-	-	32,091
Net movement in funds		1,343,337	(12,490)	1,330,847	1,755,097
<b>Total funds at 1 January 2021</b>		<b>22,938,957</b>	<b>13,500</b>	<b>22,952,457</b>	<b>21,197,360</b>
<b>Total funds at 31 December 2021</b>	<b>18</b>	<b>24,282,294</b>	<b>1,010</b>	<b>24,283,304</b>	<b>22,952,457</b>

All of the above results are derived from continuing activities.

The statement of financial activities includes all gains and losses recognised in the year and therefore no separate Statement of Total Recognised Gain and Losses is presented.

The loss for the year for Companies Act purposes comprises the net outgoing resources for the year less realised gains and unrealised and realised losses on investments and was £1,132,285 in 2021 (net incoming resources of £483,820 in 2020).

The notes on pages 16 to 24 form part of the financial statements.

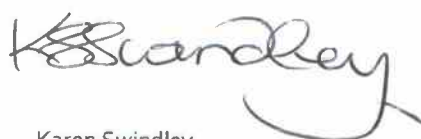
# Consolidated and Charity Balance Sheet

As at 31 December 2021

	Note	Group		Charity	
		2021	2020	2021	2020
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	12	5,441,374	4,957,265	5,283,573	4,805,603
Investments	13	17,574,877	16,076,335	17,574,877	16,076,335
Investment in subsidiary company	14	-	-	1,000	1,000
		<b>23,016,251</b>	<b>21,033,600</b>	<b>22,859,450</b>	<b>20,882,938</b>
<b>Current assets</b>					
Stock of goods		29,854	21,736	-	-
Debtors	15	589,569	713,502	954,308	1,009,499
Cash at bank and in hand		1,165,631	1,594,001	1,135,184	1,492,970
<b>Total Current Assets</b>		<b>1,785,054</b>	<b>2,329,239</b>	<b>2,089,492</b>	<b>2,502,469</b>
<b>Liabilities</b>					
Creditors: amounts falling due within 1 year	16	(518,001)	(410,382)	(480,198)	(358,778)
<b>Net current assets</b>		<b>1,267,053</b>	<b>1,918,857</b>	<b>1,609,294</b>	<b>2,143,691</b>
<b>Net assets</b>		<b>24,283,304</b>	<b>22,952,457</b>	<b>24,468,744</b>	<b>23,026,629</b>
<b>Unrestricted funds:</b>					
General funds		19,984,904	19,977,830	19,984,904	19,977,830
Revaluation reserve		4,482,830	3,035,299	4,482,830	3,035,299
Non charitable trading funds		(217,531)	(106,263)	-	-
Non charitable revaluation reserve		32,091	32,091	-	-
<b>Restricted funds:</b>					
General funds		1,010	13,500	1,010	13,500
<b>Total charity funds</b>		<b>24,283,304</b>	<b>22,952,457</b>	<b>24,468,744</b>	<b>23,026,629</b>

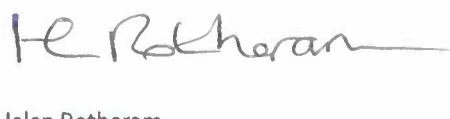
As permitted by S408 Companies Act 2006, the Charity has not presented its own Statement of Financial Activities and related notes as it prepares Group Accounts. The individual Charity's surplus for the year was £1,426,785 (2020: £1,823,764).

The financial statements on pages 13 to 24 were approved by the Trustees on and signed on their behalf by:



Karen Swindley

Trustee



Helen Rotheram

Trustee

# Consolidated and Charity Cashflow Statements

for the year ended 31 December 2021

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
<b>Reconciliation of net movement in funds from operating activities</b>				
Net Movement in funds	(1,026,803)	264,292	(915,535)	365,049
Investment income	(192,203)	(221,243)	(199,868)	(226,243)
<b>Operating (deficit)/surplus</b>	<b>(1,219,006)</b>	<b>43,049</b>	<b>(1,115,403)</b>	<b>138,806</b>
Depreciation	207,839	156,072	181,826	146,075
(Profit) on disposal of fixed assets	-	(1,660)	-	(1,660)
(Increase) in stocks	(8,118)	(18,215)	-	-
Decrease/(Increase) in debtors	116,268	(255,362)	55,191	(430,401)
Increase/(Decrease) in creditors	115,284	(17,932)	121,420	(38,661)
<b>Cash used in operating activities</b>	<b>(787,733)</b>	<b>(94,048)</b>	<b>(756,966)</b>	<b>(185,841)</b>
<b>Cash used in operating activities</b>	<b>(787,733)</b>	<b>(94,048)</b>	<b>(756,966)</b>	<b>(185,841)</b>
<b>Cashflows from Investing activities</b>				
Investment income	192,203	221,243	199,868	226,243
<b>Capital expenditure and financial investments</b>				
Payments to acquire tangible fixed assets	(691,948)	(85,326)	(659,796)	(51,226)
Purchase of fixed asset investments	(3,674,370)	(4,420,624)	(3,674,370)	(4,420,624)
Sale of tangible fixed assets	-	1,660	-	1,660
Sale of fixed asset investments	4,185,604	5,890,166	4,185,604	5,890,166
Movement in investment portfolio cash	347,874	(372,282)	347,874	(372,282)
	167,160	1,013,594	199,312	1,047,694
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>	<b>(428,370)</b>	<b>1,140,789</b>	<b>(357,786)</b>	<b>1,088,096</b>
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>	<b>(428,370)</b>	<b>1,140,789</b>	<b>(357,786)</b>	<b>1,088,096</b>
Cash and cash equivalents as at 1 January 2020	1,594,001	453,212	1,492,970	404,874
Cash and cash equivalents as at 31 December 2020	1,165,631	1,594,001	1,135,184	1,492,970

The notes on pages 16 to 24 form part of the financial statements

# Notes to the Financial Statements

For the year end 31 December 2021

## 1. Accounting Policies

### (a) Basis of preparation

The financial statements have been prepared under the historical convention, with the exception of investments which are included at market value.

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

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity has availed itself of Paragraph 4(1) of Schedule 1 of the Large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and adapted the Companies Act formats to reflect the special nature of the charity's activities. Total incoming resources for the charity were £4,698,128 (2020: £5,105,045) and the net increase in funds was £1,330,847 (2020: £1,755,097). The parent Company's surplus for the year for Companies Act purposes was £1,442,115 (2020: £1,823,764).

### (b) Going Concern

The accounts have been prepared on a going concern basis, which is considered appropriate by the Trustees as there are no material uncertainties that may cast doubt about the Charity's ability to continue as a going concern and reserve levels are such that there is no doubt as to the sustainability of the Charity for the foreseeable future.

### (c) Company Status

The charity is a private company limited by guarantee and registered in England and Wales. The members of the company are the Trustees named on Page 2. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

### (d) 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 comprise unrestricted funds that have been set aside by the Trustees for particular reasons. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

### (e) Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being distributed. Grants are recognised in the SOFA when receivable. When donors specify that grants given to the charity must be used in the future financial years the income is deferred until that year. Assets and investments donated to the charity are included as donation income at market value at the time of receipt.

Items donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

### (f) Resources expended

All expenditure is accounted for on an accruals basis and has been allocated to the appropriate heading in the accounts. Costs of generating funds include the costs incurred in attracting voluntary income and those incurred in trading activities that raise funds. Charitable activities expenditure comprises those costs incurred by the charity in the delivery of its activities and services for the beneficiaries. Governance costs are those associated with meeting the constitutional and statutory requirements of the charity such as audit fees and preparation of the statutory accounts.

Support costs are those costs which enable fund generating and charitable activities to be undertaken. Where expenditure relates to more than one cost category it is apportioned. The method of apportionment uses the basis of full time equivalent staff numbers. The irrecoverable element of VAT is included with the item of expenditure to which it relates.

### (g) Tangible fixed assets

Tangible assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:-

Hospice long leasehold land and buildings	the shorter of the remaining lease term and 125 years
Hospice fixtures and fittings	over 8 years and over 4 years
Office fixtures and fittings	over 4 years
Shop land and buildings	over 50 years
Shop fixtures and fittings	over 3 years
Office equipment	over 3 years
Motor vehicles	over 4 years and over 3 years

#### (h) Investments

Investments are stated at market value at the balance sheet date, the cost of investments includes commission paid to the investment managers. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. Investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling at the balance sheet date. Exchange gains and losses arising on translation are included as part of the change of market value in the investments. The charity also has an investment in Derian House Children's Hospice Shops Ltd, a wholly owned subsidiary, of which it has full control.

#### (i) Stocks

Stock consists of purchased goods for sale and is valued at the lower of cost and net realisable value. Items donated for resale are not included in the financial statements until they are sold.

#### (j) Pensions

The group contributes to the NHS defined benefit superannuation scheme. This is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the group. In accordance with FRS 102 Section 28 therefore, the scheme is accounted for as a defined contribution scheme. The group also contributes to defined contribution schemes for staff who are ineligible to join the NHS superannuation scheme at the same rate as that set by the NHS superannuation scheme. The assets of all schemes which the group contributes to are held separately from those of the group in independently administered funds. All contributions payable for the year are charged in the SOFA.

#### (k) Finance and operating leases

Rentals paid under operating leases are charged to the SOFA over the period in which the cost is incurred.

#### (l) Taxation

The charity is exempt from tax by virtue of Section 505(1) of the Income and Corporation Taxes Act 1988 subject to the continuing requirement that income be applicable and applied to charitable purposes only.

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is measured on a non-discounted basis.

#### (m) Investment Properties

Investment properties are properties which are held for rental income. These are held at fair value, revalued by an appropriately qualified external party as deemed necessary, and therefore there is no requirement for depreciation to be calculated.

#### (n) Critical accounting judgements and key sources of estimation uncertainty

In applying the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The trustees' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

##### Critical accounting judgements

The critical accounting judgements that the trustees have made in the process of applying the charity's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

- The trustees do not consider there to be any critical accounting judgements

##### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- The revaluation of the Investment Property within the Subsidiary undertaking's accounts is based on the valuation provided by an external expert.

#### (o) Financial Instruments

The group only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transactions value and subsequently measured at settlement value.

## 2. Income from donations, legacies and grant income

	2021	2020
	£	£
Donations and gifts	1,275,575	1,254,625
Legacies	589,805	1,010,257
General fundraising for Hospice	128,589	53,270
Prize Draw	77,143	-
Department of Health Grants	989,910	878,491
Furlough claims	26,001	28,066
<b>Total</b>	<b>3,087,023</b>	<b>3,224,709</b>

Grants of £989,910 (2020: £878,491) were awarded from the Department of Health under S64 of the Health Service and Public Health Act 1968 and at the discretion of the Secretary of State. Of this, grant contribution funded by NHS England for 2021/2022 was £469,205 (2020/2021: £313,547). This grant is recoverable if it is not used for the purpose for which it was given or the Hospice is in breach of extensive conditions. Furlough claims totalling £46,658 were received in 2021 (2020: £67,296), £26,001 relating to the Charity and a further £20,657 relating to the subsidiary.

The charity benefits greatly from the involvement and enthusiastic support of its many volunteers. In accordance with FRS 102 and the charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

## 3. Income from other trading activities

	2021	2020
	£	£
Fundraising events	81,127	-
Lottery	215,091	78,972
Shop Income (note 14)	559,821	334,710
Bank Incentive	-	26,250
<b>Total</b>	<b>856,039</b>	<b>439,932</b>

Shop Income includes £61,754 COVID Grants (2020: £49,668) and £20,657 Furlough claims (2020: £39,230).

## 4. Investment income

	2021	2020
	£	£
Dividends on investment	191,552	220,783
Bank interest	651	460
<b>Total</b>	<b>192,203</b>	<b>221,243</b>

## 5. Incoming resources from charitable activities

	2021	2020
	£	£
Other grant and service agreements	26,420	70,733
Transitional care	118,843	503,397
Hospice UK COVID Grant funding	417,600	645,031
<b>Total</b>	<b>562,863</b>	<b>1,219,161</b>

Other grant and service agreements income includes £15k from Bolton Council (2020: £15k). This grant, together with the £417,600 received from Hospice UK (2020: £645,031), is recoverable if not used for the purpose for which it was given or the Hospice is in breach of extensive conditions.

## 6. Cost of raising funds

	2021	2020
	£	£
<b>Cost of raising voluntary income;</b>		
Salaries and related costs	270,518	372,692
Other promotional costs	498,125	189,604
Travelling, training and recruitment	1,142	861
Support costs (note 8)	81,586	58,372
<b>Fundraising trading - costs of goods sold and other costs:</b>		
Fundraising events	4,886	1,630
Shops expenditure (note 14)	663,424	430,468
<b>Total</b>	<b>1,519,681</b>	<b>1,053,627</b>

## 7. Charitable activities expenditure

	2021	2020
	£	£
<b>Salaries and related costs:</b>		
Care Team	2,399,250	2,252,651
Support services	291,533	271,114
<b>Total</b>	<b>2,690,783</b>	<b>2,523,765</b>
Provision of care service	114,247	112,901
Occupancy costs	181,688	145,513
Equipment costs	44,378	49,761
Refurbishment costs	68,716	20,570
Travelling, training and recruitment	50,114	39,106
Motor expenses	29,555	24,090
Depreciation	156,787	127,173
Support costs (note 8)	756,527	642,138
<b>Total</b>	<b>4,092,795</b>	<b>3,685,017</b>

## 8. Allocation of support costs

	Allocated to charitable activities	Allocated to Fundraising	2021	2020
	£	£	£	£
Salaries and related costs	515,222	55,563	570,785	477,835
Postage and telephone	15,972	1,723	17,695	24,589
Printing and stationery	3,498	377	3,875	4,784
Legal and Professional fees	43,728	4,716	48,444	34,411
Travelling, training and recruitment	2,564	277	2,841	2,035
Computer and other costs	145,400	15,680	161,080	133,831
Office equipment costs	3,484	376	3,860	-
Governance costs	4,057	437	4,494	4,123
Depreciation	22,602	2,437	25,039	18,902
<b>Total</b>	<b>756,527</b>	<b>81,586</b>	<b>838,113</b>	<b>700,510</b>

Support costs are allocated on the basis of full time equivalent staff numbers.

## 9. Net income/expenditure for the year

	2021	2020
	£	£
<b>This is stated after charging:</b>		
Operating lease rentals – land and buildings	88,105	54,978
Depreciation	207,839	156,072
Auditors' remuneration	4,494	4,123
Auditors' remuneration from subsidiary (included in shops expenditure – note 14)	4,580	4,190

## 10. Trustees numeration and benefits

The Trustees consider that they together comprise the key management personnel of the charity in charge of directing and controlling the charity having overall responsibility for ensuring the hospice is managed efficiently. In terms of the charity's subsidiary, the Board is responsible for the overall direction and management.

All Trustees are volunteers and receive no remuneration in connection with their duties as Trustees.

There were no Trustees' expenses paid for the year ended 31 December 2021 nor for the year ended 31 December 2020.

## 11. Staff costs

	2021	2020
	£	£
Salaries	3,316,516	3,134,952
Social security costs	306,369	279,589
Pension costs	270,321	260,533
<b>Total</b>	<b>3,893,206</b>	<b>3,672,074</b>

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds. The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021	2020
£60,001 - £70,000	1	-
£70,001 - £80,000	1	1

The average number of employees, analysed by function was:

	2021	2020
Hospice	73	78
Hospice at home	11	7
Generating voluntary income	11	10
Fundraising activities	22	18
Support	18	17
<b>Total</b>	<b>135</b>	<b>130</b>

## 12. Fixed assets

GROUP	Hospice long leasehold land and building	Fixtures and fittings	Office fixtures and fittings	Shops property	Shops investment property	Office equipment	Motor vehicles	Group total
Cost	£	£	£	£	£	£	£	£
At 1 <sup>st</sup> January 2021	4,983,458	1,222,576	188,741	35,849	125,000	22,430	72,755	6,650,809
Additions	454,988	68,398	95,285	32,152	-	-	41,125	691,948
Disposals	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
At 31 <sup>st</sup> December 2021	5,438,446	1,290,974	284,026	68,001	125,000	22,430	113,880	7,342,757
<b>Depreciation</b>								
At 1 <sup>st</sup> January 2021	448,270	950,063	187,182	14,624	-	20,650	72,755	1,693,544
Charge for year	74,638	74,323	25,039	22,668	-	890	10,281	207,839
Eliminated on disposal	-	-	-	-	-	-	-	-
At 31 <sup>st</sup> December 2021	522,908	1,024,386	212,221	37,292	-	21,540	83,036	1,901,383
<b>Net book value at 31<sup>st</sup> December 2021</b>	<b>4,915,538</b>	<b>266,588</b>	<b>71,805</b>	<b>30,709</b>	<b>125,000</b>	<b>890</b>	<b>30,844</b>	<b>5,441,374</b>
At 31 <sup>st</sup> December 2020	4,535,188	272,513	1,559	21,225	125,000	1,780	-	4,957,265

The Investment Property was valued at market value of £125,000 by Robert Pinkus & Co on 29 April 2021.

CHARITY	Hospice long leasehold land and building	Hospice Fixtures and Fittings	Office fixtures and fittings	Motor vehicles	Charity total
<b>Cost</b>	£	£	£	£	£
At 1 <sup>st</sup> January 2021	4,983,458	1,157,888	188,741	46,955	6,377,042
Additions	454,988	68,398	95,285	41,125	659,796
Disposals	-	-	-	-	-
At 31 <sup>st</sup> December 2021	5,438,446	1,226,286	284,026	88,080	7,036,838
<b>Depreciation</b>					
At 1 <sup>st</sup> January 2021	448,270	889,032	187,182	46,955	1,571,439
Charge for year	74,638	71,868	25,039	10,281	181,826
Eliminated on disposal	-	-	-	-	-
At 31 <sup>st</sup> December 2021	522,908	960,900	212,221	57,236	1,753,265
<b>Net book value at 31<sup>st</sup> December 2021</b>	<b>4,915,538</b>	<b>265,386</b>	<b>71,805</b>	<b>30,844</b>	<b>5,283,573</b>
At 31 <sup>st</sup> December 2020	4,535,188	268,856	1,559	-	4,805,603

### 13. Fixed asset Investments

	UK listed investments	Portfolio cash	2021 total	2020 total
	£	£	£	£
Market value at 1 <sup>st</sup> January 2021	15,122,597	953,738	16,076,335	15,714,880
Additions	3,674,370		3,674,370	4,420,624
Disposal proceeds	(4,185,604)		(4,185,604)	(5,890,166)
Movement in portfolio cash		(347,874)	(347,874)	372,282
Net investment gains(losses)	2,357,650		2,357,650	1,458,715
Market value at 31 <sup>st</sup> December 2021	16,969,013	605,864	17,574,877	16,076,335
Historical cost at 31 <sup>st</sup> December 2021	12,776,716	605,864	13,382,580	13,321,576

	2021	2020
	£	£
UK investments are represented by:		
Equity shares	11,767,412	10,414,894
Fixed interest securities	5,201,601	4,707,703
<b>Total</b>	<b>16,969,013</b>	<b>15,122,597</b>

The above investments include direct holdings and investment and unit trust holdings.

At 31 December 2021 £10,407,763 (2020: £9,616,529) was held in investments overseas.

The largest single holding was in Maitland Instl SVC MI Select Mngrs Nth Amer Eq and amounted to £776,911. In 2020 the largest single holding was in Vanguard Funds Plc and amounted to £585,873.

Fees of £112,455 were incurred during 2021 (2020 £102,109).

### 14. Investment in subsidiary company (Registered Company Number : 02914583 (England and Wales))

The charity owns the whole of the issued ordinary share capital of Derian House Children's Hospice Shops Limited, a company incorporated in England. The subsidiary is used for non-primary purpose trading, namely the sale of donated goods through four shops. All activities have been consolidated on a line by line basis in the SOFA. The subsidiary donates its taxable profits to the charity each year by gift aid. The registered address of the subsidiary is the same as that of the Charity.

In the opinion of the Trustees the investment in the charity's subsidiary undertaking is worth the amount at which it is stated in the balance sheet of £1,000.

Audited financial statements of the subsidiary company for the year ended 31 December 2021, on which an unqualified audit opinion has been given, to be delivered to the Registrar of Companies.

A summary of the results are shown below:

	2021	2020
	£	£
<b>Summary profit and loss account</b>		
Income	559,821	334,710
Cost of sales	(24,213)	(18,876)
Administrative expenses:		
Staff costs	(404,550)	(278,650)
Operating lease rentals	(88,105)	(54,978)
Auditors remuneration	(4,580)	(4,190)
Other direct costs	(141,976)	(73,774)
Loan interest	(7,665)	(5,000)
<b>Net profit(loss) on ordinary activities</b>	<b>(111,268)</b>	<b>(100,758)</b>
Gain on revaluation of property	-	32,091
Amount gift to Derian House Childrens Hospice	-	-
<b>Profit/(deficit) subsidiary</b>	<b>(111,268)</b>	<b>(68,667)</b>

	2021	2020
	£	£
<b>Balance sheet as of 31<sup>st</sup> December 2020</b>		
Tangible fixed assets	157,801	151,662
Stock	29,854	21,736
Debtors	47,672	23,226
Cash at bank	30,447	101,031
Creditors: amounts falling due within one year	(450,214)	(370,827)
<b>Net (liabilities)/assets</b>	<b>(184,440)</b>	<b>(73,172)</b>
Share capital	1,000	1,000
Profit and loss account	(185,440)	(74,172)
<b>Total</b>	<b>(184,440)</b>	<b>(73,172)</b>

## 15. Debtors

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Amounts due from group undertakings	-	-	404,746	319,223
VAT	124,490	78,526	124,490	74,756
Trade Debtors	34,182	45,886	34,000	45,886
Other Debtors and Prepayments	430,897	589,090	391,072	569,634
<b>Total</b>	<b>589,569</b>	<b>713,502</b>	<b>954,308</b>	<b>1,009,499</b>

## 16. Creditors

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Trade creditors	71,889	63,593	55,248	24,793
Social security and other taxes	82,575	72,394	80,858	72,394
Other creditors	52,143	43,744	52,143	43,744
Accruals and deferred income	311,394	230,651	291,949	217,847
<b>Total</b>	<b>518,001</b>	<b>410,382</b>	<b>480,198</b>	<b>358,778</b>

Included in the Accruals figures above are deferred income figures as noted below.

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Deferred income	244,171	153,986	244,171	153,986
<b>Total</b>	<b>244,171</b>	<b>153,986</b>	<b>244,171</b>	<b>153,986</b>
				Total 2021
				£
<b>Deferred Income</b>				
Deferred Income at 1 January 2021				153,986
Income deferred in the year				90,185
<b>Deferred Income at 31 December 2021</b>				<b>244,171</b>

Deferred income refers to the proportion of income received from the Department of Health in the year ended 31 December 2021 for 2021/2022 that relates to 2022. At as 31 December 2021 this was £244,171 (2020: £153,986).

## 17. Financial Commitments

As at 31 December 2021 the group has outstanding commitments for future lease payments under Non-cancellable leases as follows:

	Land and Buildings 2021	Land and Buildings 2020
	£	£
Operating leases with expire within one year	125,770	98,266
Between one and five years	257,928	251,494
<b>Total</b>	<b>383,698</b>	<b>349,760</b>

## 18. Funds

	At 1 Jan 2021	Income	Expended	Investment gains	Transfers	At 31 Dec 2021
	£	£	£	£	£	£
<b>Restricted funds</b>						
Department of health	-	989,910	(989,910)	-	-	-
Other	13,500	481,226	(493,716)	-	-	1,010
<b>Total restricted funds</b>	<b>13,500</b>	<b>1,471,136</b>	<b>(1,483,626)</b>	<b>-</b>	<b>-</b>	<b>1,010</b>
<b>General funds</b>	<b>19,977,830</b>	<b>2,667,171</b>	<b>(3,570,216)</b>	<b>2,357,650</b>	<b>(1,447,531)</b>	<b>19,984,904</b>
Revaluation reserve fund	3,035,299	-	-	-	1,447,531	4,482,830
<b>Total unrestricted funds</b>	<b>23,013,129</b>	<b>2,667,171</b>	<b>(3,570,216)</b>	<b>2,357,650</b>	<b>-</b>	<b>24,467,734</b>
<b>Charity</b>	<b>23,026,629</b>	<b>4,138,307</b>	<b>(5,053,842)</b>	<b>2,357,650</b>	<b>-</b>	<b>24,468,744</b>
Non Charitable trading funds	(106,263)	559,821	(671,089)	-	-	(217,531)
Revaluation reserve fund	32,091	-	-	-	-	32,091
<b>Subsidiary</b>	<b>(74,172)</b>	<b>559,821</b>	<b>(671,089)</b>	<b>-</b>	<b>-</b>	<b>(185,440)</b>
<b>Group</b>	<b>22,952,457</b>	<b>4,698,128</b>	<b>(5,724,931)</b>	<b>2,357,650</b>	<b>-</b>	<b>24,283,304</b>

General funds represent the free funds of the charity which are not designated for particular purposes.

### Purposes of designated funds

The Revaluation Reserve Fund is required by the Companies Act 2006 and represents the amount by which investments exceed their historical cost.

### Purposes of restricted funds

The Department of Health fund are grants provided under S64 of the Health Service and Public Health Act 1968 and are awarded at the discretion of the Secretary of State and are recoverable if not used for the purpose for which they were given or the Hospice is in breach of extensive conditions. £469,205 was received from NHS England for 2021/22 (£313,547 for 2020/21). This is included in the restricted funds figure above. Also included is £15,000 received from Bolton Council for 2021/2022 (£15,000 for 2020/21).

### Transfers between funds

Transfers between funds have been made to reflect the movements on the revaluation reserve fund in accordance with the Companies Act requirements and to show the gifting of profits from the trading subsidiary.

## 19. Analysis of net asset between funds

Group fund assets are represented by:

	Unrestricted funds	Designated funds	Restricted funds	2021 Total	2020 Total
	£	£	£	£	£
Tangible fixed assets	5,409,283	32,091	-	5,441,374	4,957,265
Investments	13,092,047	4,482,830	-	17,574,877	16,076,335
Current assets	1,791,709	-	1,010	1,792,719	2,329,239
Current liabilities	(525,666)	-	-	(525,666)	(410,382)
<b>Total</b>	<b>19,767,373</b>	<b>4,514,921</b>	<b>1,010</b>	<b>24,283,304</b>	<b>22,952,457</b>

Charity fund balances are represented by:

	Unrestricted funds	Designated funds	Restricted funds	2021 Total	2020 Total
	£	£	£	£	£
Tangible fixed assets	5,283,573	-	-	5,283,573	4,805,603
Investments	13,093,047	4,482,830	-	17,575,877	16,077,335
Current assets	2,088,482	-	1,010	2,089,492	2,502,469
Current liabilities	(480,198)	-	-	(480,198)	(358,778)
<b>Total</b>	<b>19,984,904</b>	<b>4,482,830</b>	<b>1,010</b>	<b>24,468,744</b>	<b>23,026,629</b>

## 20. Capital Commitments

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
<b>Future capital expenditure</b>				
Contracted but not provided for	35,639	82,788	35,639	82,788

## 21. Related Parties

The charity has taken the exemption under FRS 102 Section 33 'Related party disclosures' not to disclose transactions with group companies. There were no further transactions with related parties in the year.