

derian house
children's hospice



Hospice Financial Statements

01/01/22 - 31/12/22



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Chair of Board of Trustees
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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 ^{o*} Mr James Cole ^{o*} (<i>resigned 22 September 2022</i>) Mr Stephen Game Mr Andrew Chatterjee (<i>resigned on 19 July 2022</i>) Mr Christopher Monk ^o Mr Matthew Cowburn Dr Lisa Kauffmann Ms Jane Robinson [*] Director of Derian House Children's Hospice Shops Limited ^o Member of the Finance and Income sub committee
Senior Management Team:	
Chief Executive Officer	Mrs Karen Edwards, OBE (<i>Mr David Robinson resigned 31 December 2022</i>)
Director of Clinical Services	Mrs Lynn Grayson
Head of Finance	Mr Colin Taylor (<i>Mrs Diane McNally resigned 31 January 2023</i>)
Head of Facilities and Infrastructure	Mr Luke Bateson
Head of People and Culture	Mrs Kim Owen (<i>Mr Ben Leavesley resigned 28 February 2023</i>)
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
Senior Care Team:	
Hospice Manager	Ms Ruth Islip
Family and Young People's Service Manager	Mrs Dawn Andrews
Clinical Education Manager	Mrs Kirsty Blackburn
Community Service Manager	Mrs Clare Grady-Smith
Registered Office and Principal address	Derian House, Chancery Road, Astley Village, Chorley, PR7 1DH
Professional Advisors:	
Bankers	Virgin Money, 44 Fishergate, Preston, PR1 8BH
Auditors	MHA Moore and Smalley, 9 Winckley Square, Preston, PR1 3HP
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 our financial report in which we'll show how we have helped children and young people from across the North West in 2022.



We will update you on exactly how we raised - and spent - the generous donations made by our supporters.

The North West of England has a higher rate of children and young people living with a life-limiting condition than the national average (72.5 children for every 10,000 children) and research tell us this number is rising.

At Derian House Children's Hospice it is our mission to reach as many of these children and young people as possible, providing outstanding specialist palliative, respite and end of life care to those who need it.

We also offer a whole host of wellbeing services for the whole family and bereavement support for as long as it's needed.

I am happy to report that 2022 was a successful year. We cared for 404 children, young people and their families and received a further 204 new families referred to us. Despite a challenging fundraising environment, we have continued to develop and improve our services.

We sent 150 families on a free week's break to our specially-adapted holiday lodges where they were able to make precious memories to last a lifetime.

We invested in our education programme, making a commitment to ploughing £275,000 into palliative care training for all healthcare professionals in the region to improve standards of care for children within Lancashire and South Cumbria.

The challenges of COVID-19, a cost of living crisis and a war have had an impact, but we weathered the storm well with a packed calendar of successful fundraising events and campaigns.

Highlights include giving away a brand new house in the Great Big House Giveaway – which raised £235,080 for the charity, and our Dive for Derian fundraiser in which 94 brave souls jumped out of a plane to raise money for our children!

We have also continued to grow our lottery to offer a sustainable income and we continue to work closely with NHS commissioners to secure further funding to support our vital work in the future.

In 2023 we will be marking our 30th anniversary with a host of celebrations throughout the year.

At Derian House, our long-term vision is to reach every child and young adult who needs our services, ensuring we help them to make the most of every moment and receive the outstanding care they deserve.

I would finally like to thank each and every one of our loyal supporters and volunteers. Without them the work we do to make a difference for children and their families would not be possible.

Together we are making a difference and making sure that every child matters.

Thank you

Karen Swindley
Chair of the Board of Trustees



Our care in figures

404

We cared for a total of 404 children and young people in 2022.

1,462

We provided 1,462 overnight respite stays at the hospice for 188 children and young people.



8 nights – the average amount of nights respite each child spent at the hospice.



47 children and young people had end of life care at home.

118

118 children had respite in the home.

161

161 neonatal babies cared for.



150 holidays for children and their families creating precious memories.



184 Our cinema was used 184 times by our families with August being the most popular month with 24 separate visits!

91

91 people attended counselling, for an average of 13 sessions.

204

204 new referrals received.

406

406 Our hydrotherapy pool was used 406 times by our families. One family had 17 different sessions.



110 people attended our support groups.

11

11 different support groups run for parents, grandparents and siblings of children within our care.

193

193 siblings were cared for.



'She loved to joke around and had the most infectious laugh'



Holly's story

My name is Jenny and I'd like to tell you about the special care Derian House gave to my little girl who bravely battled cancer three times before we finally lost her in April 2022 aged three-years-old.

Holly had Bloom Syndrome, a rare genetic condition that carries an extraordinarily high risk of developing cancer. Holly was cheeky, stubborn, and very caring. She loved dancing and used to write the Y in her name back-to-front.

Our brave girl beat cancer twice, but after a scan just before Christmas 2021 showed the cancer had returned to around her lung, Derian House came into our lives.

We loved the hospice as soon as we walked in. Everyone was so friendly and welcoming.

We enjoyed a cinema visit as a family, they even made us hotdogs and popcorn, which is a memory I'll treasure. We visited the playground where Holly loved the swings.

After Holly passed away she laid at rest in one of the special cold bedrooms at Derian House, which are called the Sunflower Rooms. We made it feel like home with her princess bedding and favourite teddies, Soapy the dog, an elephant called Nelly and her favourite teddy Willy.

It felt like we had been given a bit more time with her, a chance to all be together for the last time.

We've been back to Derian House after Holly's funeral to place a special pebble with her name on in their reflection garden, and we've started counselling sessions. We know they are always there for us if we need them.



'Everyone used to always comment on her gorgeous red hair and beautiful smile. Even through tough times that smile was always there'



Family Survey

In September 2022 we commissioned DJS Research to undertake an independent survey to capture open and honest feedback from our families about our services and how we could improve.

We asked two groups:

100 families who currently use Derian House

8 bereaved families



WHAT THEY SAID:



Families are very satisfied with the services we offer and are likely to recommend Derian House.

95% of families rated their overall experience as "good" or better



Families described staff and friendly and supportive



Families would like more respite, more flexible drop-off and pick-up times and better communication around events.



One frustration was around the respite booking system. Families wanted more days and more flexibility on dates.



Other suggestions for improvement were help with transport and more communication on day services.

The feedback is being used to create an action plan of improvements.

"Everything is excellent. 10/10 all round. They cannot do enough for my son. If all the services were like Derian, I'd be a very happy mummy!"



"The staff are so nice, you trust them with your child. That's not easy to do anyway, but when your child has additional needs, it can be hard."



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 2022. The Trustees have adopted the provisions of the statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2019 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 other Senior staff. Senior staff also attend and contribute to the Board Sub-committees.

OBJECTIVES AND ACTIVITIES FOR PUBLIC BENEFIT

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

The Board of Trustees refer to the Charity Commission's general guidance on public benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the Board consider how planned activities will contribute to the aims and objectives they have set.

Derian House provides care and support for babies, children, young people 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

FUTURE PLANS

Derian House is at an exciting time in its journey to be a centre of excellence in the North West for children's palliative and end of life care. The appointment of a new CEO, additional senior managers and additional trustees will enable the charity to re-evaluate its strategic plan and set a path for continued growth throughout 2023 and beyond. Central to this is the voice of children, young people and their families, and our wider stakeholder network. Ensuring sufficient reserve levels are maintained is key to being able to plan accordingly for the future.



Strategic Report

CARE SERVICES

In a year where the hospice celebrates its 30th birthday it is an opportunity to reflect on how the provision of hospice care has changed, but at the same time maintained the individualised needs of the child, young person and their family central to all services delivered. There has continued to be growth and development in all areas of hospice services as we continue with our aim to be recognised as a centre of excellence for the provision of palliative and end of life care for children and young people. Our aim and priority remains to deliver the highest standards of care possible and we are proud to have maintained a CQC rating of Outstanding.

Innovations in practice and service development have been recognised as examples of good practice both regionally and nationally. The work of the Advanced Clinical Practitioners in providing hospital in-reach services has been promoted nationally as a NHSE exemplar project and presented at national conferences and meetings. Other organisations are now implementing similar models of working to promote early referral to hospice services, prevention of hospital admissions and earlier discharge home. The team has supported children with complex symptom management at the end of life and of particular note is the excellent team work to support the withdrawal of mechanical ventilatory support for a child whose family had challenged the medical decision through the legal system. It was a challenging time for all involved but the child was able to die peacefully and with dignity surrounded by her family and with members of her faith community around her in line with specific religious beliefs that would not have been possible in hospital. As a result of this care Derian House teams now work more closely with the children's hospital concerned and have seen an increase in referrals for care and greater collaborative working across a range of specialities.

There is regular engagement with the NHSE national team for children's palliative care enabling us to remain at the forefront of national work programmes and developments. Newer initiatives continue to lead the way in children's hospice care including the implementation of a Specialist Nurse role supporting children and young people requiring long term ventilation and links with adult hospices supporting the transition of care for young adults.

At a regional level Derian House is now firmly established as a key provider working collaboratively with NHS providers. The Director of Clinical Services is the Clinical Lead for Children's Palliative and End of Life Care for Lancashire & South Cumbria Integrated Care Board (ICB) and represents the speciality at a range of ICB boards. Changes to the wider health economy provide challenges in terms of securing sustainable funding post March 2024 where there is no guarantee that current statutory funding arrangements will continue. Work in engaging with commissioners and key personnel at the ICB continues to ensure children's hospice provision is relevant and in line with national and regional work programmes. Following a request from the ICB team the delivery of a palliative and end of life care training and education programme for Lancs & South Cumbria is in development having secured matched funding from NHSE, the Greater Manchester Strategic Clinical Network team have since requested access to the training programme and have supported with some additional funding. Derian House has also been recognised nationally as a finalist in the Nursing Times Student Placement of the Year Awards.

A family survey was undertaken in 2022 by an external research company to obtain family feedback and explore areas where improvements can be made. Overwhelmingly families were positive about their experiences in using hospice services, 97% would recommend the service to others. An action plan is in place to address those areas identified as needing development and these will continue to be monitored over the coming months. The survey also included the views of bereaved families who were also able to provide invaluable feedback as we continually strive to improve the care provided. The Friends and Family test also provides more regular feedback from families but it remains humbling to see the more informal feedback received in terms of thank you cards and letters.

The whole team should be proud of their achievements and the recognition received over the last year as none of this would have been possible without their continued commitment, dedication and hard work. There will be challenging times ahead but it is also a period of opportunity to continue to develop services further to ensure that all children, young people and families receive the same high standards of palliative and end of life care and support wherever they are cared for.



INCOME (FUNDRAISING, COMMUNICATIONS AND MARKETING)

2022 was an exceptional year for fundraising and marketing at Derian House Children's Hospice. A strong performance throughout the year in all areas of fundraising meant we ended the year 6% ahead of budget – and in a year of financial uncertainty caused by war, energy hikes and a cost of living crisis. The pinnacle was the culmination of the Great Big House Giveaway, which saw the charity give away a brand new £250,000 house that had been donated by Kingswood Homes. The campaign ran for 14 months and was a huge success — raising £333,262 and increasing our donor database by 11,415 new donors (around 25%). Extensive TV and newspaper coverage also meant awareness of Derian House was at a high.

2022 was the first full year post-pandemic with no restrictions in place, which meant we were able to deliver a full calendar of events. We took the lessons learned in lockdown and used them to amplify our traditional events, using social media and email marketing to reach new supporters. In its second year, 'Dive for Derian' skydives took place all summer delivering a return of £83,000; Morecambe Bay Walk was back and a new format for fundraising meant we increased the amount raised six-fold. Third-party events 'Stars and Cars' and 'Jingle all the Way' turned in their best-ever performances and our Christmas events smashed their targets. A new charity shop lock-in event attracted social media influencers and appealed to a new audience.

Our social media continued to grow, with Facebook reaching 21,000 followers.

We became the fastest-growing charity of our size on both Facebook and LinkedIn.

Two successful direct mail campaigns telling the stories of our children brought in more than £90,000 and helped us to reach new donors and convert one-off donors to regular givers. Our first-ever TV advert tied into the Christmas campaign allowed us to explore a new medium and reach donors on a new platform. The Derian House Lottery continued to grow despite a tricky financial climate, reaching 14,605 entries and delivering £439,528 income.

A focus on our donor journey and improvements in how we use our donor data has meant we can thank our donors in a more individual way, which has built strong relationships. The determination, resilience and creativity of our staff and volunteers meant we have been able to deliver an impressive performance in 2022. A strong relationship between fundraising, marketing and communications has led to an effective and aligned team.

Financial uncertainty prevails in 2023 but we will continue to offer a diverse range of fundraising activity targeted at different demographics in order to give us the best possible chance of weathering the storm. We will make continual improvements to ensure all activity is performing at optimum levels. Our job in 2023 will be to capitalise on a larger database and to push brand new events and a new raffle. We are also excited to be celebrating our 30th anniversary and will ensure all supporters are thanked for their wonderful generosity.

Ethical Fundraising

Derian House Children's Hospice undertakes fundraising through various methods including organised events, individual giving, corporate and community partnerships, legacy giving, trusts and grants, direct mail campaigns, text to donate, a raffle and a weekly lottery.

All activity is compliant with the Fundraising Regulator, Code of Fundraising Practice, Gambling Commission, and other associated regulators. The charity has a strong reputation and strives for the highest possible standards of ethical conduct. It makes a promise in its income generation policy to ensure that all fundraising activities are legal, open, honest, fair, responsible and respectful.

It is the charity's policy not to engage in street fundraising commonly known as "chugging" and carries out all of its own fundraising apart from lottery membership, some of which is carried out by a third party.

The companies concerned, The Fundraising Partnership, Integrated Promotions (face-to-face canvassing) and QTS (telephone canvassing) have excellent reputations and the charity is in regular contact with them to ensure they are representing Derian House effectively. We monitor and record the number of complaints received – none have been made this year.



VOLUNTEERS

We have had continued success in recruiting volunteers across all areas of Derian House, including retail, reception, catering and gardens.

A total of 58 new volunteers joined our team in 2022.

The introduction of a new online application system saw our volunteer enquiries increase considerably, enabling us to fulfil demand for volunteer support in areas such as our shops and in our brand new role, Wellbeing and Play Assistant, where we welcomed three new members.

As the love for pre loved items continue to grow our new ecommerce volunteers have had huge success in boosting retail sales by identifying higher priced items from donations of books, vinyl's and CDs.



STRATEGIC AIMS

Our overarching aim is to continue to provide outstanding care to children and young people with life limiting and life threatening 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 2022 increased from £ 3,087,023 in 2021 to £3,920,268. We saw an increase in donations, income from The Great Big House Giveaway prize draw and Department of Health Grants, as well as the growing lottery and events being back on track, but this was offset by a fall in income from commissioned beds and the Hospice UK COVID Grant funding.

Expenditure on charitable activities for the operation of the Hospice

The expenditure on charitable activities for 2022 was £4, 467,012, an increase of £374,217 on 2021. 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. Six (2021: five) outlets on short term leases and one owned outlet was rented out, but no profits were gifted to the Charity in both 2021 and 2022. In 2022 a new shop in Accrington was opened but the Leyland shop was closed. A full strategic review of the shops viability will take place in 2023.

Investments

As of 31 December 2022, Derian House held £15.17m in its long term investment portfolio (2021: £17.57m). Investment income in 2022 was £225,519 compared with £192,203 in 2021. The investments saw a fall in market value in 2022 of £1,954,366 compared to an increase in 2021 of £2,357,650.

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:

- I. the complex nature of their conditions
- II. the level of clinical and other care required to support them and
- III. 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. The majority of these Reserves are invested and are viewed as an asset, and a key part of the charities financial sustainability strategy.

Based on the 2023 budget 24 months annual running costs equates to approximately £14m. At 31st December 2022 the free reserves were £16.3m. Therefore 24 months running costs are currently adequately covered.

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
- 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
- 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 reappointment of Moore and Smalley 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 27/06/2023



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 Childrens Hospice (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2022, which comprise Consolidated Statement of Financial Activities, Group Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement 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 Financial Reporting Standard 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 group's and parent charitable company's affairs as at 31 December 2022, and of group's 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
- 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 group and parent 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 group's or parent 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 trustees' 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.

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 trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.



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

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us
- The parent charitable company's financial statements are not in agreement with the accounting records and returns
- Certain disclosures of directors' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10 the trustees (who are also the directors of the parent 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 groups and parent 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 group or parent 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

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act. 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations
- Review of minutes of board meetings
- Examination of journal entries and other adjustments to test for appropriateness and identify any instances of management override of controls
- Review of legal and professional expenditure to identify any evidence of ongoing litigation or enquiries.

Because of the field in which the group operates we identified that employment law, health and safety legislation including regulations set out by the Care Quality Commission, Gambling Commission regulations and compliance with the UK Companies Act are the areas most likely to have a material impact on the financial statements.

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

Use of report

This report is made solely to the charitable company's members, as a body, in accordance with the 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.

Nicola Mason

Nicola Mason FCA (Senior Statutory Auditor)

For and on behalf of

MHA Moore and Smalley

Chartered Accountants & Statutory Auditor, Preston

24/7/23



Consolidated Statement of Financial Activities

FOR THE YEAR END 31 DECEMBER 2022 (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds (£)	Restricted Items (£)	Total 2022 (£)	Total 2021 (£)
Income from:					
Donations, legacies and grant income	2	2,404,828	1,515,440	3,920,268	3,087,023
Other trading activities	3	1,288,836	-	1,288,836	856,039
Investment income	4	225,519	-	225,519	192,203
Charitable activities	5	37,983	199,928	237,911	562,863
Total incoming		3,957,166	1,715,368	5,672,534	4,698,128

Expenditure on:

	Note	Unrestricted Funds (£)	Restricted Items (£)	Total 2022 (£)	Total 2021 (£)
Raising funds					
Generating voluntary income	6	904,006	-	904,006	851,371
Commercial trading operations	6	854,247	-	854,247	668,310
Investment management costs		110,227	-	110,227	112,455
Charitable activities – operation of Hospice	7	2,778,708	1,688,303	4,467,012	4,092,795
Total expenditure		4,647,189	1,688,303	6,335,492	5,724,931

	Note	Unrestricted Funds (£)	Restricted Items (£)	Total 2022 (£)	Total 2021 (£)
Net income/(expenditure) before other gains and losses		(690,023)	27,065	(662,958)	(1,026,803)
Net realised /unrealised gains/(losses) on investment assets	13	(1,954,366)	-	(1,954,366)	2,357,650
Net income/(expenditure)		(2,644,389)	27,065	(2,617,324)	1,330,847
Gross transfers between funds		-	-	-	-
Net movement in funds		(2,644,389)	27,065	(2,617,324)	1,330,847
Total funds at 1 January 2022		24,282,294	1,010	24,283,304	22,952,457
Total funds at 31 December 2022	18	21,637,905	28,075	21,665,980	24,283,304

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 Gains and Losses is presented.



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 (£)
Incoming resources					
Incoming resources from generated funds					
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
Total Incoming resources		3,226,992	1,471,136	4,698,128	5,105,045

Resources Expended

	Note	Unrestricted Funds (£)	Restricted Items (£)	Total 2021 (£)	Total 2020 (£)
Costs of raising funds					
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
Total Resources Expended		4,241,305	1,483,626	5,724,931	4,840,753

	Note	Unrestricted Funds (£)	Restricted Items (£)	Total 2021 (£)	Total 2020 (£)
Net incoming/(outgoing) resources before transfers		(1,014,313)	(12,490)	(1,026,803)	264,292
Gross transfers between funds		-	-	-	-
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
Total funds at 1 January 2021		22,938,957	13,500	22,952,457	21,197,360
Total funds at 31 December 2021	18	24,282,294	1,010	24,283,304	22,952,457

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 Gains 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 2022


	Note	Group		Charity	
		2022 (£)	2021 (£)	2022 (£)	2021 (£)
Fixed assets					
Tangible fixed assets	12	5,366,769	5,441,374	5,214,731	5,283,573
Investments	13	15,168,702	17,574,877	15,168,702	17,574,877
Investment in subsidiary company	14	-	-	1,000	1,000
		20,535,471	23,016,251	20,384,433	22,859,450
Current assets					
Stock of goods		27,438	29,854	-	-
Debtors	15	516,803	589,569	1,173,636	954,308
Cash at bank and in hand		1,446,028	1,165,631	1,273,981	1,135,184
Total Current Assets		1,990,269	1,785,054	2,447,617	2,089,492

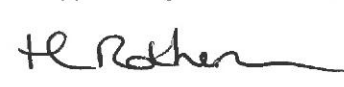
	Note	2022 (£)	2021 (£)	2022 (£)	2021 (£)
Creditors: amounts falling due within 1 year	16	(859,760)	(518,001)	(806,582)	(480,198)
Net current assets		1,130,509	1,267,053	1,641,035	1,609,294
Net assets		21,665,980	24,283,304	22,025,468	24,468,744

	Note	2022 (£)	2021 (£)	2022 (£)	2021 (£)
Unrestricted funds:					
General funds	18	19,513,103	19,984,904	19,513,103	19,984,904
Revaluation reserve	18	2,484,290	4,482,830	2,484,290	4,482,830
Non charitable trading funds	18	(391,579)	(217,531)	-	-
Non charitable revaluation reserve		32,091	32,091	-	-
Restricted funds:					
General funds	18	28,075	1,010	28,075	1,010
Total charity funds		21,665,980	24,283,304	22,025,468	24,468,744

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 deficit for the year was £2,451,849 (2021: £1,426,785).

The financial statements on pages 19 to 30 were approved by the Trustees on 27th June 2023 and signed on their behalf by:


 Karen Swindley
 Chair of Trustees


 Helen Rotheram
 Trustee



Consolidated and Charity Cashflow Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group		Charity	
		2022 (£)	2021 (£)	2022 (£)	2021 (£)
Reconciliation of net movement in funds from operating activities					
Net Movement in funds		(662,958)	(1,026,803)	(488,907)	(915,535)
Investment income		(225,519)	(192,203)	(234,092)	(199,868)

	Note	Group		Charity	
		2022 (£)	2021 (£)	2022 (£)	2021 (£)
Operating (deficit)/surplus		(888,477)	(1,219,006)	(722,999)	(1,115,403)
Depreciation		221,681	207,839	191,436	181,826
(Profit) on disposal of fixed assets		-	-	-	-
Decrease/(Increase) in stocks		2,416	(8,118)	-	-
Decrease/(Increase) in debtors		72,766	116,268	(219,328)	55,191
Increase in creditors		341,759	115,284	326,384	121,420
Cash used in operating activities		(249,855)	(787,733)	(424,507)	(756,966)
Cashflows from Investing activities					
Investment income		225,519	192,203	234,092	199,868
Capital expenditure and financial investments					
Payments to acquire tangible fixed assets		(147,076)	(691,948)	(122,597)	(659,796)
Purchase of fixed asset investments		(5,677,532)	(3,674,470)	(5,677,532)	(3,674,370)
Sale of tangible fixed assets		-	-	-	-
Sale of fixed asset investments		6,428,894	4,185,604	6,428,894	4,185,604
Movement in investment portfolio cash		(299,553)	347,874	(299,553)	347,874
		304,733	167,160	329,212	199,312
Increase/(Decrease) in cash and cash equivalents in the year		280,397	(428,370)	138,797	(357,786)
Cash and cash equivalents as at 1 January 2022		1,165,631	1,594,001	1,135,184	1,492,970
Cash and cash equivalents as at 31 December 2022		1,446,028	1,165,631	1,273,981	1,135,184

The notes on pages 19 to 30 form part of the financial statements



Notes to the Financial Statements

For the year end 31 December 2022

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 October 2019) - (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.

Derian House Childrens Hospice meets the definition of a public benefit entity under FRS102.

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 £5,672,534 (2021: £4,698,128) and the net decrease in funds was £2,617,324 (2021: increase of £1,330,847). The parent Company's loss for the year for Companies Act purposes was £2,451,849 (2021: Surplus of £1,442,115).

(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. 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

	2022 (£)	2021 (£)
Donations and gifts	1,594,404	1,275,575
Legacies	553,932	589,805
General fundraising for Hospice	125,864	128,589
Prize Draw	235,080	77,143
Department of Health Grants	1,410,988	989,910
Furlough claims	-	26,001
Total	3,920,268	3,087,023

Grants of £1,410,988 (2021: £989,910) 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 2022/2023 was £938,409 (2021/2022: £469,205). 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.

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

	2022 (£)	2021 (£)
Fundraising events	178,543	81,127
Lottery	449,571	215,091
Shop Income (note 14)	660,722	559,821
Total	1,288,836	856,039

Shop Income includes no COVID Grants (2021: £61,754) and no furlough claims (2021: £20,657).

4. Investment income

	2022 (£)	2021 (£)
Dividends on investment	225,460	191,552
Bank interest	59	651
Total	225,519	192,203

5. Incoming resources from charitable activities

	2022 (£)	2021 (£)
Other grant and service agreements	23,133	26,420
Commissioned beds	29,850	118,843
Hospice UK COVID Grant funding	184,928	417,600
Total	237,911	562,863

Other grant and service agreements income includes £15k from Bolton Council (2021: £15k). This grant, together with the £184,928 received from Hospice UK (2021: £417,600), 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

	2022 (£)	2021 (£)
Cost of raising voluntary income:		
Salaries and related costs	232,686	270,518
Other promotional costs	605,884	498,125
Travelling, training and recruitment	1,195	1,142
Support costs (note 8)	64,241	81,586
Fundraising trading - costs of goods sold and other costs:		
Fundraising events	28,050	4,886
Shops expenditure (note 14)	826,197	663,424
Total	1,758,253	1,519,681

7. Charitable activities expenditure

	2022 (£)	2021 (£)
Salaries and related costs:		
Care Team	2,499,773	2,399,250
Support services	341,674	291,533
Total	2,841,447	2,690,783
Provision of care service	168,952	114,247
Occupancy costs	256,621	181,688
Equipment costs	50,358	44,378
Refurbishment costs	-	68,716
Travelling, training and recruitment	4,439	50,114
Motor expenses	31,829	29,555
Depreciation	157,877	156,787
Support costs (note 8)	955,489	756,527
Total	4,467,012	4,092,795

8. Allocation of support costs

	Allocated to charitable activities	Allocated to fundraising	2022 (£)	2021 (£)
Salaries and related costs	615,943	41,413	657,356	570,785
Postage and telephone	18,192	1,223	19,415	17,695
Printing and stationery	4,151	279	4,430	3,875
Legal and Professional fees	121,216	8,149	129,365	48,444
Travelling, training and recruitment	36,018	2,422	38,440	2,841
Computer and other costs	115,480	7,764	123,244	161,080
Office equipment costs	4,240	285	4,525	3,860
Governance costs	8,804	592	9,396	4,494
Depreciation	31,445	2,114	33,559	25,039
Total	955,489	64,241	1,019,730	838,113

Support costs are allocated on the basis of staff numbers



9. Net income/expenditure for the year

	2022 (£)	2021 (£)
This is stated after charging:		
Operating lease rentals – land and buildings	133,579	88,105
Depreciation	221,681	207,839
Auditors' remuneration	9,396	4,494
Auditors' remuneration from subsidiary (included in shops expenditure – note 14)	5,830	4,580

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 2022 nor for the year ended 31 December 2021.

11. Staff costs

	2022 (£)	2021 (£)
Salaries	3,539,464	3,316,516
Social security costs	343,950	306,369
Pension costs	297,730	270,321
Total	4,181,144	3,893,206

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:

	2022	2021
£60,001 - £70,000	-	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£100,001 - £110,000	1	-

The average number of employees, analysed by function was:

	2022	2021
Hospice	73	73
Hospice at home	11	11
Generating voluntary income	7	11
Fundraising activities	24	22
Support	20	18
Total	135	135



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 1st January 2022	5,438,446	1,290,974	284,026	68,001	125,000	22,430	113,880	7,342,757
Additions	37,048	49,813	37,588	16,862	-	5,765	-	147,076
Disposals	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
At 31st December 2022	5,475,494	1,340,787	321,614	84,863	125,000	28,195	113,880	7,489,833
Depreciation								
At 1st January 2022	522,908	1,024,386	212,221	37,292	-	21,540	83,036	1,901,383
Charge for year	76,120	73,297	33,559	25,612	-	2,812	10,281	221,681
Eliminated on disposal	-	-	-	-	-	-	-	-
At 31st December 2022	599,028	1,097,683	245,780	62,904	-	24,352	93,317	2,123,064
Net book value at 31st December 2022	4,876,466	243,104	75,834	21,959	125,000	3,843	20,563	5,366,769
At 31st December 2021	4,915,538	266,588	71,805	30,709	125,000	890	30,844	5,441,374

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

Fixed assets (Charity)

	Hospice long leasehold land and building	Fixtures and fittings	Office fixtures and fittings	Motor vehicles	Charity total
Cost					
At 1st January 2022	5,438,446	1,226,286	284,026	88,080	7,036,838
Additions	37,048	47,958	37,588	-	122,594
Disposals	-	-	-	-	-
At 31st December 2022	5,475,494	1,274,244	321,614	88,080	7,159,432
Depreciation					
At 1st January 2022	522,908	960,900	212,221	57,236	1,753,265
Charge for year	76,120	71,476	33,559	10,281	191,436
Eliminated on disposal	-	-	-	-	-
At 31st December 2022	599,028	1,032,376	245,780	67,517	1,944,701
Net book value at 31st December 2022	4,876,466	241,868	75,834	20,563	5,214,731
At 31st December 2021	4,915,538	265,386	71,805	30,844	5,283,573



13. Fixed asset Investments

	UK listed investments	Portfolio cash	2022 total	2021 total
Market value at 1st January 2022	16,969,013	605,864	17,574,877	16,076,335
Additions	5,677,532		5,677,532	3,674,370
Disposal proceeds	(6,428,894)		(6,428,894)	(4,185,604)
Movement in portfolio cash		299,553	299,553	(347,874)
Net investment gains(losses)	(1,954,366)		(1,954,366)	2,357,650
Market value at 31st December 2022	14,263,285	905,417	15,168,702	17,574,877
Historical cost at 31st December 2022	12,636,317	905,417	13,541,734	13,382,580

	2022 (£)	2021 (£)
UK investments are represented by:		
Equity shares	9,885,042	11,767,412
Fixed interest securities	3,430,727	5,201,601
Total	13,315,769	16,969,013

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

At 31 December 2022 £8,252,652 (2021: £10,407,763) was held in investments overseas.

The largest single holding was in Vanguard Funds Plc and amounted to £307,149. In 2021 the largest single holding was in Maitland Instl SVC MI Select Mngrs Nth Amer Eq and amounted to £776,911.

Fees of £110,227 were incurred during 2022 (2021 £112,455).

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 2022, 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:

	2022 (£)	2021 (£)
Summary profit and loss account		
Income	660,722	559,821
Cost of sales	(44,324)	(24,213)
Administrative expenses:		
Staff costs	(487,061)	(404,550)
Operating lease rentals	(133,121)	(88,105)
Auditors remuneration	(5,830)	(4,580)
Other direct costs	(155,861)	(141,976)
Loan interest	(8,573)	(7,665)
Net profit(loss) on ordinary activities	(174,048)	(111,268)
Amount gift to Derian House Childrens Hospice	-	-
Profit/(deficit) subsidiary	(174,048)	(111,268)



	2022 (£)	2021 (£)
Balance sheet as of 31st December 2022		
Tangible fixed assets	152,038	157,801
Stock	27,438	29,854
Debtors	21,292	47,672
Cash at bank	172,047	30,447
Creditors: amounts falling due within one year	(731,303)	(450,214)
Net (liabilities)/assets	(358,488)	(184,440)
Share capital	1,000	1,000
Profit and loss account	(359,488)	(185,440)
Total	(358,488)	(184,440)

15. Debtors

	Group 2022	Group 2021	Charity 2022	Charity 2021
Amounts due from group undertakings	-	-	678,125	404,746
VAT	103,505	124,490	103,505	124,490
Trade Debtors	26,225	34,182	26,225	34,000
Other Debtors and Prepayments	387,073	430,897	365,781	391,072
Total	516,803	589,569	1,173,636	954,308

16. Creditors

	Group 2022	Group 2021	Charity 2022	Charity 2021
Trade creditors	76,431	71,889	49,485	55,248
Social security and other taxes	88,431	82,575	88,002	80,858
Other creditors	46,189	52,143	46,189	52,143
Accruals and deferred income	648,709	311,394	622,906	291,949
Total	859,760	518,001	806,582	480,198

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

	Group 2022	Group 2021	Charity 2022	Charity 2021
Deferred income	536,865	244,171	536,865	244,171
Total	536,865	244,171	536,865	244,171

	Total 2021
Deferred Income	
Deferred Income at 1 January 2022	244,171
Income deferred in the year	292,694
Deferred Income at 31 December 2022	536,865

Deferred income refers to the proportion of income received from the Department of Health in the year ended 31 December 2022 for 2022/2023 that relates to 2023. At as 31 December 2022 this was £341,471 (2021: £244,171). Also included is £195,394 (2021 Nil) relating to income received from Southampton University Hospitals for the Without Walls project which runs from July 2022 to July 2024.



17. Financial Commitments

As at 31 December 2022 the group has outstanding commitments for future lease payments under Non-cancellable leases as follows:

	Land and Buildings 2022	Land and Buildings 2021
Operating leases with expire within one year	124,774	125,770
Between one and five years	186,594	257,928
Total	311,368	383,698

18. Funds

	At 1 Jan 2022	Income	Expended	Investment losses	Transfers	At 31 Dec 2022
Restricted funds						
Department of health	-	1,410,988	(1,410,988)	-	-	-
Other	1,010	304,380	(277,315)	-	-	28,075
Total restricted funds	1,010	1,715,368	(1,688,303)	-	-	28,075
General funds						
Revaluation reserve fund	4,482,830	-	-	-	(1,998,540)	2,484,290
Total unrestricted funds	24,467,734	3,296,444	(3,812,419)	(1,954,366)	-	21,997,393
Charity	24,468,744	5,011,812	(5,500,722)	(1,954,366)	-	22,025,468
Non Charitable trading funds	(217,531)	660,722	(834,770)	-	-	(391,579)
Revaluation reserve fund	32,091	-	-	-	-	32,091
Subsidiary	(185,440)	660,722	(834,770)	-	-	(359,488)
Group	24,283,304	5,672,534	(6,335,492)	(1,954,366)	-	21,665,980

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. £938,409 was received from NHS England for 2022/23 (£469,205 for 2021/22). This is included in the restricted funds figure above. Also included is £15,000 received from Bolton Council for 2022/2023 (£15,000 for 2021/22).

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	2022 Total	2021 Total
Tangible fixed assets	5,334,678	32,091	-	5,366,769	5,441,374
Investments	12,684,412	2,484,290	-	15,168,702	17,574,877
Current assets	1,962,194	-	28,075	1,990,269	1,792,719
Current liabilities	(859,760)	-	-	(859,760)	(525,666)
Total	19,121,524	2,516,381	28,075	21,665,980	24,283,304



Charity fund balances are represented by:

	Unrestricted funds	Designated funds	Restricted funds	2022 Total	2021 Total
Tangible fixed assets	5,214,731	-	-	5,214,731	5,283,573
Investments	12,685,412	2,484,290	-	15,169,702	17,575,877
Current assets	2,436,359	-	28,075	2,464,434	2,089,492
Current liabilities	(806,582)	-	-	(806,582)	(480,198)
Total	19,529,920	2,484,290	28,075	22,042,285	24,468,744

20. Capital Commitments

	Group 2022	Group 2021	Charity 2022	Charity 2021
Future capital expenditure				
Contracted but not provided for	-	35,639	-	35,639

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.





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