KATHARINE HOUSE HOSPICE

England & Wales · Charity number 1011712

Details

Other names	KATHARINE HOUSE STAFFORD HOSPICE AT HOME
Status	Registered
Legal form	Charitable company
Company number	02700516
Registered	1992-06-08
Register	View on the Charity Commission register

Contact

Address	Katharine House Hospice Weston Road Stafford ST16 3SB
Phone	01785254645
Email	enquiries@khhospice.org.uk
Website	www.khhospice.org.uk

Activities

Objects: TO PROMOTE THE RELIEF OF SICKNESS AND SUFFERING (SO FAR AS SUCH PURPOSE IS CHARITABLE) IN SUCH WAYS AS THE ASSOCIATION SHALL FROM TIME TO TIME THINK FIT.

Activities: A provider of hospice services through inpatient, day care and home care.A provider of lymphoedema services.A provider of support to families, those who are bereaved, carers and ex-carers.A provider of home care through a care agency

Classification

- **How:** Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives
- **Who:** The General Public/mankind

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Geography

- Staffordshire

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£9,244,042	£8,678,600	£10,234,811	251
2024-03-31	£9,548,609	£8,213,072	£9,681,617	249
2023-03-31	£8,620,289	£7,333,892	£8,318,947	246
2022-03-31	£8,913,595	£6,635,448	£7,061,898	243
2021-03-31	£8,338,468	£6,920,858	£4,763,611	255

Trustees

Name	Role	Appointed
Peter Robert Catchpole	Chair	2020-10-27
Alan Patrick Jeffries		2018-09-25
Amanda Jayne Brooke		2024-07-24
Andrew Sean Porter		2022-09-27
Brett Warwick James Phillips		2020-10-27
Dr Mark Bland		2018-07-24
Dr Zia Din		2021-01-26
Helen Elizabeth Reeves		2024-07-24
Michael Richard Smith		2022-09-27
Richard Glynn Moore Hughes		2021-01-26
STEPHANIE JOY HARRIS		2019-01-22
Stephen Paul Kirwan		2023-01-24

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KATHARINE HOUSE HOSPICE

England & Wales - Charity number 1011712

Accounts

katharine house hospice

embracing life and living

"This year saw Katharine House celebrate 35 years of serving Stafford and surrounding areas, an anniversary we are all rightly proud of."

OUR DIRECTORS' AND TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

A Company Limited by Guarantee not having share capital

Registered company number 02700516 (England and Wales)

Registered charity number 1011712

TUESDAY

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COMPANIES HOUSE

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Chairman's Statement



This year saw Katharine House celebrate 35 years of serving Stafford and surrounding areas, an anniversary we are all rightly proud of and I thank all those staff and volunteers past and present, and our supporters, who have made those 35 years so successful. Our confidence in what we can offer the community has been recognised in the adoption of a new Care Strategy which looks ahead to increased services both within the In Patient Unit, in outpatients, family support and in our community.

In what has been a very challenging year for the hospice sector and where news of hospices in crisis has hit national headlines, we at Katharine House have continued to provide invaluable support to the community. We have helped 1,833 people this year and increased the availability of our care offering. The development of the 24/7 helpline run by our neighbouring hospices and supported by Katharine House has been recognised and the local NHS will now fund this vital service for Staffordshire. With the local Integrated Care Board (ICB) beginning to show some commitment to palliative care it's concerning that there are going to be significant changes in the coming year as NHS England is abolished and a significant reduction of funding to run ICBs is expected which has led to uncertainty and lack of clarity. We hope this will be resolved swiftly.

We should however recognise the difficult economic situation all hospices work within. Through excellent financial management and a tremendous amount of continued support from our community we have so far been able to avoid cuts to our services, and with continued support hope to continue to develop our services in response to the changing needs of our patients in the coming years. Before Christmas we received the news of additional Government funding, while very welcome the conditions of the grant mean it cannot cover our running costs, for this we depend very much on both the local NHS boards and the charitable contribution of our community.

This year has also seen the parliamentary debate on the Assisted Dying Bill. Whilst it is not yet clear how this piece of legislation will impact the hospice movement, we are pro-actively engaging with our stakeholders to ensure preparedness whilst reinforcing the importance of effective palliative care.

This year saw the first real return to normal after the pandemic when our fundraising team working alongside our Marketing and Communications (Marcomms) team worked tirelessly to put on events again, supported fundraisers, and publicised the work of the Hospice. Of note was the Walk to Remember at Shugborough Hall in October 2024, in beautiful weather over 550 adults and children walked around the National Trust grounds remembering loved ones and raising almost £20,000 for the Hospice. It was also great to see our own staff getting involved in fundraising by undertaking their own Yorkshire 3 Peaks Walk in June. In March 2025 we were proud to be represented at the national charity video awards ceremony where our promotional video "Alison's Story" was in the finals. While we didn't win just to be there amongst all the massive national charities is a testament to the fantastic team behind our publicity. We have also started to put more resource into ensuring we benefit where we can from gifts in wills, and we participated in the Hospice UK TV advertising campaign earlier in the year. It is clear, like many charities, income from wills is essential in keeping our care services going.

I have always been amazed at the fantastic work our volunteers continue to do for the Hospice; without this support there is no doubt we couldn't run the services we do. In June we held our annual volunteers evening where I was proud to present certificates of service to many volunteers but of note must be recognition of the 30 years voluntary service given by Linda Bonney. We were also honoured to receive invites to the Royal Carol Service at Westminster Abbey; where Norma O'Neill and Steve Coxon two volunteers with a combined 32 years of service, represented the Hospice.

Our retail operations remain a crucial element of the income generation effort. The big event this year was the opening of the Stafford Superstore on St Albans Road Stafford. During the year we were also forced to close our store at SCC recycling centre Cannock following decisions made by Staffordshire County Council. We are continuously looking to open new retail premises where conditions allow. Trading conditions remain difficult with increases in operational costs making the charity retail sector overall very challenging. Donations and sales are what drives the retail operation, and this depends totally on the local community supporting the cause and wanting to shop with us.

It is with sadness that I recognise the passing of one of our retail colleagues Malcolm "Mac" Rollins, who for 9 years managed our retail operation at SCC recycling Centre Cannock, he will be missed.

As a Board of Trustees we spent a long time earlier in the year learning more about the NHS and hospice funding as well as looking at data to help us fully understand the priorities for our new care strategy. Thanks to Dave Fletcher and the care team for their excellent work in allowing us to have such knowledgeable discussions on this crucial development in our future. It was soon after this that both Dave our Director of Care and Carina Lowe our Hospice Lead Nurse took extended personal leave (congratulations to both on their respective new family additions); this left a potential gap in the leadership of our care services, but the team stepped up and ensured a continuity of services. This was a fantastic effort by everyone involved, especially the senior clinicians, staff nurses on IPU, and our medical team. I thank you for your efforts that went above and beyond.

The Board of Trustees continues to evolve with trustees leaving, including Alison Cape who left after serving her 10 year term as a most supportive trustee and James Harley whose excellent contribution to the Hospice during his short time on the Board was really appreciated. We have been joined by Amanda Brooke and Helen Reeves who will bring a whole new and valuable set of skills and experience to the Board. I look forward to working with the Board as we move through the challenges the future holds.

As I complete my third year as chair I continue to be amazed at the dedication of the staff and volunteers that ensure the outstanding quality of care that is offered to our community. One thing that stands out is the culture within the organisation, there is a definite feeling of affection for the charity and all it stands for; people enjoy working here and of that I am immensely proud. However, to continue we still rely on the massive support from the community be that in the form of time, donations, buying from the shops or just spreading the word; so thank you for making it all possible.



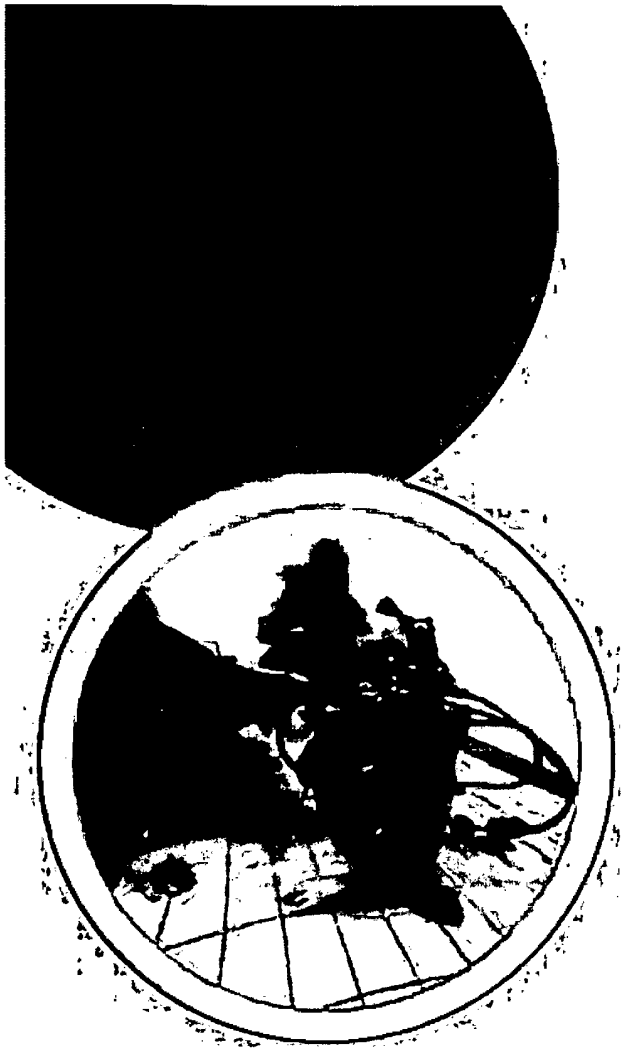
Peter Catchpole
Chairman


35 years of care
katharine house hospice
Our Vision
People live well and die with dignity in a place of their choice.



Our Mission

We help local adults with complex, progressive illnesses from diagnosis to the end of life through free, high quality, specialist palliative care, advice and guidance and we support those close to them.





Diving dream come true

Four years ago, bank manager Victoria Emery was diagnosed with Parkinson's Disease. She now relies on carers.

While a patient with us, 48-year-old Victoria told us about her love of scuba diving which led to our nurses making her dream become a reality diving with Stafford Sub Aqua Club, and her brother for the first time, at Stafford Leisure Centre.

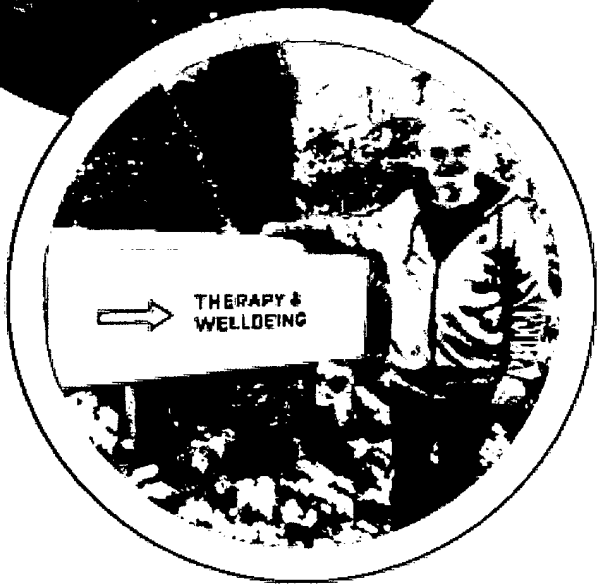
"It was such a wonderful surprise but I was nervous because it's been years since I've been diving because of my condition.

When I was referred to Katharine House Hospice it was suggested I stayed with them for a couple of weeks to manage my symptoms and help me come to an acceptance of my illness.

"I didn't want to go because of the perception of the hospice. I had difficult conversations and got upset, but the nurses helped me think about longer term things. We even had a disco in my room with a disco ball – the sight of nurses dancing to ABBA at the bottom of your bed would cheer anyone up!"

"The dive exceeded all expectations. I will always be grateful. When I was under the water, I didn't feel ill. My legs worked, my arms worked, my breathing worked. It was totally awesome."





"It seemed very scary when the hospice was first mentioned. It really threw me. I didn't realise it was a health and wellbeing centre that could help me feel better."

Joseph 'Tosh' Kelly

Our Lymphoedema specialists' care is helping Tosh 'get his life back' and spend quality time with his family.

Darts enthusiast and ex RAF corporal, Tosh was diagnosed with cancer in 2022. Having dodged an Exocet missile during the Falklands War, he was shocked to learn of his diagnosis several decades later.

Tosh lost 24kg during his illness and for a long time was only able to consume meal replacement drinks with a feeding tube. He was referred to us for laser treatment.

We have given Tosh laser treatment, massage therapy, a mini-massage tool and specialist neck garment which have helped his recovery and enabled him to start eating again.

As a darts lover who has played against several championship players, Tosh would love to get back into the sport.

"The treatment I've had at Katharine House Hospice is helping me get my life back. I'm hoping to get back to playing darts next year."

TRUSTEES' AND DIRECTORS' ANNUAL REPORT 2025

THE YEAR IN SUMMARY

This year has been extremely positive:

- ✓ We have delivered more care although to slightly fewer patients and families at 1,833 – 48 fewer than last year's high-water mark of 1,881.
- ✓ Inpatient admissions rose 20% to 200, the highest levels for a decade.
- ✓ Community services have increased significantly with respite and hospice at home hours up 58% to 10,135.
- ✓ The second year of the re-launched therapy and wellbeing services has seen very significant increases in activity with attendances and telephone support up 25% to 6,092 contacts.
- ✓ We have, with Douglas Macmillan Hospice and Compton Care, secured funding from the Integrated Care Board for the 24/7 advice line launched in January 2024.
- ✓ Vacancy levels have fallen to under 5% and there is an improved retention of staff.
- ✓ We have seen a further year of high income from gifts in wills.
- ✓ There has been a financial surplus of £553k.

Retail performance has not generated as much surplus, due mainly to increased wage costs resulting from Government minimum wage policies. Fundraising has also seen a reduction in both gross and net revenues.

As we leave the last financial year, the Trustees have decided to reinvest the surplus into maintaining our care services and making our infrastructure more robust, despite an expected deficit for the year. Key investments include:

- ✓ Increasing medical and counselling support to patients.
- ✓ Developing the people function within the Hospice.
- ✓ In 2025/26 we expect to carry out a number of capital works using the NHS England capital grant.
- ✓ In 2026/27 we expect to make a heavy investment in refurbishing the Inpatient Unit.

We look forward to 2025/26 being as successful as 2024/25.

INTRODUCTORY INFORMATION

1. Introduction

The directors of the charitable company Katharine House Hospice (the Charity) are its Trustees for the purpose of charity law and are pleased to present their annual report together with the consolidated financial statements of the Charity and its subsidiaries for the year ended 31 March 2025, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The company meets the requirements to prepare a 'strategic report', and this is included within the annual report comprising sections four to seven inclusive.

2. How we make a difference

2.1 Legal Purpose

Our Articles set out the objects for the Charity as being **to promote the relief of sickness and suffering**, in particular:

a) by the establishment of day or domiciliary care and to establish, maintain and manage a Hospice Hospital or Residential Home;

b) To promote the teaching or training of doctors, nurses, and other persons;

c) To provide counselling or spiritual help.

2.2 Our Mission

Our mission is that:

"We help local adults with complex, progressive illnesses from diagnosis to the end of life through free, high quality, specialist palliative care, advice and guidance and we support those close to them."

2.3 Our Services

In fulfilling its purpose Katharine House Hospice focuses on the provision of specialist palliative and end of life care. These services, described below, are free of charge and support people and their families affected by any progressive, life-limiting conditions.

Community Services

Services provided in the community include: a specialist nursing service providing advice to healthcare professionals in primary care; a healthcare assistant led, rapid response, hospice at home service providing hands on care and support to patients and families; a respite sitting service to support carers; and supporting a 24/7 advice line.

Wellbeing Programmes

Six-week programmes of advice, education, and support for patients, delivered one day a week. The programme is designed for patients earlier in the progression of their disease to learn about different aspects of their condition and to improve self-management, for example breathlessness, fatigue, or anxiety.

Inpatient Care

24-hour specialist inpatient care providing symptom control, terminal care or respite care is provided at the Hospice for up to eight patients, while the Hospice's consultant medical team support 10 dedicated palliative care beds at County Hospital in Stafford.

Lymphoedema Services

A specialist lymphoedema service provided to outpatients. At present this is a mixture of a telephone or teleconferencing service and face to face assessments and treatments.

Outpatient Services

In June 2023 we launched outpatient provision, enabling patients and families to access a wide range of services including: medical and specialist nursing advice, occupational and physio therapy, counselling, spiritual support and complementary therapy.

3. Charitable Income Generation

To ensure our services can be delivered at no charge the Charity carries out income generation activities to raise funds to support the work of the Charity, most notably fundraising, lottery, and retailing.

3.1 Approach to Fundraising

The Charity's fundraising activities are carried out by members of our community, volunteers, and paid members of our staff. Fundraising activities are monitored by our Income Generation Committee, including monitoring our compliance with the requirements of the Fundraising Regulator.

3.1.1 Fundraising Regulator

All charities with fundraising costs of £100,000 or more have been asked to pay an annual voluntary contribution to fund the Fundraising Regulator. Trustees are unable to ascertain the value of this expenditure to this organisation and have chosen not to do this.

We receive a weekly e-mail advising us of requests under the Fundraising Preference Service to no longer contact donors. In the last year we have received no such requests (2024: 0).

3.1.2 Fundraising Standards

The Charity conducts its fundraising in accordance with the best practice guidelines available, for example from the Fundraising Regulator's Codes of Practice and guidance from the Institute of Fundraising. We take a relationship-based approach to our fundraising and consider the needs of our supporters (and our beneficiaries) when undertaking all of our fundraising activities.

3.1.3 Fundraising Complaints

Fundraising complaints are considered by two Trustee Committees. In 2024/25 in relation to our fundraising activities the Charity received 3 general complaints (2024: 10 complaints), of which none related to the lottery (2024: 2). 2 were upheld in full, 1 was partially upheld, no complaints were not upheld and none had no determination (2024: 2 / 5 / 2 / 1). There were a number of upset donors who turned up for an outdoor Light up a Life event that had been cancelled due to storm Darragh. None of the complaints related to breaches of the Fundraising Code of Conduct. All were followed up swiftly and concluded in accordance with the Charity's complaints policy.

3.1.4 Vulnerable People

By working within the Fundraising Regulator's Codes of Practice and maintaining a relationship-based approach to our fundraising activities we endeavour to protect vulnerable members of our community. We have a policy in place regarding liaison with supporters who may be vulnerable.

3.1.5 Society Lottery

We have now outsourced the lottery operation to Local Hospice Lottery, which provides significant economies of scale allowing a much higher proportion of each player's contribution to come to support the work of the Charity. Local Hospice Lottery provide monthly reports on performance in relation to membership, attrition rates, and financial performance.

STRATEGIC REPORT

4. Key Strategies

We are in the third year of the Trustees 5 year corporate strategy. The key themes within this strategy are set out below with progress made highlighted.

4.1 Care

- Development of outpatient clinics for lymphoedema, consultations with doctors and clinical nurse specialists, occupational therapy, physiotherapy, counselling, complementary therapy, and wellbeing services. ***Completed with activity levels increasing significantly in year 3***
- Seven day a week access to a telephone helpline for patients, families, and healthcare professionals. ***Implemented***
- Guidance and educational resources for patients and families. ***Not progressed, but intend to pursue***
- Maintain an open and collegiate approach to collaboration and integration with other providers in the new Integrated Care Board. ***Commenced the 24/7 advice line with Compton Care and Douglas Macmillan Hospice***

- Explore with general practitioners how we can better collaborate to meet the needs of patients. ***Commenced contact with some GP practices – progress is difficult***
- Explore with other providers how we could share clinical resources within teams. ***Limited progress with other hospices***
- Engage in the development of integrated care records for people at end of life. ***Commenced and work ongoing, greater progress is expected with the implementation of a new clinical system at the Hospice in 2025***
- Work with other providers to enable rapid and effective transitions for patients into and out of our services. ***Limited progress***
- Target support for patients who deteriorate rapidly by supporting improved forward planning for patients at the end of life. ***Engaging on work within the integrated care system.***

During the year there was a comprehensive review of the care strategy, and the Board of Trustees approved a new five-year strategy.

4.2 Revenue Generation

- Continue to focus on medium to large retail stores, acquiring new sites where we have closed smaller units. ***One new shop opened***
- Develop collaboration on retailing with other charities. ***No progress, but continue to explore***
- In fundraising:
    - Adopt a data driven approach to decision making. ***Significant progress***
    - Improve nurturing activities for all donors. ***Commenced***
    - Develop an effective communications strategy for supporters, ***work has commenced on internal systems***
    - Improve our website's content and functionality. ***A comprehensive review of our website functionality has commenced***
    - Improve our social media content. ***There has been a considerable improvement in our on-line presence***
    - Emphasise securing gifts in wills and regular giving. ***Commenced and have appointed a dedicated person to support gift in wills.***

4.3 Support Services

4.3.1 People

- Develop an engaged workforce that is proud to work for Katharine House. ***Considerable work has been undertaken, a recent staff survey gained considerable engagement, although identified a significant cultural issue within retail***
- Disperse leadership within the organisation. ***Commenced***
- Move the leadership of the organisation onto a project-based approach. ***Implemented and the approach was reviewed and revised in year 3***
- Simplify the processes for managing people. ***Commenced, expected to progress in year 3 with the implementation of a new HR system***

- Review all HR practices to make them simpler, easier to follow, and more accessible to managers and staff. ***Commenced with ongoing work in year 3***
- Develop a plan that focusses on equality, diversity and inclusivity. ***No progress expected until year 5***
- Enhance our use of volunteers, ***we have added close to 100 hours within the retail operation, but a new approach needs to be developed, expected 2026.***

4.3.2 Marketing and Communications

- Change our tone of voice as an organisation, becoming bold and emotive: looking to inspire and inform our audiences by telling positive stories about our work. ***Completed and now ongoing***
- Be explicit about the symbiosis between our care services and our income generation. ***Completed and now ongoing***
- Change perceptions about hospice care. ***Commenced and ongoing***
- Ensure marketing and communications work is strategic and effective by implementing research and evaluation of campaigns and marketing activity. ***Significant headway has been made in year 3***
- Develop a one hospice approach. ***Significant progress***
- Work closely with other teams to ensure that stakeholders experience one hospice communicating with them. ***Significant progress***
- Review our brand identity, ensuring it is in line with how we want our audiences to perceive us and ensure we have a clear, bold visual identity. ***Completed***
- Build a more robust marketing & communications team. ***Completed.***

4.3.3 Information Technology

- Adopt a "Think cloud first" approach. ***More elements are moving to the cloud. The new clinical and HR systems will be cloud-based***
- Replace our clinical and HR systems. ***Clinical system and HR systems acquired, and implementation has commenced***
- Replace the telephone system. ***Completed***
- Introduce a system to help standardise our procedures, increasing compliance, reducing paperwork, and providing easier reporting. ***System acquired and first ten modules are up and running.***

5. Achievements and Performance

5.1 Summary of Main Achievements

The Hospice has strengthened its financial position, continued to develop its core services and invested in its income generation areas, in particular opening the larger, renovated Superstore in Stafford.

5.2 Progress with 2024/25 Objectives

The principal objectives for 2024/25 and progress against these are set out earlier and below.

5.2.1 Extend and develop our outpatients, therapies and wellbeing services

Activity has risen exponentially in the year to March 2025. Outpatient attendances rose by 163% to 844, although this was offset by a fall in home visits of 40% to 211; telephone calls to patients rose by 23% to 5,248; new initiatives for social activities were introduced, including Tai Chi and Relaxation classes; wellbeing attendances increased 8% to 188, although the numbers attending Fatigue, Anxiety, and Breathlessness sessions fell by 32% to 76; a new carers group was introduced seeing 67 carers; and the complementary therapies team saw 670 patients, an increase of 81%.

5.2.2 Increase provision of community services

Activity has increased in the hospice at home services with 10,135 hours of care being provided, up 3,718 hours (58%) on 2023/24.

The palliative care nurse specialists carried out 25 fewer home visits (2%) and 173 fewer telephone calls (4%), but more time was needed for the team to support the advice line.

5.2.3 Develop relationships within primary care

It has proved hard to develop engagement within primary care, but we have built relationships with several GP practices to trial a scheme for palliative patients to be contacted by the Hospice (with an option for patients to opt out) but this has not yet translated into additional referrals. We also engaged with practices over the development of the ICB palliative care strategy.

5.2.4 Review and revise our care strategy

There was an extensive review of our care strategy, resulting in a new 5 year strategy with 28 projects during this time to increase service delivery, improve quality, and strengthen governance.

5.2.5 Develop proposals for renovation of the inpatient unit

The board has approved an investment of up to £1.5m for the refurbishment of the inpatient unit. This will create 10 single bedrooms with ensuites and the enhancement of the working environment on the unit. Planning applications and tenders will be completed in 2025/26, with work expected to commence in spring 2026.

5.2.6 Secure at least one additional premises for retail

A site in Rugeley was secured and has opened in April 2025.

5.2.7 Commence the implementation of a new clinical system

The Charity has acquired SystmOne to replace the old clinical system which will no longer be GDPR compliant. The system has been launched in June 2025, and work has been delivered to design and structure the new system and to commence training of staff.

5.2.8 Implement a new system for managing incidents

An incident management system was launched in June 2024.

5.2.9 Implement a new system for managing risks

The main system was launched in quarter 4 for the management of all risk assessments, excepting those relating to individual people. A separate system was launched in April 2025 to handle these more sensitive risks, with more restricted access to each risk assessment.

5.3 How We Measured Performance and Success

The main measurements for success relate to increasing our provision of services – see section 5.4. Additional items routinely reported to Trustees include:

- Qualitative aspects of care services such as patient falls, medication errors, pressure ulcers
- Compliance with Care Quality Commission standards
- Health and safety data on accidents and incidents
- Data breaches
- Complaints and outcome of complaints
- Staffing levels against establishment
- Staff absence rates
- Staff turnover
- Compliance with Fundraising Regulator guidance

Financial information compares each department's performance against budget, in particular retail income and surplus, fundraising surplus, lottery surplus, statutory sector income, and net expenditure on care, support services and overheads.

5.4 2024/25 Charitable Activities

During 2024/25 the number of individual people we supported decreased slightly from 1,881 to 1,833.

A summary of some of the key metrics for our main services is set out in the following table – with some patients accessing services more than once and accessing multiple services.

Year ended	2025	2024	2023	2022	2021
Inpatient bed days	2,247	2,356	2,117	2,214	1,717
Inpatient admissions	200	167	147	125	125
Outpatient attendances / Home visits	1,055	672	163	Closed	Closed
Specialist nurse visits	1,302	1,327	1,283	1,286	486
Community care contacts	5,567	5,374	5,579	5,998	6,376
Lymphoedema treatments	1,920	1,853	1,667	1,404	514
Telephone/video calls	17,668	15,333	13,123	12,964	15,992
Counselling sessions	1,383	1,364	902	684	1,380
Carer / social support	1,109	355	172	23	0

5.5 Summary of Main Operational Challenges

Katharine House Hospice's patients live within the boundaries of the Staffordshire and Stoke-on-Trent Integrated Care Board (the ICB). Unfortunately, this ICB has very significant financial issues. Last year saw the first increase in our funding for a decade and at 1.7% this was wholly insufficient considering the 8.2% increase in our payroll costs. Additional one-off payments have supported the Hospice through this period and especially the Covid related grants received from NHS England. However, our expectations that a single NHS commissioner would see an improvement in the underlying funding arrangements seems unlikely to happen. There is an expectation that we will move from a grant to a contract, but this has been a slow process.

Public misconceptions and fear about death and dying, the nature of our services, and the work of hospices continue to create a barrier to patients accessing our services. It is unfortunate that too many families wish they had accessed our services earlier.

Continual changes and increasing requirements on a range of regulatory and compliance issues has meant senior management time is diverted to addressing legal requirements rather than improving our performance. The latest changes incorporate a raft of new legal requirements under employment law, and a new regime for providers registered with the Care Quality Commission.

Financial pressures continue to be created through government policies on minimum wage and this year the colossal increase in Employers' National Insurance contributions, which represent an unfunded increase in our costs in excess of £0.25 million.

We also experience retail landlords having unreasonable expectations on rents and a lack of suitably sized retail spaces to rent.

5.6 Summary of Key Objectives for 2025/26

The key objectives for the 2025/26 year are:

1. Complete the implementation of the new clinical system.
2. Procure and implement a new Human Resource system.
3. Identify another retail site.
4. Implement a telephony support programme for patients.
5. Commence an initiative to improve identifying and achieving patients' preferred place of care and death.
6. Continue preparatory work to support the planning and delivery of the Inpatient Unit refurbishment.
7. Expend the NHS England grant to improve IT support for care services, including an electronic prescribing module, improving physical access to our services, and supporting environmental initiatives.

6. Financial review

6.1 Factors Affecting Financial Performance

6.1.1 Review of factors affecting performance

The major factors within the control of the Charity are managed effectively, enabling the Trustees to move the Charity forward. There are sound systems for reviewing the quality and safety of patient care, financial performance, staff management and staff representation, staff and volunteer recruitment and induction, the protection and appropriate use of personal data and the management of health and safety.

There are a wide range of factors lying outside the direct control of the Charity.

6.1.2 The relationship with the Integrated Care Board (ICB)

£1.53m (26.8%) of the £5.7m needed to fund and operate the Charity comes from the NHS. The Trustees are disappointed that there has been no progress on palliative and end of life care when it appeared initially to be a high priority within the newly formed Staffordshire and Stoke on Trent ICB. The offer of a 2.15% uplift for 2025/26 is wholly inadequate.

6.1.3 Cost pressures

Wage inflation remains our biggest expenditure item, with substantial increases in both April 2023 and April 2024.

We continue to see unavoidable costs imposed on the Charity. Our costs are systematically driven up by the need to comply with legislative requirements with the major cost burden coming from increases to the National Minimum Wage. In April 2023 the minimum wage increased by 9.34% and the cost of a full-time employee by 10.2%. An increase in the

minimum wage of 9.7% in 2024 has an increasingly significant impact on our payroll costs. National Minimum Wage increases and Employers' National Insurance Contributions will result in an 11.3% increase in the costs of employment for those at the lowest end of our pay scales and 5.3% for the highest paid from April 2025.

6.1.4 Recruitment and retention

Recruitment and retention have improved significantly in the last year, with vacancies falling to 5% at 31 March 2025.

6.1.5 Competition

The external conditions for all income generation have become increasingly competitive, particularly in retail where more charity shops are competing for donations and customers, while commercial companies will pay former potential donors for goods they might otherwise have donated or persuade them to sell their items on-line.

National charities are adopting TV advertising as a means to attract increased gifts in wills. As a local hospice it is beyond our means to adopt this approach, but we have recently joined with other hospices through Hospice UK to develop a nationwide TV advertising campaign, which launched in February 2025.

6.1.6 Supplier issues

The Hospice has experienced unusual issues with the reliability of certain suppliers – in particular building contractors where there is a high demand for their services and rapid increases in their material costs. This is making it difficult to get quotations that have any longevity to enable comparisons and ensure best value for money.

6.1.7 Regulatory burden

The regulatory burdens on the Charity are extensive, burdensome, and costly, both financially and in staff time. Compliance with the Office for National Statistics requirements to provide data, anti-money laundering requirements, HMRC requirements on making tax digital, a new provider portal at the Care Quality Commission are a few examples of the regulatory burdens we have faced.

6.2 Charitable Income Generation

6.2.1 Performance and proportion of income raised spent on raising funds

In addition to raising funds, fundraising costs include managing the receipt, counting, banking of all donations, thanking all supporters, reclaiming Gift Aid on relevant donations, as well as supporting others to raise funds on our behalf. We received 12,703 donations (2024: 12,299) the smallest of which was ten pence and the largest was £50,000.

28 people left a gift in their will (2024: 30) and donated £1,177,967 (2024: £1,163,127); this will fund the care for 1 in 3 of our patients in the coming year.

The outsourced lottery contributed £337,044 (2024: £296,365) to the Hospice. The outsourcing has increased the proportion of players' funds that have supported the care provided by the Charity.

Income Source	Gross income £	Costs £	Net contribution £	% FR costs
Fundraising (Excl legacies and lottery)	919,933	347,156	572,777	37.7%
2024:	946,423	294,669	651,754	31.1%

6.2.2 Retail Performance

The strong performance of the retail operation has reversed in the last year. Staffordshire County Council did not renew the agreement to enable us to reuse items going into household waste. General revenues were depressed across most of our sites, whilst increases in the national minimum wage caused a significant growth in our operating costs.

Comparative figures for the last two years are provided below.

Year ended	2025 £	2024 £
Sale of donated goods	4,419,327	4,625,113
Trading income	268,340	305,840
Expenses	(3,806,846)	(3,653,217)
Net revenues	880,821	1,277,736
Gift aid on retail sales	340,388	325,297
Total contribution	**1,221,209**	**1,603,033**

6.3 Review of the Financial Accounts

The accounts for 2024/25 are prepared in accordance with the requirements of the Charities Statement of Recommended Practice (2019) (FRS 102).

6.3.1 Review of the financial position and main sources of funding

Key financial aspects of performance are:

Item	Change	Year ended 2025	2024
Legacy income	Increased by £14,840	1,177,967	1,163,127
Statutory Sector income	Increased by £156,902	1,531,815	1,374,913
Fundraising income	Decreased by £26,519	919,904	946,423
Lottery income	Increased by £40,679	337,044	296,365
Retail surplus	Decreased by £381,825	1,221,209	1,603,033
Charitable costs	Increased by £226,800	4,479,407	4,252,607

Statutory income benefitted from a contract to care for a single patient at £120,799.

Charitable cost increases reflect investments in a collaborative advice line, outpatient services, community care, medical services, and additional payroll costs as noted within the report.

The local Integrated Care Board has agreed to maintain the Charity's grant with an uplift for 2025/26.

Investments	Decreased by £2,980	626,535
Charitable Funds	Increased by £553,194	10,234,811
Free Reserves	Increased by £262,843	6,955,341

6.3.2 National Health Service (England) Capital Grant

The Hospice was in receipt of £98,012 as part of Hospice UK's distribution of a £25m grant from NHS England to be spent on capital works. This is the first of two tranches of funding. The Hospice used these funds for the following capital works:

1. The development of the SystmOne clinical system £73,350
2. The provision of laptops for the hospice at home team £19,620
3. The erection of a car park barrier to prevent unauthorised parking £13,377

The second tranche is for 2025/26 and £75m will be distributed to hospices.

6.3.3 Reserves policy

The free reserve funds of the Charity, excluding restricted funds, are calculated from the consolidated balance sheet as total net assets less fixed assets, creditors over one year, and provisions. These are summarised below.

The Trustees have established seven designated funds. Details of funds are contained in note 25 to the accounts.

The Trustees' reserves policy is that in order to fulfil the Charity's obligations to the communities it serves it is desirable for there to be unrestricted and undesignated funds (or free reserves) available as current assets, or investments, equivalent to six months' running costs of the Charity; the minimum reserves should be two months' running costs.

The free reserves stand at £6,955,341 (2024: £6,792,498) equating to 15 months operating costs for the Charity. The Trustees have approved a budget deficit of £736k for the financial year 2025/26 (after £380k of contingencies) to ensure the Charity can make progress against its strategy. Trustees are satisfied that the Charity has sufficient liquidity within the reserves to maintain the Charity's current operations over a medium term of three years in a normal operating environment.

Details of the funds held by the Charity are provided in note 25.

6.3.4 Going concern

When setting the 2025/26 budget the Trustees look at a further two year forecast and the implications on the Charity's reserves. At the time of setting the budget a surplus of £570k was predicted for 2024/25. The Trustees were therefore willing to allow an unusually high deficit in the budget to facilitate the continued development of the Charity and it services. Deficits forecasted after contingencies are:

£'000s	**2025/26 Budget**	**2026/27 Forecast**	**2027/28 Forecast**
Deficit	736k	880k	950k

The forecasts do not include planned increases in revenues from opening new shops and further recovery of income streams. The Hospice is investing its reserves in growing its current services and developing a more robust organisation.

6.3.5 Investment policy

The Memorandum of Association empowers the Trustees to invest the monies of the Charity as may be thought fit. During 2022, Trustees transferred the investment funds to abrdn plc and later in the year transferred some cash balances to abrdn to attract higher interest rates. Abrdn's discretionary fund management business has since been taken over by LGT Wealth Management UK LLP. The assets held are disclosed in note 18.

The primary objective of the investment portfolio is to provide capital growth over the medium term.

No funds have been added to or withdrawn from the investments for the last six years. Performance over this time is set out in the table below based on the portfolio market valuation at the relevant tax year end for 2020-2022 and financial year ends for 2023-2025.

At 31 March	2025	2024	2023	2022	2021	2020
Value (£000's)	627	629	574	601	584	499
Annual Growth %	-0.3	9.6	-4.5	2.9	17.0	-18.0

7. Principal Risks and Uncertainties

The Trustees have drawn up an assessment of key risks that they feel are important to consider in the management of the Charity. A structured methodology is in place for the assessment and management of risk. Static risks are usually reviewed annually, but dynamic risks are reviewed more frequently by the executive.

The principal risks and uncertainties faced by the Charity are:

- The effectiveness of the Staffordshire and Stoke-on-Trent Integrated Care Board.
- Government imposed increases in the operating costs, notably minimum wage increases and employers national insurance contributions, which have combined to add over 30% to the costs of employing staff.
- Difficulty in acquiring new, suitable retail premises.
- Overstretching of the managerial resource.

ADDITIONAL DISCLOSURES

8. Structure, Governance and Management

8.1 How the Charity is Constituted

Katharine House Hospice is a charity and company limited by guarantee. Its governing document is the Memorandum and Articles of Association of the company, which may be altered by a simple majority of voting members at an annual or extraordinary general meeting. This document was last amended on 28th November 2023.

8.2 Organisational Structure

Katharine House Hospice has two wholly owned subsidiaries.

- Katharine House Retail Limited (Registered company number 03949314), operates eBay, house clearances, sales in prisons, new goods, and merchandising activities.
- KH Promotions Limited (Registered company number 03295776), is dormant.

Katharine House Retail Limited gift aids its profits to the Charity.

Note 11 to the financial accounts summarises the performance of subsidiary companies; their accounts will be filed at Companies House.

KHH Development was dissolved in November 2024 and Embrace Quality Care in April 2025.

8.3 Decision-making Processes

8.3.1 Board of Trustees

The Trustees (who are also directors of the company) act through the Board of Trustees, which meets six times in each year. Additional meetings may be called from time to time. The Board oversees all strategic, tactical, and governance aspects of the Charity's operation and its future direction.

The Board delegates most of its functions to six committees, each with their own terms of reference. Governance is undertaken by each Trustee committee in their areas of responsibility, monitored by the Governance Committee and the Board of Trustees. These committees are:

1. Clinical
2. Income Generation and Engagement
3. Finance
4. Remuneration
5. People and Support Services
6. Governance

8.3.2 Management

The day-to-day operation of the Charity is delegated through the annual budget setting process to the Chief Executive and through him to the management teams. 6 senior executives form the Executive Team.

8.4 Trustees Appointment, Induction, and Support

Recruitment of Trustees is overseen by the Governance Committee. Consideration is given to the knowledge and skills desired of new Trustees in relation to the current skills and attributes of existing Trustees, the skills that are deficient on the Board, and the need to plan for succession of Trustees who are due to stand down.

Following a shortlisting process candidates are invited to attend a meeting with two current Trustees. The full Board must approve any initial appointment. At the AGM immediately after appointment Trustees are formerly elected and can serve for up to six years. Thereafter Trustees may stand for two further elections each for two year terms, but thereafter must stand down for a period of 11 months.

New Trustees receive a full induction and have a Trustee mentor who acts as a confidential advisor on Trustee issues. They have the option to spend time in key areas, for example, care and retail.

Training for Trustees is provided on an ad hoc basis, although trustees are expected to complete a number of online courses, for example on safeguarding and Data Protection.

Every three years appraisals take place for Trustees and for the full Board.

9. Other Relevant or Required Disclosures

9.1 Vital Volunteer Support

Katharine House Hospice simply would not exist without the volunteers who were so heavily involved in the Charity's inaugural steering committee and we would not be able to provide the quality and variety of services we do without the ongoing passion, time and commitment of this amazing group of people who have continued to support the Charity.

At 31 March 2025 we had a total of 305 volunteers supporting the Charity (2024: 311). During the year 18 volunteers stopped volunteering (2024: 57). During the year volunteers are estimated to have provided 47,281 hours of support (2024: 49,475), a decrease of 2,194 hours.

Our volunteers, who vary in age from young people on Duke of Edinburgh schemes to some over 80 years, bring with them a diverse set of life experience, passion and enthusiasm. We are immensely proud and appreciative of all of our volunteers and have large numbers who have completed and have been recognised for long service (in excess of 5 years). During 2024/25 23 of our volunteers were acknowledged for long service (2024: 52): including 1 for 30 years, 2 for 25 years, and 1 for 20 years of service.

9.2 Charity Governance Code

The Trustees are aware of the new guidance issued by the Charity Commission and during the year have commenced a review of this guidance to identify appropriate actions to improve the governance of the Charity.

Trustees commissioned a self assessment of performance on governance from an external company. The Charity received the report in March, which showed a close alignment between the Trustees and the executives in terms of governance progress. The main area of concern is equality, diversity and inclusivity where more progress can be made.

9.3 Relationships with Other Organisations

Katharine House Hospice is an independent charity, but is affiliated to or has connections with a number of organisations. These are: the local council for voluntary services – Support Staffordshire; the National Association of Hospice Fundraisers; and Katharine House Hospice is a member of Hospice UK.

Katharine House Hospice's care services are regulated by and registered with the Care Quality Commission.

Katharine House has a number of shared posts with the University Hospitals of North Midlands NHS Trust.

The Charity is funded by NHS England to provide in-reach services to two local prisons and to support local care homes in the delivery of palliative and end of life care.

The Charity has developed a 24/7 advice line in partnership with Douglas Macmillan Hospice in Stoke, and Compton Care in Wolverhampton covering the Staffordshire and Stoke-on-Trent Integrated Care Board. Katharine House funds our partners for the provision of these services, which is the most cost-effective way of delivering this service. From April 2025 this service is expected to be funded by the ICB.

The Charity seeks to develop relationships with other providers and charities in the furtherance of its objectives.

9.4 Related Parties

None of our Trustees receive remuneration or other benefit from their work with the Charity. There are a number of connected entities associated with Trustees and executives and these are disclosed in full in note 27 to the accounts.

Two Trustees are employees of the University Hospitals of North Midlands Trust. Katharine House jointly funds posts with, or contracts in services from, this trust. Decisions in relation to these posts either pre-date the appointment of the Trustee or the Trustee has declared an interest in the decision and been absent when any such decisions have taken place. The relevant Trustees have taken no part in the contract negotiations.

9.5 Pay Policy for Senior Staff

The Trustees and the executive management team comprise the key management personnel of the Charity collectively setting the strategy, policies, and governance framework for the Charity and the executive team directing, controlling, and operating the Charity on a day-to-day basis. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in note 10 to the accounts and were nil (2024: Nil).

The pay of all staff is reviewed annually by the Remuneration Committee comprising Trustees and the Chief Executive and on an ad hoc basis as and when it is felt appropriate to adjust salaries. The Committee seeks to balance fairness and equity in the pay of staff for the roles performed, against affordability for the Charity. For positions where recruitment is more difficult higher wages may be offered. Certain groups of staff – in particular nursing and care staff – have structured pay scales that are broadly commensurate with similar roles in the NHS Agenda for Change pay scale.

The Chief Executive's pay is determined by Trustees at a full Board meeting.

The Remuneration Committee is empowered to award discretionary payments to staff for exceptional performance; however this is rare. No awards (excepting acting up allowances) were made in the year under review (2024: 0). No staff are on bonus schemes.

Staffing levels, redundancy costs, pensions and emoluments are detailed in notes 12, 13 14, and 15 to the accounts.

9.6 Employment Policy

Katharine House seeks to be an equal opportunities employer. The nature of some of the tasks required to be done in retail and care (the two largest employment sectors of the Charity) make it difficult to employ people with significant physical disabilities. All positions are open to people with a range of mental health issues. We do not record and maintain comprehensive data on employees with disabilities. Only when the organisation has a need to know do we keep such records, for example where we have a duty of care as an employer. We are therefore only able to report on the minimum numbers of people with disabilities known to us.

We provide a free and confidential advice line to all employees, but as this is confidential we have no data on levels of access.

The Charity is required to report its pay arrangements under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The following table provides a summary.

As at:	April 2025	April 2024	April 2023	April 2022	April 2021	April 2020
Mean gender pay gap	- 0.19	- 0.36	+ 7.56	- 0.14	- 3.78	- 12.17
Median gender pay gap	- 8.03	- 7.72	- 2.56	- 4.19	- 12.2	- 3.45

The mean gender pay gap has moved to a neutral position. The median gender pay gap is negative, showing the median pay for women is 8% higher than for men.

10. Public Benefit Statement

All services provided by Katharine House Hospice are provided free of charge to patients and families; Trustees consider that all this activity is, in its entirety, charitable. In providing access to these services, the Trustees have sought to ensure that the only considerations are: the appropriateness of meeting the needs of each patient; the capacity to meet this need; and the safety and welfare of all patients.

In making decisions in relation to the delivery of current services, the proposed development of new services, and the use of the Charity's funds, the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

11. Reference and Administrative Details

Charity Name:	Katharine House Hospice
Charity Registration:	1011712
Incorporation:	Company Limited by Guarantee
Company Number:	02700516
Date of Incorporation:	25th March 1992

Registered Office:	Weston Road, Stafford, ST16 3SB The Registered Office is also the principal address of the Charity

Trustees and Directors and Key Management Personnel:

The Directors of the Charity are its Trustees for the purpose of charity law. The Trustees and Officers serving during the year and since the year end were as follows:

Trustees:	Mr P R Catchpole	Chairman
	Dr M Bland	
	Mrs A J Brooke	(appointed 2 July 2024)
	Mrs A J Cape	(term ended 27 November 2024)
	Mrs J C Clarke	
	Dr Z Din	
	Mr F A Gaffney	
	Mr J R Harley	(resigned 16 August 2024)
	Mrs S J Harris	
	Dr R G M Hughes	
	Mr A P Jeffries	
	Mr S P Kirwan	
	Mr B W J Phillips	
	Mr A S Porter	
	Mrs H E Reeves	(appointed 24 July 2024)
	Mr M R Smith	

Company Secretary:	Mr S P Kirwan
Registered Manager:	Mr D Fletcher
Officers:	
Director of Care:	Mr D Fletcher
Medical Director:	Dr C Bruckner-Holt
Chief Executive:	Dr R T Soulsby
Deputy Chief Executive:	Miss L M Taylor
Retail General Manager:	Mr S Dodd
Director for People:	Mrs C Poole (appointed 10 November 2024)

Auditor / Accountants:	**Crowe U.K. LLP** Black Country House, Rounds Green Road, Oldbury, West Midlands B69 2DG
Investment Brokers:	**LGT Wealth Management UK LLP** Fourteen Cornhill, London, EC3V 3NR
Bankers:	**Lloyds Bank Plc** Market Square, Stafford, ST16 2JL

12. Responsibilities in Relation to the Financial Statements

The Board of Trustees is required to prepare financial statements which give a true and fair view of the state of affairs of the Charity and Group at the end of the financial year and of the income and expenditure of the Charity and Group for the year ending on that date. In preparing those financial statements, the Board of Trustees is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Trustees is also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act 2006. Trustees are also responsible for safeguarding the assets of the Charity and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2019).

13. Statement as to Disclosure to our Auditors

The Trustees will recommend to members the re-appointment of our present auditors Crowe U.K. LLP.

In so far as the Trustees are aware at the time of approving our Trustees' Annual Report and Strategic Report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the Group's auditor is unaware, and
- Having made enquiries of fellow Trustees and the Group's auditor that they ought to have individually taken, they have each taken all steps that he/she is obliged to take as a Trustee in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

14. Approval

The Board of Trustees formally approved their Annual Report and, as Company Directors, approved the Strategic Report contained therein on 23rd July 2025.



Peter Catchpole
Chairman, Katharine House Hospice

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KATHARINE HOUSE HOSPICE

Opinion

We have audited the financial statements of Katharine House Hospice (the "charitable company") and its subsidiaries (the "Group") for the year ended 31 March 2025 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows and the 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 the charitable company's affairs as at 31 March 2025 and of the 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; 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 Group 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 Trustee's 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 Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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 our 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 strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Trustees' 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:

- the parent company has not kept adequate accounting records; or
- the parent company 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 Trustees' responsibilities statement, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102) and the Companies Act. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The key laws and regulations we considered in this context were CQC regulations, Gambling Commission legislation, General Data Protection Regulation, health and safety legislation and employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of grant and legacy income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and Remuneration Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, income testing on a sample basis, reviewing accounting estimates for biases, reviewing any regulatory correspondence and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not

responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: 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.



Helen Blundell LLB FCA FCIE DCHA (Senior statutory auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 24 November 2025

Katharine House Hospice
Consolidated Statement of Financial Activities
Including Income and Expenditure Account
For the Year Ended 31 March 2025

	Note	Unrestricted £	Restricted £	2025 Totals £	Unrestricted £	Restricted £	2024 Totals £
INCOME							
Donations and legacies	(3)	2,249,130	89,175	2,338,305	2,235,875	81,843	2,317,718
Other trading activities	(4)	5,124,694	--	5,124,694	5,344,447	--	5,344,447
Charitable activities	(5)	1,256,501	275,314	1,531,815	1,539,932	145,658	1,685,590
Investments	(6)	245,232	--	245,232	177,044	--	177,044
Other income	(7)	3,996	--	3,996	23,277	533	23,810
Total Income		**8,879,553**	**364,489**	**9,244,042**	**9,320,575**	**228,034**	**9,548,609**
EXPENDITURE							
Raising funds	(8)	4,201,193	--	4,201,193	3,960,465	--	3,960,465
Charitable activities	(8)	4,196,881	280,526	4,477,407	4,029,505	223,102	4,252,607
Total Expenditure		**8,398,074**	**280,526**	**8,678,600**	**7,989,970**	**223,102**	**8,213,072**
Net (losses)/gains on investment assets	(18)	(12,248)	--	(12,248)	33,102	--	33,102
Net income / (expenses) before provisions		**469,231**	**83,963**	**553,194**	**1,363,707**	**4,932**	**1,368,639**
Provision for deferred tax	(23)	--	--	--	(5,969)	--	(5,969)
Gross transfers between funds	(25)	95,514	(95,514)	--	--	--	--
Net Movement in Funds		**564,745**	**(11,551)**	**553,194**	**1,357,738**	**4,932**	**1,362,670**
RECONCILIATION OF FUNDS							
Fund balances brought forward		9,576,955	104,662	9,681,617	8,219,217	99,730	8,318,947
Fund Balances Carried Forward	(25)	**10,141,700**	**93,111**	**10,234,811**	**9,576,955**	**104,662**	**9,681,617**

The consolidated statement of financial activities includes all gains and losses recognised in the year. All income and expenditure is derived from continuing activities.

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

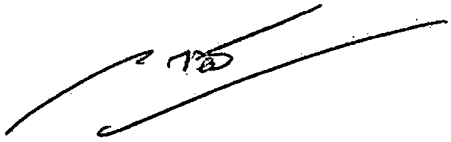
The Hospice's accounts comprises a net surplus for 2025 of £558,194 (2024: surplus £1,362,670).

Katharine House Hospice
(Registered number: 02700516)
Consolidated Balance Sheet
At 31 March 2025

	Note	Unrestricted Funds £	Restricted Funds £	2025 Total Funds £	Unrestricted Funds £	Restricted Funds £	2024 Total Funds £
FIXED ASSETS							
Tangible assets	(16)	3,113,009	--	3,113,009	2,884,457	--	2,884,457
Intangible assets	(17)	73,350	--	73,350	--	--	--
Investments	(18)	626,535	--	626,535	629,515	--	629,515
		3,812,894	**--**	**3,812,894**	**3,513,972**	**--**	**3,513,972**
CURRENT ASSETS							
Debtors	(19)	622,117	--	622,117	686,723	--	686,723
Stock	(20)	1,524	--	1,524	1,186	--	1,186
Cash at bank and in hand		6,680,246	93,111	6,773,357	5,968,278	104,662	6,072,940
		7,303,887	**93,111**	**7,396,998**	**6,656,187**	**104,662**	**6,760,849**
CREDITORS Amounts falling due within one year	(21)	(872,248)	--	(872,248)	(493,204)	--	(493,204)
NET CURRENT ASSETS		**6,431,639**	**93,111**	**6,524,750**	**6,162,983**	**104,662**	**6,267,645**
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,244,533**	**93,111**	**10,337,644**	**9,676,955**	**104,662**	**9,781,617**
PROVISIONS	(23)	(102,833)	--	(102,833)	(100,000)	--	(100,000)
TOTAL NET ASSETS		**10,141,700**	**93,111**	**10,234,811**	**9,576,955**	**104,662**	**9,681,617**
REPRESENTED BY:							
Restricted funds	(25)	--	93,111	93,111	--	104,662	104,662
Designated funds	(25)	666,000	--	666,000	596,000	--	596,000
Unrestricted funds	(25)	9,475,700	--	9,475,700	8,980,955	--	8,980,955
		10,141,700	**93,111**	**10,234,811**	**9,576,955**	**104,662**	**9,681,617**

The Trustees acknowledge their responsibilities for complying with the requirements of the Charities Act with respect to accounting records and preparation of financial statements.

Approved by the Board of Trustees meeting on 23 July 2025 and signed on its behalf by:-





B W J Phillips
Treasurer

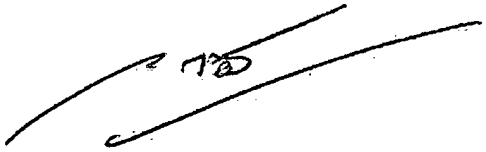
P R Catchpole
Chairman

Katharine House Hospice
(Registered number: 02700516)
Company Balance Sheet
At 31 March 2025

	Note	Unrestricted Funds £	Restricted Funds £	2025 Total Funds £	Unrestricted Funds £	Restricted Funds £	2024 Total Funds £
FIXED ASSETS							
Tangible assets	(16)	3,113,009	--	3,113,009	2,884,457	--	2,884,457
Intangible assets	(17)	73,350	--	73,350	--	--	--
Investments	(18)	626,535	--	626,535	629,515	--	629,515
Investment in Group	(18)	102	--	102	602	--	602
		3,812,996	**--**	**3,812,996**	**3,514,574**	**--**	**3,514,574**
CURRENT ASSETS							
Debtors	(19)	866,586	--	866,586	1,012,545	--	1,012,545
Cash at bank and in hand		6,347,248	93,111	6,440,359	5,562,348	104,662	5,667,010
		7,213,834	**93,111**	**7,306,945**	**6,574,893**	**104,662**	**6,679,555**
CREDITORS Amounts falling due within one year	(21)	(777,297)	--	(777,297)	(412,512)	--	(412,512)
NET CURRENT ASSETS		**6,436,537**	**93,111**	**6,529,648**	**6,162,381**	**104,662**	**6,267,043**
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,249,533**	**93,111**	**10,342,644**	**9,676,955**	**104,662**	**9,781,617**
PROVISIONS	(23)	(102,833)	--	(102,833)	(100,000)	--	(100,000)
TOTAL NET ASSETS		**10,146,700**	**93,111**	**10,239,811**	**9,576,955**	**104,662**	**9,681,617**
REPRESENTED BY:							
Restricted funds	(25)	--	93,111	93,111	--	104,662	104,662
Designated funds	(25)	666,000	--	666,000	596,000	--	596,000
Unrestricted funds	(25)	9,480,700	--	9,480,700	8,980,955	--	8,980,955
		10,146,700	**93,111**	**10,239,811**	**9,576,955**	**104,662**	**9,681,617**

The Trustees acknowledge their responsibilities for complying with the requirements of the Charities Act with respect to accounting records and preparation of financial statements.

Approved by the Board of Trustees meeting on 23 July 2025 and signed on its behalf by:-





B W J Phillips
Treasurer

P R Catchpole
Chairman

Katharine House Hospice
Consolidated Statement of Cash Flow
For the Year Ended 31 March 2025

RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS		2025 £	2024 £
Net movement in funds		553,194	1,362,670
Net movement in provisions		2,833	105,969
Depreciation		169,886	147,338
Amortisation		--	--
Loss / (gain) on investment assets		12,248	(33,102)
Dissolvement of Embrace Quality Care Limited		3,845	(5,000)
Income from fixed asset investment	Note i	(206,627)	(161,554)
Interest received	Note i	(38,605)	(15,490)
Gain on disposal of fixed assets		--	(500)
Decrease in debtors		64,606	686,000
(Increase)/decrease in stock		(338)	2,010
Increase/(decrease) in creditors		379,044	(244,630)
Net cash inflow from operating activities		**940,086**	**1,843,711**

CASH FLOW STATEMENT			
Net cash provided by operating activities		940,086	1,843,711
Returns on investments and servicing of finance	Note i	245,232	177,044
		1,185,318	2,020,755
Purchase of fixed assets	Note i	(485,493)	(1,127,880)
Increase in cash		**699,825**	**892,875**

Katharine House Hospice
Notes to the Consolidated Statement of Cash Flow
For the Year Ended 31 March 2025

NOTE i TO THE CASH FLOW STATEMENT

		2025 £	2024 £
Returns on investments and servicing of finance			
Income from investment portfolios	**Note 6**	17,608	32,152
Income from liquidity fund	**Note 6**	189,019	129,402
Total income from fixed asset investments		206,627	161,554
Other interest received	**Note 6**	38,605	15,490
		245,232	177,044
Sale and purchase of fixed assets			
Purchase of tangible fixed assets	**Note 16**	(398,438)	(1,108,725)
Purchase of intangible fixed assets	**Note 17**	(73,350)	--
Sale proceeds of tangible fixed assets		--	500
Purchase of fixed asset investments	**Note 18**	(17,605)	(20,455)
Proceeds of sale of fixed asset investments	**Note 18**	3,900	800
		(485,493)	(1,127,880)

NOTE ii TO THE CASH FLOW STATEMENT - Reconciliation of Net Cash Flow to Movement in Net Funds

Net cash inflow	699,825	892,875
Change in net funds in the year	699,825	892,875
Net funds at 1 April	6,073,679	5,180,804
Net funds at 31 March	**6,773,504**	**6,073,679**

NOTE iii TO THE CASH FLOW STATEMENT - Analysis of changes in net funds

	As at 1 April 2024	Cash Flows	As at 31 March 2025
Cash in hand and at bank	6,072,940	700,417	6,773,357
Cash in fixed asset investments	739	(592)	147
TOTAL	**6,073,679**	**699,825**	**6,773,504**

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Katharine House Hospice meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared by the Trustees to give a 'true and fair' view and on a going concern basis under the historical cost convention as modified by the revaluation of investments. The financial statements are prepared in sterling which is the functional currency of the Charity and rounded to the nearest pound. The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

b) Going Concern

The Charity reported a consolidated cash inflow of £699,825 for the year (2024: £892,875) and has cash reserves of £6,773,357 (2024: £6,072,940).

In March the Board approved a deficit budget for the period 2025/26 to 2027/28, these budgets have taken account that investments in services will be taken from the surpluses made in the last 3 years. Trustees consider that the levels of reserves are sufficient to ensure that the Hospice is a going concern in the middle term.

c) Branch Accounting

There exist a small number of support groups within the community, raising awareness about and funds to support the work of Katharine House Hospice. Under the SORP, Trustees consider these to be branches of Katharine House Hospice but consider the expense involved in accounting for these groups on a full accruals basis and auditing these accounts to be unwarranted in relation to the size of the funds generated.

d) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably. The Charity receives income from different sources: -

i) Fundraising Income

Fundraising income is income received as a result of time taken by fundraisers in organising fundraising events, soliciting donations and arranging for donations to be made to the Charity. Unsolicited gifts are classed as voluntary donations and are included in this section. Further details to this income are shown in note 3.

ii) Legacy Income

Legacies are treated as voluntary donations. Entitlement to legacy income is taken as the earlier of receipt or notification that a distribution will be made by the executor. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution.

1. ACCOUNTING POLICIES (Cont.)

d) Income (cont.)

iii) Other Trading Income

A breakdown of income is shown in note 4.

KH Promotions is a subsidiary company operating a society lottery, the operation of this lottery was transferred over to Local Hospice Lottery Ltd at the end of June 2022 and is now dormant.

Historically KHH Development provided a management consultancy services to other charities but became dormant during the financial year 2022/23 and was struck off during the financial year 2024/25.

Katharine House Retail sold donated goods through E-bay sales and the prison outlets and any new goods sold through the shops. The company also acted as an agent for the selling of donated goods that are gift aided to the Hospice. In addition, the company operated a house clearance service. Donated goods refer to items donated to the Hospice for resale through the charity shops. The income from these items is recognised at the point of sale. Any stocks of donated goods held at the financial year end are not attributed a value as it is not practical or otherwise economical to do this.

iv) Charitable Activities

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred. Further details regarding statutory sector grant income received by the Charity are set out in note 5.

v) Donated Goods

Donated goods refer to items donated to the Hospice for resale through the charity shops. The income from these items is recognised at the point of sale. Any stocks of donated goods held at the financial year end is not attributed a value as it is not practical or otherwise economical to do this.

vi) Investment Income

Investment income includes dividends and interest on funds held on deposit. This income is included when receivable and the amount can be measured reliably by the Charity. Further details regarding investment income received by the Charity are set out in note 18.

vii) Fees and Other Income

The breakdown of this is shown in note 7. This includes miscellaneous which is other income charges for use of facilities and services. This income is included when receivable and the amount can be measured reliably by the Charity.

e) Donation of Assets

Gifts of tangible assets are included in these accounts at an estimated valuation which approximates to cost. Donations are included in the income and expenditure account as such, and in the balance sheet under the appropriate headings.

f) Expenditure and Irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

1. ACCOUNTING POLICIES (Cont.)

f) **Expenditure and Irrecoverable VAT (Cont.)**

i) Costs of raising funds

These include the expenditure on operating the retail charity shops, fundraising to generate donations and to record and thank donors and the costs associated with managing the investment portfolio (including brokerage costs). The consolidated accounts detail the cost of carrying out subsidiary operations and additional retail activity, the surplus from these activities is donated to the Charity.

ii) Expenditure on charitable activities

Expenditure on charitable activities includes the expenditure incurred to operate the Hospice services, including the overheads of the Charity and the cost of governance.

iii) Irrecoverable VAT

Irrecoverable VAT is written off in the year it is recognised as such and recorded as a cost to that activity.

g) **Basis for the Allocation of Costs**

i) Direct costs

Where possible costs are charged directly to one of the primary services of the charity.

ii) Support costs

Overhead costs are those that support the primary services of the Charity but also other functions. These are allocated on the basis of fair usage of the relevant overhead or otherwise apportioned on the basis of cost. Overheads are allocated directly to primary services, governance, fundraising and trading activities rather than allocating or apportioning costs to other support and overhead functions.

h) **Tangible Fixed Assets and Depreciation**

Tangible fixed assets are stated at cost less depreciation. Capital items in excess of £5,000 are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over their expected useful lives on the following bases:-

Land	0%	
Freehold buildings	2%	straight line basis
Refurbishments to leasehold buildings	7%	straight line basis
Leasehold buildings	10-33%	straight line basis
Equipment, furniture and vehicles	20%	straight line basis
General IT equipment	20-50%	straight line basis

i) **Intangible Fixed Assets and Amortisation**

Intangible fixed assets are stated at cost less amortisation. Capital items in excess of £5,000 are capitalised.

Amortisation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over their expected useful lives on the following bases:-

Software	20%	straight line basis

1. ACCOUNTING POLICIES (Cont.)

j) Investments

Fixed asset investment in quoted shares, traded bonds and similar investments are valued initially at cost and subsequently at fair value (their market value) at year end, with this movement being shown in the Statement of Financial Activities. The same treatment is applied to unlisted investments including investments with subsidiaries, unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

k) Stock

Stock is the value of Christmas card stocks held for sale stated at the lower of cost and net realisable value.

l) Debtors

Trade and other debtors are recognised at the settlement amount due after trade discounts have been applied. Subsequently they are measured at the cash or other consideration expected to be received. Prepayments are valued at the proportionate amount pre-paid relating to future accounting periods at the balance sheet date.

m) Cash

Cash at bank and cash in hand includes all operating cash held and immediately available for the Charity's use. In addition to this there is cash sitting within the investment portfolio and the investment liquidity fund.

n) Creditors

Creditors are recognised where the Charity has a present obligation arising from a past event that will probably result in a transfer of funds to a third party and the amount to be transferred can be reliably determined.

o) Payments on Account

Payments on account is income received but at the balance sheet date the Charity has no legal entitlement to the funds, in particular donor's money held by the retail company, which donors are yet to confirm may be donated to the Charity and lottery players who have paid in advance of future draws.

p) Deferred Income

Income received prior to an event which would be returnable if the event does not occur is deferred until the event has occurred.

q) Pensions

The Charity operates a number of employee pension schemes. Further details regarding the schemes operated are set out in note 15 of these accounts. Contributions payable for the year are charged in the income and expenditure account.

r) Fund Accounting

General Funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity. Designated funds are unrestricted funds of the Charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be used solely for particular areas of the Charity's work. Note 25 provides further explanation behind the restricted and designated funds.

s) Dilapidation Provision

A provision has been made for dilapidations obligations as set out in the operating lease agreements. The dilapidation provision is calculated on a straight-line basis over the course of the lease.

1. ACCOUNTING POLICIES (Cont.)

t) Operating Leases

Rental applicable to operating leases where the ownership remains with the lessor and the expenditure is charged to the income and expenditure account on a straight-line basis over the period of the lease.

u) Method of Consolidation

The financial statements consolidate the accounts of Katharine House Hospice and all its subsidiary undertakings using the acquisition method.

v) Deferred Taxation

Deferred tax is provided in full on timing differences which represents 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 or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax is now provided on timing differences arising from accelerated capital allowances as in accordance with SORP (FRS 102). Deferred tax assets and liabilities are not discounted.

w) Volunteers

The Charity benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in the annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

2. LEGAL STATUS OF THE CHARITY

The Charity is registered with the Charity Commission in England and Wales (registered number 1011712) and is incorporated in England and Wales as a Company Limited by Guarantee and does not have share capital. Each member of the company has undertaken to contribute to the assets of the company in the event of it being wound up while s/he is a member, or within one year after s/he ceases to be a member, for payment of the debts and liabilities of the company contracted before s/he ceases to be a member such amount as may be required not exceeding £1. Each member pays a subscription fee annually. Income from membership is the annual subscription.

3. DONATIONS AND LEGACIES INCOME

Hospice & Group	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Income Sources						
Donations from society lottery	337,044	--	337,044	296,365	--	296,365
Other donations	607,668	18,583	626,251	663,658	9,639	673,297
Trusts and grant giving bodies	61,591	51,282	112,873	40,266	72,010	112,276
Gift aid on donations	82,474	--	82,474	71,415	--	71,415
Legacies	1,158,657	19,310	1,177,967	1,162,933	194	1,163,127
Other sources	1,696	--	1,696	1,238	--	1,238
	2,249,130	**89,175**	**2,338,305**	**2,235,875**	**81,843**	**2,317,718**

The Hospice recognises the residual benefit of two estates as at 31.03.25, which the value outstanding has been approximately valued at £398k. One of these estates consisted of two trusts which had a life interest, one of which was realised in 2021, the date of realisation of the other fund is not known. In addition to these two estates there is approximately £577k legacies which have been notified to the charity before 31.03.25, but have not been recognised as income in the year as they do not meet the Hospice's income recognition criteria.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Hospice						
KH Promotions Ltd	--	--	--	--	--	--
KH Retail Ltd	30,688	--	30,688	51,791	--	51,791
Sale of Donated Goods	4,419,327	--	4,419,327	4,625,113	--	4,625,113
Gift Aid on Sale of Goods	340,388	--	340,388	325,297	--	325,297
Fundraising Events	96,639	--	96,639	88,197	--	88,197
	4,887,042	**--**	**4,887,042**	**5,090,398**	**--**	**5,090,398**
Group						
KH Promotions Ltd	--	--	--	--	--	--
KH Retail Ltd	268,340	--	268,340	305,840	--	305,840
Sale of Donated Goods	4,419,327	--	4,419,327	4,625,113	--	4,625,113
Gift Aid on Sale of Goods	340,388	--	340,388	325,297	--	325,297
Fundraising Events	96,639	--	96,639	88,197	--	88,197
	5,124,694	**--**	**5,124,694**	**5,344,447**	**--**	**5,344,447**

5. INCOME FROM CHARITABLE ACTIVITIES

Income from charitable activities incorporates receipts of income from statutory agencies, whether as grants or contracts and fees received for the provision of the Charity's services. Trustees are pleased to report that the Integrated Care Board have continued commitments to fund the Hospice's work.

Hospice		Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Integrated Care Board							
Grants	(a)	1,245,063	--	1,245,063	1,224,257	--	1,224,257
Pension Rebate	(b)	--	27,046	27,046	--	26,591	26,591
National Health Service England							
Capital Grant	(c)	--	98,012	98,012	--	--	--
NHS England							
Prison Services Contract	(d)	--	29,457	29,457	--	16,073	16,073
Specific contract income	(e)	--	120,799	120,799	--	86,873	86,873
Stafford Borough Council	(f)	3,500	--	3,500	3,500	--	3,500
Other Fee Income	(g)	7,938	--	7,938	1,499	16,121	17,620
Income from Charitable Activities		**1,256,501**	**275,314**	**1,531,815**	**1,229,256**	**145,658**	**1,374,914**
Group							
Hospice - as above		1,256,501	275,314	1,531,815	1,229,256	145,658	1,374,914
Embrace Quality Care		--	--	--	310,676	--	310,676
Group Income from Charitable Activities		**1,256,501**	**275,314**	**1,531,815**	**1,539,932**	**145,658**	**1,685,590**

5. INCOME FROM CHARITABLE ACTIVITIES (Cont.)

(a) A one year recurring conditional grant the value of which is derived annually.

(b) The Hospice is in receipt of an annual rebate from the Department of Health, paid through the Integrated Care Board (ICB), to cover the increased costs to the employer of the NHS pension scheme.

(c) The Hospice was in receipt of £98,012 as part of the Hospice UK's distribution grant from NHS England to be spent on capital works. This is the first of two tranches. The second tranche is for 2025/26 and £75m will be distributed to hospices.

(d) A contract with NHS England for the provision of in-reach services to HMP Stafford and HMP YOI Drake Hall for prisoners at end of life.

(e) Staffordshire and Stoke-on-Trent payments for named patients who received services delivered by the Hospice beyond the intentions of the primary grant.

(f) A one year recurring service level agreement.

(g) The main object of the Charity is to provide home care, day care and inpatient care to people in mid-Staffordshire in need of specialist palliative care. The Charity makes no charge for the provision of these services. A subsidiary object is to provide training, education and other resources for those involved in the provision of specialist palliative care services. To this end medical and nursing students from universities have paid placements at the Hospice.

In addition the Hospice has received non-recurring grants from local councils for specific objectives, as described below.

	2025	2024
	£	£
Brocton Parish Council for IPU service	70	--
Brocton Parish Council for Lymphoedema equipment	100	--
Cannock Wood Parish Council for Hospice At Home service	100	250
Eccleshall Parish Council for IPU service	456	--
Eccleshall Parish Council for Lymphoedema equipment	--	500
Gnosall Parish Council for IPU service	300	--
Ingestre with Tixall Parish Council for IPU service	44	--
Rugeley Town Council for Therapy & Wellbeing Centre	500	--

6. INVESTMENT INCOME

All investment income is unrestricted and comprises:

	Company		Group	
	2025	2024	2025	2024
	£	£	£	£
Bank interest	38,605	15,490	38,605	15,490
Interest from investments	703	18,080	703	18,080
Dividends from portfolio	17,608	20,465	17,608	20,465
Dividends from liquidity fund	188,316	111,322	188,316	111,322
Misc income from liquidity fund	--	11,687	--	11,687
	245,232	**177,044**	**245,232**	**177,044**

7. OTHER INCOME

	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Hospice						
Miscellaneous	3,996	--	3,996	23,277	533	23,810
	3,996	**--**	**3,996**	**23,277**	**533**	**23,810**
Group						
Miscellaneous	3,996	--	3,996	23,277	533	23,810
	3,996	**--**	**3,996**	**23,277**	**533**	**23,810**

8. EXPENSE ANALYSIS

	Note	Direct Staff £	Other Costs Direct £	Deprec-iation £	Allocated Support Costs £	2025 Total £	Direct Staff £	Other Costs Direct £	Deprec-iation £	Allocated Support Costs £	2024 Total £
COSTS OF RAISING FUNDS											
Hospice											
Fundraising		236,371	39,575	1,796	69,414	347,156	186,879	39,174	1,796	66,820	294,669
Other trading activities		2,091,011	1,152,251	81,355	287,264	3,611,881	1,945,613	1,151,019	63,835	253,163	3,413,630
Investment management fees		--	4,504	--	--	4,504	--	4,086	--	--	4,086
	(a)	**2,327,382**	**1,196,330**	**83,151**	**356,678**	**3,963,541**	**2,132,492**	**1,194,279**	**65,631**	**319,983**	**3,712,385**
Group											
Fundraising		236,371	39,575	1,796	69,414	347,156	186,879	39,174	1,796	66,820	294,669
Other trading activities		2,201,963	1,297,422	81,355	268,793	3,849,533	2,054,778	1,309,724	63,835	233,373	3,661,710
Investment management fees		--	4,504	--	--	4,504	--	4,086	--	--	4,086
	(a)	**2,438,334**	**1,341,501**	**83,151**	**338,207**	**4,201,193**	**2,241,657**	**1,352,984**	**65,631**	**300,193**	**3,960,465**
COSTS OF CHARITABLE ACTIVITIES											
Hospice											
Patient care	(b)	3,138,271	677,132	70,763	415,673	4,301,839	2,625,621	637,666	69,268	352,324	3,684,879
Governance	(a)	100,202	22,111	--	53,255	175,568	84,284	17,376	--	50,244	151,904
		3,238,473	**699,243**	**70,763**	**468,928**	**4,477,407**	**2,709,905**	**655,042**	**69,268**	**402,568**	**3,836,783**
Group											
Patient care	(b)	3,138,271	677,132	70,763	415,673	4,301,839	3,002,559	676,552	69,268	352,324	4,100,703
Governance	(a)	100,202	22,111	--	53,255	175,568	84,284	17,376	--	50,244	151,904
		3,238,473	**699,243**	**70,763**	**468,928**	**4,477,407**	**3,086,843**	**693,928**	**69,268**	**402,568**	**4,252,607**

ANALYSIS OF EXPENSES BETWEEN FUNDS

(a) All expenses incurred in raising funds and governance are taken from unrestricted or designated funds

(b) Patient care expenses are analysed between unrestricted/designated funds and restricted funds as follows:

	Hospice		Group	
	2025 £	2024 £	2025 £	2024 £
Unrestricted/designated	4,098,869	3,613,681	4,098,869	4,029,505
Restricted	378,538	223,102	378,538	223,102
	4,477,407	**3,836,783**	**4,477,407**	**4,252,607**

9. ALLOCATED SUPPORT COST EXPENSE ANALYSIS

	Staff Costs £	Other Costs £	Deprec-iation £	2025 Total £	Staff Costs £	Other Costs £	Deprec-iation £	2024 Total £
Support functions	578,087	231,547	15,972	**825,606**	449,731	260,378	12,440	**722,549**
	578,087	**231,547**	**15,972**	**825,606**	**449,731**	**260,378**	**12,440**	**722,549**
Allocations to:								
Patient Care				415,673				352,322
Governance				53,255				50,244
Fundraising				69,414				66,820
Sale of donated goods				287,264				253,163
				825,606				**722,549**

10. NET INCOME

Net income is stated after charging the following items to the Income and Expenditure Account.

	Hospice		Group	
	2025 £	2024 £	2025 £	2024 £
Auditor's remuneration	18,105	16,600	18,755	17,860
Depreciation of tangible fixed assets	169,886	147,338	169,886	147,338
Amortisation of intangible fixed assets	--	--	--	--
Profit on disposal of fixed assets	--	--	--	(500)
Operating lease rentals	315,563	327,208	315,563	327,208
Payments to Trustees	--	--	--	--
Trustees expenses	--	--	--	--
Trustee indemnity insurance	2,531	1,987	2,531	1,987

11. TRADING SUBSIDIARIES

Katharine House has 4 subsidiary trading companies

KH Promotions Limited 03295776 ran a society lottery on behalf of the Charity. This lottery operation was transferred in June 2022 to a third party - Local Hospice Lottery. The Local Hospice Lottery splits out the funds to various charities in the form of donations of which are received within the Hospice's accounts.

Katharine House Retail Limited 03949314 carries out trading activity, including eBay, house clearances, collection and delivery services.

Embrace Quality Care Limited 08050417 is a care agency meeting the core objectives of the Charity, but charging for its services. This became dormant at the beginning of 2024/25 and was dissolved on 15 April 2025.

KHH Development Limited 08120430 provided administrative and financial support to other charities. This became dormant at the beginning of 2021/22 and was dissolved on 5 November 2024.

A summary of the results of the subsidiary companies of the Charity are set out in this note. Accounts have been approved by the directors of these companies and will be filed with the Registrar of Companies.

11. TRADING SUBSIDIARIES (Cont.)

	KH Promotions Ltd		KH Retail Ltd	
	2025	2024	2025	2024
	£	£	£	£
Turnover	--	--	268,340	305,840
Direct operating costs	--	--	(256,123)	(267,870)
Net recharges to Katharine House Hospice	--	--	18,471	19,790
Gross Profit	--	--	**30,688**	**57,760**
Interest receivable	--	--	--	--
Taxation	--	--	--	(5,969)
Net profit before Gift Aid	--	--	**30,688**	**51,791**
Distribution under Gift Aid to Katharine House	--	--	(30,688)	(51,791)
Retained in subsidiary undertaking	--	--	--	--
Retained earnings brought forward	--	--	--	--
Retained earnings carried forward	--	--	--	--

The aggregate of the assets, liabilities and funds at 31 March was:

Fixed assets	--	--	--	--
Current assets	63,231	65,331	285,549	318,009
Current liabilities	(63,131)	(65,231)	(285,547)	(318,007)
Total assets	**100**	**100**	**2**	**2**
Share capital	100	100	2	2
Funds	**100**	**100**	**2**	**2**

	Embrace Quality Care Ltd		KHH Development Ltd	
	2025	2024	2025	2024
	£	£	£	£
Turnover	--	310,676	--	--
Direct operating costs	--	(415,824)	--	--
Retained in subsidiary undertaking	--	**(105,148)**	--	--
Retained earnings brought forward	--	(317,969)	--	--
Retained earnings carried forward	--	**(423,117)**	--	--

The aggregate of the assets, liabilities and funds at 31 March was:

Current assets	--	10,190	--	500
Current liabilities	--	(428,307)	--	--
Total assets	--	**(418,117)**	--	**500**
Share capital	--	5,000	--	500
Retained earnings	--	(423,117)	--	--
Funds	--	**(418,117)**	--	**500**

12. EMPLOYEE NUMBERS AND COSTS

The number of staff and whole time equivalents employed by the Charity, analysed by function was:

Company	2025		2024	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Care services	88	61.50	75	55.63
Support and overheads	46	26.01	36	24.44
Income generation	112	72.18	114	73.28
	246	**159.69**	**225**	**153.35**

Group	2025		2024	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Care services	88	61.50	94	71.01
Support and overheads	46	26.01	36	24.44
Income generation	117	77.18	119	78.28
	251	**164.69**	**249**	**173.73**

The costs of employment were:

	Company		Group	
	2025	**2024**	**2025**	**2024**
	£	**£**	**£**	**£**
Salary	5,379,928	4,665,764	5,480,041	5,109,459
National Insurance	461,727	374,818	469,161	404,423
Pension	302,287	251,548	305,692	264,351
	6,143,942	**5,292,130**	**6,254,894**	**5,778,233**
Bought-in staff	221,113	201,165	221,113	201,165
	6,365,055	**5,493,295**	**6,476,007**	**5,979,398**

13. REDUNDANCY COSTS

The Group made statutory redundancy payments amounting to £10,438 (2024: £9,607) with respect to 3 cases (2024: 4 cases).

14. EMOLUMENTS

The number of staff whose emoluments during the year exceeded £60,000 was:

	Company		Group	
	2025	**2024**	**2025**	**2024**
£60,001 - £70,000	2	0	2	0
£70,001 - £80,000	0	0	0	0
£80,001 - £90,000	1	2	1	2
£90,001 - £100,000	1	0	1	0

The gross cost of the Executive Team responsible for running the group of companies (including all emoluments, employer's national insurance contributions, and employer's pension contributions) was £450,228 (2024: £379,940). There were 5 employees and 1 non-employee on the team (2024: 4 employees and 1 non-employee).

15. PENSIONS

The Hospice makes provision for employees' pensions in accordance with the Memorandum of Association and its legal obligations. The Hospice does not operate its own pension scheme, but contributes to schemes as follows:

a) NHS Defined Benefit Scheme

Employees who are members of the NHS pension scheme, if eligible, may continue to contribute to this scheme. Employer contributions are 14.38%. Employee contributions range from 5% to 13.5% dependent upon the level of their notional full-time pensionable pay. This scheme is an unfunded defined benefit scheme that covers NHS employees, General Practitioners and other bodies allowed under the direction of the Secretary of State in England and Wales. The scheme is managed in a manner that does not make it practical for the Hospice to ascertain its share of the assets and liabilities under the scheme and the scheme is therefore treated in the accounts as if it were a defined contribution scheme, with the cost being taken as the contributions payable during the accounting period.

b) Standard Life Group/Stakeholder Pension Scheme

The Charity, in response to the Stakeholder Pension Schemes Regulations 2000, opened a scheme in the year 2000 for eligible employees to join the Standard Life Group Pension Scheme. The Charity matches employee contributions up to 7%. From 1 April 2015 Standard Life closed this scheme and it is not available to new employees. This scheme is a defined contribution scheme.

c) National Employment Savings Trust (NEST)

Eligible employees who are not in either of the two schemes above are automatically enrolled into the NEST scheme. The automatic enrolment is done at the statutory minimum (at present 5% for employers) but employees can increase their contributions and the Charity will match these up to 7% of eligible earnings. This is a defined contribution scheme.

Numbers of staff and contributions to the different schemes are:

	2025		2024	
Company	Average Number	Employer Contribution £	Average Number	Employer Contribution £
NHS	22	114,113	21	97,771
Standard Life	12	40,169	12	36,280
NEST	155	148,005	165	117,497
	189	**302,287**	**198**	**251,548**
Group				
NHS	22	114,113	21	97,771
Standard Life	12	40,169	12	36,280
NEST	160	151,410	186	130,300
	194	**305,692**	**219**	**264,351**

16. TANGIBLE FIXED ASSETS

COMPANY	Land and Buildings £	Equipment, Furniture and Fixtures £	IT Equipment £	Motor Vehicles £	Total £
Cost					
At 1 April 2024	3,667,450	401,751	120,768	113,085	4,303,054
Additions	334,533	18,447	45,458	--	398,438
Disposals	--	--	--	--	--
At 31 March 2025	**4,001,983**	**420,198**	**166,226**	**113,085**	**4,701,492**
Depreciation					
At 1 April 2024	938,706	340,946	87,042	51,903	1,418,597
Charge for the year	110,344	25,017	14,107	20,418	169,886
Disposals	--	--	--	--	--
At 31 March 2025	**1,049,050**	**365,963**	**101,149**	**72,321**	**1,588,483**
Net Book Value					
At 31 March 2025	2,952,933	54,235	65,077	40,764	3,113,009
At 1 April 2024	2,728,744	60,805	33,726	61,182	2,884,457

GROUP					
Cost					
At 1 April 2024	3,690,652	401,751	120,768	204,085	4,417,256
Additions	334,533	18,447	45,458	--	398,438
Disposals	--	--	--	--	--
At 31 March 2025	**4,025,185**	**420,198**	**166,226**	**204,085**	**4,815,694**
Depreciation					
At 1 April 2024	961,908	340,946	87,042	142,903	1,532,799
Charge for the year	110,344	25,017	14,107	20,418	169,886
Disposals	--	--	--	--	--
At 31 March 2025	**1,072,252**	**365,963**	**101,149**	**163,321**	**1,702,685**
Net Book Value					
At 31 March 2025	2,952,933	54,235	65,077	40,764	3,113,009
At 1 April 2024	2,728,744	60,805	33,726	61,182	2,884,457

17. INTANGIBLE FIXED ASSETS

COMPANY	Software £	Total £
Cost		
At 1 April 2024	--	--
Additions	73,350	73,350
Disposals	--	--
At 31 March 2025	**73,350**	**73,350**
Amortisation		
At 1 April 2024	--	--
Charge for the year	--	--
Disposals	--	--
At 31 March 2025	--	--
Net Book Value		
At 31 March 2025	73,350	73,350
At 1 April 2024	--	--

GROUP		
Cost		
At 1 April 2024	--	--
Additions	73,350	73,350
Disposals	--	--
At 31 March 2025	**73,350**	**73,350**
Amortisation		
At 1 April 2024	--	--
Charge for the year	--	--
Disposals	--	--
At 31 March 2025	--	--
Net Book Value		
At 31 March 2025	73,350	73,350
At 1 April 2024	--	--

18. FIXED ASSET INVESTMENTS – Company and Group

	2025 £	2024 £
At 31 March investments were held as:		
Volare balanced bridge fund	626,388	628,776
Total invested funds	**626,388**	**628,776**
Cash held for investment	147	739
Total funds in Investment portfolio	**626,535**	**629,515**

	2025 £	2024 £
Listed investments		
Market value at 31 March	628,776	571,019
Less Disposals at opening book value (proceeds £3,900)	(3,705)	(811)
Add acquisitions at cost	17,605	20,455
Net (loss)/gain on revaluation at 31 March	(16,288)	38,113
Market value at 31 March of listed investments	**626,388**	**628,776**
Historical cost at 31 March	619,386	604,486

All investments are held in unrestricted funds. The net gains and losses on revaluation are based on the market value of investment provided by LGT Wealth Management UK LLP who manage the fund on behalf of the Trustees.

FIXED ASSET INVESTMENTS - Company

The Company's investments at the balance sheet date in the share capital of unlisted companies which are registered in the UK comprising:

	Company registration no.	% of shareholding held by KH Hospice	2025 £	2024 £
KH Promotions Limited	03295776	100%	100	100
Katharine House Retail Limited	03949314	100%	2	2
Embrace Quality Care Limited	08050417	100%	--	--
KHH Development Limited	08120430	100%	--	500
			102	**602**

All investments are valued at cost except Embrace Quality Care Limited and KHH Development Limited which are valued at fair value as at year end. These entities dissolved in November 2024 and April 2025 respectively. Results for the year are shown in note 11 and are included in the consolidated accounts.

18. FIXED ASSET INVESTMENTS (Cont.)

The write off relating to Embrace Quality Care Limited is as follows. Embrace Quality Care Limited has now been dissolved.

	2025	2024
	£	£
Embrace Quality Care Limited written back/(write off)	3,845	(5,000)

19. DEBTORS

	Company		Group	
	2025	2024	2025	2024
	£	£	£	£
Amounts owned by subsidiary undertakings receivable within one year	241,964	327,414	--	--
Trade debtors	54,643	63,532	54,643	68,488
NHS pharmaceutical supplies	15,088	5,430	15,088	5,430
HMRC - tax and social security	262,150	242,082	264,645	242,082
Other debtors	7,225	5,155	2,225	1,791
Accrued legacy income	79,557	200,102	79,557	200,102
Prepayments	202,084	164,955	202,084	164,955
Deposits provided	3,875	3,875	3,875	3,875
	866,586	**1,012,545**	**622,117**	**686,723**

The intercompany accounts are the balance of funds to be transferred to the Hospice in respect of Gift Aid payments for the year. The balances are payable on demand. In view of the nature of the balances, interest is not charged by the Hospice on the outstanding amounts, nor has it taken security for the balances.

20. STOCK

	Company		Group	
	2025	2024	2025	2024
	£	£	£	£
Bought in goods	–	–	1,524	1,186

21. CREDITORS

Amounts due in under one year		Company		Group	
		2025	2024	2025	2024
	Note	£	£	£	£
Payments on account		--	--	52,859	53,126
Trade creditors		318,387	125,498	353,158	142,908
HMRC		91,134	70,140	91,134	70,140
Accruals		346,544	197,955	353,865	203,226
Deferred income	(22)	15,477	13,839	15,477	13,839
Other creditors		5,755	5,080	5,755	9,965
		777,297	**412,512**	**872,248**	**493,204**

22. DEFERRED INCOME

Income deferred in accordance with FRS 102 and included in accruals and deferred income was:

For 2025	Balance at 1 April	Released	Deferred	Balance at 31 March
	£	£	£	£
Refundable event income	13,631	13,631	15,309	15,309
Lottery licence fee	208	208	168	168
	13,839	**13,839**	**15,477**	**15,477**

For 2024	Balance at 1 April	Released	Deferred	Balance at 31 March
	£	£	£	£
Refundable event income	40,519	40,519	13,631	13,631
Lottery licence fee	--	--	208	208
	40,519	**40,519**	**13,839**	**13,839**

23. PROVISIONS

	Company		Group	
	2025	2024	2025	2024
	£	£	£	£
Dilapidation provision	102,833	100,000	102,833	100,000
	102,833	**100,000**	**102,833**	**100,000**

24. DEFERRED TAXATION

This is shown in the group only and relates to Katharine House Retail Limited:

For 2025	Balance at 1 April	Released	Accrued	Balance at 31 March
	£	£	£	£
Deferred Taxation Provision	--	--	--	--

For 2024	Balance at 1 April	Released	Accrued	Balance at 31 March
	£	£	£	£
Deferred Taxation Provision	5,969	5,969	--	--

25. FUNDS

Unrestricted Funds - Designated and General Funds

General funds are freely available for the Trustees to apply for its charitable purposes, but include fixed assets that are not expendable. The Trustees have established seven designated reserves from within the free and unrestricted funds available. The primary purpose of these funds is to assist the Charity in managing its reserves and financial risks, particularly in the light of known future commitments, unexpected failure of income and larger one off items of expenditure.

Implementation of a new clinical system is scheduled for June 2025, with implementation and training costs expected to be spent in 2025/26.

The renewal of IT fund relates to a rolling programme of renewals of PCs including hardware and software upgrades.

The training and development fund ensures that existing commitments to staff development can be funded. This has been increased due to an additional need for clinical training and also learning and development support being out-sourced.

The renovation in the Norton Bridge Retail shop has now been completed.

The repairs and renewals relates to a small number of retail shops requiring refurbishment during 2025-26.

The acquisition and refurbishment of the new Retail Superstore was completed in the last quarter of the financial year.

The renovation and refurbishment of the Inpatient Unit is scheduled for 2026-27 and it is anticipated there is a proportion of this expenditure that will be funded by the general reserves.

Restricted Funds

The capital and equipment funds are primarily for the purchase of items of equipment or refurbishments. Some have small cash balances which are used in the maintenance of the asset.

The Hospice was in receipt of £98,012 as part of Hospice UK's distribution of a £25m grant from NHS England to be spent on capital works. This is the first of two tranches of funding. The Hospice used these funds for the following capital works:

1	The development of the SystmOne clinical system	£73,320
2	The provision of laptops for the hospice at home team	£19,620
3	The erection of a car park barrier to prevent unauthorised parking	£13,377

The service funds are to operate specified services and are expected to be spent within 12 months. Expenditure against these funds is only for direct costs of running the services, not for recharges or overheads.

The other restricted funds are for use in the provision of aspects of services or for provisions not specific to a service, for example: patient comfort funds, funds for the upkeep of the garden and other areas and funds to provide training and development for staff.

25. FUNDS (Cont.)

COMPANY

For the Year Ended 31 March 2025

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) and Provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	**8,980,955**	**8,641,901**	**(7,739,217)**	**(7,248)**	**(395,691)**	**9,480,700**
Designated Funds						
Implementation of new clinical	130,000	--	--	--	(73,000)	57,000
Renewal of IT	25,000	--	(4,700)	--	(11,300)	9,000
Training and Development	36,000	--	(31,141)	--	35,141	40,000
Norton Bridge Renovation	15,000	--	--	--	(15,000)	--
Repairs and Renewals	60,000	--	(53,665)	--	53,665	60,000
Acquistion/Refurbishment of Property	330,000	--	(331,699)	--	1,699	--
Renovation/Refurbishment of IPU	--	--	--	--	500,000	500,000
	596,000	**--**	**(421,205)**	**--**	**491,205**	**666,000**
Restricted Funds						
Capital and Equipment Funds	45,624	23,889	(25,729)	--	(305)	43,479
NHSE Capital Grant	--	98,012	--	--	(98,012)	--
Service Funds	12,604	235,355	(243,281)	--	--	4,678
Other Restricted Funds	46,434	7,233	(11,516)	--	2,803	44,954
	104,662	**364,489**	**(280,526)**	**--**	**(95,514)**	**93,111**
	9,681,617	**9,006,390**	**(8,440,948)**	**(7,248)**	**--**	**10,239,811**

For the Year Ended 31 March 2024

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) and Provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	**6,561,217**	**8,755,850**	**(5,995,148)**	**(72,046)**	**(268,918)**	**8,980,955**
Designated Funds						
Implementation of new clinical	25,000	--	--	--	105,000	130,000
Renewal of IT	30,000	--	(20,265)	--	15,265	25,000
Training and Development	66,000	--	(40,070)	--	10,070	36,000
Renovation/Refurbishment Therapy	55,000	--	(28,124)	--	(26,876)	--
Norton Bridge Renovation	--	--	(5,965)	--	20,965	15,000
Replacement of Telephone Equipment	7,000	--	(6,703)	--	(297)	--
Repairs and Renewals	75,000	--	(225,804)	--	210,804	60,000
Retail premises dilapidations	100,000	--	--	--	(100,000)	--
Acquistion & Refurbishment of	1,300,000	--	(1,003,987)	--	33,987	330,000
	1,658,000	**--**	**(1,330,918)**	**--**	**268,918**	**596,000**
Restricted Funds						
Capital and Equipment Funds	55,043	49,875	(59,294)	--	--	45,624
NHSE Capital Grant	--	--	--	--	--	--
Service Funds	13,805	159,689	(160,890)	--	--	12,604
Other Restricted Funds	30,882	18,470	(2,918)	--	--	46,434
	99,730	**228,034**	**(223,102)**	**--**	**--**	**104,662**
	8,318,947	**8,983,884**	**(7,549,168)**	**(72,046)**	**--**	**9,681,617**

25. FUNDS (Cont.)

GROUP

For the Year Ended 31 March 2025

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) and Provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	8,980,955	8,879,553	(7,976,869)	(12,248)	(395,691)	9,475,700
Designated Funds	596,000	--	(421,205)	--	491,205	666,000
Restricted Funds	104,662	364,489	(280,526)	--	(95,514)	93,111
	9,681,617	**9,244,042**	**(8,678,600)**	**(12,248)**	**--**	**10,234,811**

For the Year Ended 31 March 2024

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) and Provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	6,561,217	9,320,575	(6,659,052)	27,133	(268,918)	8,980,955
Designated Funds	1,658,000	--	(1,330,918)	--	268,918	596,000
Restricted Funds	99,730	228,034	(223,102)	--	--	104,662
	8,318,947	**9,548,609**	**(8,213,072)**	**27,133**	**--**	**9,681,617**

26. FINANCIAL COMMITMENTS

Capital Commitments - Company and Group

The Charity has no capital commitments at 31 March 2025 (2024: none).

Operating Lease Commitments

The Company and Group hold leases for retail outlets, office equipment and software subscriptions. The future outstanding commitments broken down by time periods are shown below with prior year comparatives:

	<1 year £	2-5 years £	+5 years £
Company & Group as at 31.03.25	336,786	655,991	--
Company & Group as at 31.03.24	176,522	147,262	--

The total operating lease commitments (this includes leases that are out of lease calculated at 6 months' liability) are:

	Total Cost of Lease £
Company & Group as at 31.03.25	1,869,497
Company & Group as at 31.03.24	441,564

26. FINANCIAL COMMITMENTS (Cont.)

There were no other operating lease commitments at 31 March 2025 (2024: none) that exceeded one year.

27. RELATED PARTY TRANSACTIONS

During the year some of the Trustees, senior managers, and employees of all Group entities made donations to the Charity, played the lottery run by Local Hospice Lottery, and donated goods to and bought from the Charity's shops. All these transactions were conducted on an arm's length basis in support of the Charity. All donations made by the Trustees were unrestricted.

Access to the Hospice's care services is based on the assessment of clinical need and the availability of provision. It is possible that relatives of Trustees, senior managers, and employees of all Group entities may have accessed the Charity's services, but this is not separately identifiable and therefore not disclosed.

	2025 £	2024 £
Caroline Bruckner Holt (Medical Director of Katharine House Hospice), Zia Din (Trustee of Katharine House Hospice), Richard Hughes (Trustee of Katharine House Hospice) & Jenny Clarke (Trustee of Katharine House Hospice)		
County Hospital and University Hospitals of the North Midlands (formerly Mid Staffordshire Hospitals NHS Trust) (relationship: Employees)		
Provision of pharmacy services and drug supplies	85,876	81,969
Provision of palliative medical consultant sessions	149,980	136,650
Contract for the provision of occupational and physiotherapy services	55,699	37,707
Provision of I-Portal	9,850	9,850
Other services	3,612	--
Outstanding Creditor and Accruals Balance as at 31st March	189,365	56,310
Helen Elizabeth Reeves (Trustee of Katharine House Hospice)		
Care Quality Commission (relationship: Employee)		
Community healthcare annual regulatory fees	1,933	--
Outstanding Creditor Balance as at 31st March	--	--
Richard Soulsby (CEO of Katharine House Hospice)		
AL Services (relationship: Spouse is proprietor)		
Spot purchasing of counselling services	1,680	2,695
Outstanding Creditor Balance as at 31st March	525	175

28. POST BALANCE SHEET EVENTS

Embrace Quality Care Limited 08050417 was dissolved on 15 April 2025.

New clinical system went live on June 2025.

Given notice to landlord with Collectables shop to move premises, it is anticipated that this will generate a dilapidation cost in excess of £50k which has been provided for within the accounts.

A new retail store in Rugeley has been opened in April 2025.

KATHARINE HOUSE HOSPICE

England & Wales - Charity number 1011712

Accounts

katharine house hospice

embracing life and living

"Thank you to everyone who has supported an outstanding year helping us to care for more patients and supporting more families than ever before."

OUR DIRECTORS' AND TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

A Company Limited by Guarantee not having share capital

Registered company number 02700516 (England and Wales)

Registered charity number 1011712

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Chairman's Statement



It has been an outstanding year for delivery of care. We have delivered more care to more patients and supported more families than ever before, with an increase of 23% to 1,881 people. This involved delivering 50% more respite care visits and 150% more complementary therapies as well as increasing IPU admissions by 20%. These improvements have only been possible by the hard work of everyone within the organisation but a special thanks must go to Dave Fletcher and all on the care team; work that was rewarded when the team were runners up in the Nursing Times Best UK Employer of the Year, a fantastic achievement for a small organisation.

This year has continued to be challenging for all involved in the Hospice. The economy and related issues with NHS funding continue to make running the charity difficult. Despite this, however, the staff and volunteers have risen to the challenge and continued to exceed expectations in all areas of our operations: delivery of care to our local community, retail, fundraising, and our support services.

On a negative side we made the decision to close Embrace Quality Care, a subsidiary company we ran providing paid for domiciliary care at home, generally for patients at end of life. A cap in the hourly rate at which the NHS would fund the service reduced our revenues by 25% which meant it was no longer viable to continue, and the Trustee Board felt the charity could no longer fund the shortfall in income. I would like to thank all the staff involved within Embrace and note the highly professional way in which the business was closed down with only a third of the staff being made compulsorily redundant. It is worth noting that this was achieved without a detrimental impact on the care of any individual patient.

Care would not be possible without the income to support the charitable aims. This is only possible through the continued support of our local community through fundraising and retail activities for which we remain so grateful.

The retail operation continued to perform well with a huge thank you to our volunteers, staff, donors and, of course, our shoppers. In 2023-24 our charity shops raised almost £2 million, including over £300k which was generated on donated goods via Gift Aid, and this is all from over 2 million items which were put out for sale in our shops. The Board agreed to purchase the warehouse site in Stafford, this will guarantee one of our largest retail outlets as well as providing future revenue gains as we develop the site.

The fundraising environment continues to be challenging but the new year has seen the appointment of Hannah Fahy as our new Head of Fundraising and we look forward to seeing her and the team develop our fundraising activities. While we can't compete with the national charities, our continued excellence of care and standing in the local community means that income from gifts in wills remains an important source of income; currently 1 in 3 patients are cared for thanks to a legacy.

Looking to the future the Trustees and Executive held an excellent away day in November 2023 discussing future strategy and planning. Work is now concentrating on a few key projects to drive forward a viable future for the Hospice. Part of this is a continued effort to work with our neighbouring hospices in the hope this gives us a stronger voice with the local health authorities. An early success for this collaboration has been the setting up of the 24/7 advice line for carers and professionals serving all the local hospices and providing valuable support to carers and professionals in need of vital support during exceptionally difficult times.

This year has seen several notable personal events. January saw Richard Soulsby, our CEO, complete 25 years' service with the Hospice; without his leadership over the years the Hospice would not be the success it is and the Board would again like

to express its thanks for his service. I would also like to thank one of our trustees, Jennifer Woodyard, who stepped down after serving her full term; her experience and knowledge were invaluable to the Board and she will be missed.

It is with sadness that I also recognise the passing of two serving staff members, Amy Carter from Retail whose humour and dedication will be missed by colleagues and customers alike; and Julia Gartside-Bentley, who was a popular, long-standing senior staff nurse on the unit and whose confidence in our services meant she chose to be an inpatient at the hospice – a challenging situation professionally managed by her colleagues and friends on the unit; and also long serving volunteers and ex-staff who served the Hospice for many years notably Joan Potter, Mary Boden, Brenda Morris and Val Moore, who all served the Hospice since its early days and will be sadly missed.

Overall, another successful but challenging year. I remain committed to leading the Hospice and along with the Board of Trustees have faith in the Executive Team in developing the Hospice going forward. As ever though the people who make the Hospice what it is are the staff, volunteers, Trustees, and subsidiary company directors who continue to impress me with their commitment and enthusiasm, a massive thanks goes out to you all.



Peter Catchpole
Chairman, Katharine House Hospice


katharine
house
hospice
embracing life and living
Our
Vision
People live well and
die with dignity in a
place of their choice.

katharine house hospice

embracing life and living



Our Mission

We help local adults with complex, progressive illnesesses from diagnosis to the end of life through free, high quality, specialist palliative care, advice and guidance and we support those close to them.





Chris and Tony, from Castlefields, Stafford

Our Hospice at Home team makes Chris and husband Reverend Tony feel "safe and cared for."

Chris is the main carer for her husband who was recently diagnosed with cancer. Our expert Hospice at Home team initially gave crisis support and now provides carer visits and nights sits.

"The carers are so kind and empathetic it helps me feel safe knowing that I am not alone."

Chris was diagnosed with cancer in May last year and underwent surgery in August. Her chemotherapy treatment is tiring and she finds the support of our care teams invaluable.

"To have a good sleep at night, knowing Tony is safe, is incredible."

OUR CARE





Mel from Burleyfields, Stafford

When Mel was diagnosed with stage four breast cancer, she was referred to us straight away. As well as having help herself, her whole family are supported.

Mel explains: "I am 39 with two young boys and the diagnosis turned our whole lives upside down – I honestly believe if I hadn't had the support of the hospice over the last 14 months I would have struggled to deal with the diagnosis a lot more and struggled to have gone back to work as well.

"The charity has been amazing at helping me process the hard stuff so I can get back to living and doing normal things like working, doing the school run, and going to watch my sons play football on a Sunday, as well as fitting in hospital appointments, injections, bloods and scans.



"When I told my mum that I was referred to a hospice she was scared – many people have the perception that you go there to die. My experience has been so different. I wasn't aware of the extent and variety of services until I was referred for care. It's a whole package of support, from home visits and care to outpatient, pain management and therapeutic support."

OUR CARE

TRUSTEES' AND DIRECTORS' ANNUAL REPORT 2024

THE YEAR IN SUMMARY

This year has been extremely positive:

- ✓ We have delivered more care to more patients and supported more families than ever before, with an increase of 23% to 1,881 people.
- ✓ Activity in inpatient and community services has increased.
- ✓ We have, with Douglas Macmillan Hospice and Compton Care, launched a 24/7 advice line.
- ✓ The re-launched therapy and wellbeing services have seen a significant increase in activity.
- ✓ Retail performance has been exceptional generating £1.9m (before shared overheads) funds for the Hospice.
- ✓ Fundraising has seen an unexpectedly positive financial year, despite facing staffing challenges.
- ✓ We have seen a further year of high income from gifts in wills.
- ✓ Staff teams have become much more stable across the organisation with falling levels of vacancies and improved retention of staff.
- ✓ There has been a financial surplus of £1.4m.

We continue to struggle to engage with the Integrated Care Board, and their decision to cap funding to domiciliary care providers at a rate 25% below that charged by Embrace Quality Care, has resulted in the decision to close this service with effect from 2nd March 2024.

As we leave the last financial year, the Trustees have decided to reinvest the surplus from the current financial year into developing our care services and making our infrastructure more robust. Key investments include:

- ✓ Increasing nursing, medical, counselling and complementary therapy support to the Wellbeing and Therapy service.
- ✓ Increasing carers within the Hospice at Home team.
- ✓ Creation of two new roles to support staff: a Director for People and a Learning and Development Manager

We look forward to 2024/25 being as successful as 2023/24.

INTRODUCTORY INFORMATION

1. Introduction

The directors of the charitable company Katharine House Hospice (the Charity) are its Trustees for the purpose of charity law and are pleased to present their annual report together with the consolidated financial statements of the Charity and its subsidiaries for the year ended 31 March 2024, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The company meets the requirements to prepare a 'strategic report', and this is included within the annual report comprising sections four to seven inclusive.

2. How we make a difference

2.1 Legal Purpose

Our Articles set out the objects for the Charity as being **to promote the relief of sickness and suffering**, in particular:

a) by the establishment of day or domiciliary care and to establish, maintain and manage a Hospice Hospital or Residential Home;

b) To promote the teaching or training of doctors, nurses, and other persons;

c) To provide counselling or spiritual help.

2.2 Our Mission

Our mission is that:

"We help local adults with complex, progressive illnesses from diagnosis to the end of life through free, high quality, specialist palliative care, advice and guidance and we support those close to them."

2.3 Our Services

In fulfilling its purpose Katharine House Hospice focuses on the provision of specialist palliative and end of life care. These services, described below, are free of charge and support people and their families affected by any progressive, life-limiting conditions.

Community Services

Services provided in the community include: a specialist nursing service providing advice to healthcare professionals in primary care; a healthcare assistant led, rapid response, hospice at home service providing hands on care and support to patients and families; a respite sitting service to support carers; and supporting a 24/7 advice line.

Embrace Quality Care Limited was established in April 2012, to provide home care services reflecting the quality of care of the Charity but charging for its services. The work of Embrace falls fully within the charitable objects of Katharine House Hospice. Trustees have

been willing to subsidise its deficits, but a funding cap introduced by the Integrated Care Board in July 2023 has meant the Trustees are no longer willing to subsidise its deficits, preferring instead to utilise these resources for the delivery of specialist palliative care services in line with the Hospice's mission.

Wellbeing Programmes

Six-week programmes of advice, education, and support for patients, delivered one day a week. The programme is designed for patients earlier in the progression of their disease to learn about different aspects of their condition and to improve self-management, for example breathlessness, fatigue, or anxiety.

Inpatient Care

24-hour specialist inpatient care providing symptom control, terminal care or respite care is provided at the Hospice for up to eight patients, while the Hospice's consultant medical team support 10 dedicated palliative care beds at County Hospital in Stafford.

Lymphoedema Services

A specialist lymphoedema service provided to outpatients. At present this is a mixture of a telephone or teleconferencing service and face to face assessments and treatments.

Outpatient Services

In June 2023 we launched outpatient provision, enabling patients and families to access a wide range of services including: medical and specialist nursing advice, occupational and physio therapy, counselling, spiritual support and complementary therapy.

3. Charitable Income Generation

To ensure our services can be delivered at no charge the Charity carries out income generation activities to raise funds to support the work of the Charity, most notably fundraising, lottery, and retailing.

3.1 Approach to Fundraising

The Charity's fundraising activities are carried out by members of our community, volunteers, and paid members of our staff. Fundraising activities are monitored by our Income Generation Committee, including monitoring our compliance with the requirements of the Fundraising Regulator.

On occasion we will employ the services of professional fundraisers where we do not have the in-house skills to carry out the work and in 2022/23 we worked with a company to increase the membership of our lottery. Their activities were monitored by our Head of Fundraising through regular contact with the Sales Manager of the company, monitoring any adverse comments or complaints, and through a weekly in-house monitoring report.

We have now outsourced the lottery operation to Local Hospice Lottery, which provides significant economies of scale allowing a much higher proportion of each player's contribution to come to support the work of the Charity.

3.1.1 Fundraising Regulator

All charities with fundraising costs of £100,000 or more have been asked to pay an annual voluntary contribution to fund the Fundraising Regulator. Trustees are unable to ascertain the value of this expenditure to this organisation and have chosen not to do this.

We receive a weekly e-mail advising us of requests under the Fundraising Preference Service to no longer contact donors. In the last year we have received no such requests (2023: 0).

3.1.2 Fundraising Standards

The Charity conducts its fundraising in accordance with the best practice guidelines available, for example from the Fundraising Regulator's Codes of Practice and guidance from the Institute of Fundraising. We take a relationship-based approach to our fundraising and consider the needs of our supporters (and our beneficiaries) when undertaking all of our fundraising activities.

3.1.3 Fundraising Complaints

Fundraising complaints are considered by two Trustee Committees. In 2023/24 in relation to our fundraising activities the Charity received 10 complaints (2023: 8 complaints), of which 2 related to the lottery (2023: 2). 2 were upheld in full, 5 were partially upheld, 2 were not upheld and no determination was made in one case (2023: 5 / 2 / 1 / 0). None of the complaints related to breaches of the Fundraising Code of Conduct. All were followed up swiftly and concluded in accordance with the Charity's complaints policy.

3.1.4 Vulnerable People

By working within the Fundraising Regulator's Codes of Practice and maintaining a relationship-based approach to our fundraising activities we endeavour to protect vulnerable members of our community. We have a policy in place regarding liaison with supporters who may be vulnerable.

STRATEGIC REPORT

4. Key Strategies

We are in the second year of the Trustees 5 year corporate strategy. The key themes within this strategy are set out below with progress made.

4.1 Care

- Development of outpatient clinics for lymphoedema, consultations with doctors and clinical nurse specialists, occupational therapy, physiotherapy, counselling, complementary therapy, and wellbeing services. ***Completed with further development expected in year 3***

- Seven day a week access to a telephone helpline for patients, families, and healthcare professionals. ***Implemented***
- Guidance and educational resources for patients and families.
- Maintain an open and collegiate approach to collaboration and integration with other providers in the new Integrated Care Board.
- Explore with general practitioners how we can better collaborate to meet the needs of patients. ***Commenced***
- Explore with other providers how we could share clinical resources within teams. ***Some progress with other hospices***
- Engage in the development of integrated care records for people at end of life. ***Commenced***
- Work with other providers to enable rapid and effective transitions for patients into and out of our services.
- Target support for patients who deteriorate rapidly by supporting improved forward planning for patients at the end of life.

4.2 Revenue Generation

- Continue to focus on medium to large retail stores, acquiring new sites where we have closed smaller units. ***Two leases are under negotiation.***
- Develop collaboration on retailing with other charities.
- In fundraising:
    - Adopt a data driven approach to decision making. ***Commenced***
    - Improve nurturing activities for all donors. ***Commenced***
    - Develop an effective communications strategy for supporters
    - Improve our website's content and functionality. ***Commenced***
    - Improve our social media content. ***Commenced***
    - Emphasise securing gifts in wills and regular giving. ***Commenced***

4.3 Support Services

4.3.1 People

- Develop an engaged workforce that is proud to work for Katharine House. ***Commenced***
- Disperse leadership within the organisation. ***Commenced***
- Move the leadership of the organisation onto a project-based approach. ***Implemented***
- Simplify the processes for managing people. ***Commenced, expected to complete in year 3***
- Review all HR practices to make them simpler, easier to follow, and more accessible to managers and staff. ***Commenced with ongoing work in year 3***
- Develop a plan that focusses on equality, diversity and inclusivity.
- Enhance our use of volunteers.

4.3.2 Marketing and Communications

- Change our tone of voice as an organisation, becoming bold and emotive: looking to inspire and inform our audiences by telling positive stories about our work. ***Commenced***
- Be explicit about the symbiosis between our care services and our income generation. ***Commenced***
- Change perceptions about hospice care. ***Commenced***
- Ensure marketing and communications work is strategic and effective by implementing research and evaluation of campaigns and marketing activity
- Develop a one hospice approach. ***Commenced***
- Work closely with other teams to ensure that stakeholders experience one hospice communicating with them. ***Commenced***
- Review our brand identity, ensuring it is in line with how we want our audiences to perceive us and ensure we have a clear, bold visual identity. ***Completed***
- Build a more robust marketing & communications team.

4.3.3 Information Technology

- Adopt a "Think cloud first" approach. ***Some elements have moved to the cloud. The new clinical and HR systems will be cloud-based.***
- Replace our clinical and HR systems. ***Clinical system acquired, to be implemented***
- Replace the telephone system. ***Completed***
- Introduce a system to help standardise our procedures, increasing compliance, reducing paperwork, and providing easier reporting. ***System acquired and first modules up and running***

5. Achievements and Performance

5.1 Summary of Main Achievements

The Hospice has strengthened its financial position, continued to restore its main services implemented the new outpatient model, increased the number of patients we support, achieved the highest level of retail surplus, and created an organisation that is more robust than it was pre-pandemic.

5.2 Progress with 2023/24 Objectives

The principal objectives for 2023/24 and progress against these are set out below.

5.2.1 Commence the outpatient services

These services have commenced and investments are planned for 2024/25.

5.2.2 Implement the extension of the advice line

The Advice line was extended to 7 days a week, and three hospices have implemented a 24/7 Advice line across the Staffordshire and Stoke-on-Trent Integrated Care Board.

5.2.3 Work with other providers to develop joint proposals for the Integrated Care Board (ICB) to improve specialist and end of life care across Staffordshire and Stoke-on-Trent

We have developed two proposals, the 24/7 advice line as noted at 5.2.2 and an out of hours rapid response service. Whilst warmly received, the ICB have not been able to provide any concrete support by way of undertakings for future financial support of these initiatives.

5.2.4 Secure an additional premises for retail

We have not secured an additional premises, but have bought one of our existing sites to protect this income stream. Two leases are at present under negotiation.

5.2.5 Introduce initiatives to cultivate an engaged workforce

A major project within the Charity is focused on this initiative and has made very substantial progress, but this is a long-term plan.

5.2.6 Reduce risks and increase robustness of our internal processes

We are rolling out a number of projects to address our internal processes. Those completed include: the management of complaints and recording of compliments, a review of HR policies and procedures, the management of controlled documents, improving data protection and compliance with General Data Protection Regulations,

Those in progress and expected to complete or commence in 2024 include: revising the staff handbook and induction of staff, management of incidents, management of risk assessments, improving the organisation's culture and the empowerment of staff, assessing our approach to equality, diversity and inclusivity.

5.3 How We Measured Performance and Success

The main measurements for success relate to increasing our provision of services – see section 5.4. Additional items routinely reported to Trustees include:

- Qualitative aspects of care services such as: patient falls, medication errors, pressure ulcers
- Compliance with Care Quality Commission standards
- Health and safety data on accidents and incidents
- Data breaches
- Complaints and outcome of complaints
- Staffing levels against establishment, absence rates, turnover
- Compliance with Fundraising Regulator guidance

Financial information compares each department's performance against budget, in particular retail income and surplus, fundraising surplus, lottery surplus, statutory sector income, and net expenditure on care, support services and overheads.

5.4 2023/24 Charitable Activities

During 2023/24 the number of individual patients we supported increased by 23% from 1,527 to 1,881. A summary of some of the key metrics for our main services is set out in the following table – with some patients accessing services more than once and accessing multiple services.

Year ended	2024	2023	2022	2021	2020
Inpatient bed days	2,356	2,117	2,214	1,717	2,269
Inpatient admissions	167	147	125	125	143
Outpatient attendances / Home visits	672	163	Closed	Closed	1,853
Specialist nurse visits	1,327	1,283	1,286	486	1,071
Community care contacts	5,374	5,579	5,998	6,376	6,521
Lymphoedema treatments	1,853	1,667	1,404	514	1,685
Telephone/video calls	15,333	13,123	12,964	15,992	6,760

The year saw activity increasing significantly over the previous year.

5.5 Summary of Main Operational Challenges

Katharine House Hospice's entire operations sit within the Staffordshire and Stoke-on-Trent Integrated Care Board (The ICB). Unfortunately, the local health commissioners have not increased our underlying grant for 10 years. Additional one-off payments have supported the Hospice through this period and especially the Covid related grants received from NHS England. However, our expectations that a single NHS commissioner would see an improvement in the underlying position seems unlikely to happen. The continuing financial crises facing the ICB and its predecessors and an absence of any direction for end of life and palliative care services has left its hospices out on a limb.

Public misconceptions and fear about death and dying, the nature of our services, and the work of hospices continue to create a barrier to patients accessing our services. It is unfortunate that too many families wish they had accessed our services earlier.

Continual changes and increasing requirements on a range of regulatory and compliance issues has meant senior management time is diverted to addressing legal requirements rather than improving our performance. The latest changes incorporate a raft of new legal requirements under employment law, and a new regime for providers registered with the Care Quality Commission.

We also experience retail landlords having unreasonable expectations on rents.

5.6 Summary of Key Objectives for 2024/25

The key objectives for the 2024/25 year are:

1. Extend and develop our outpatients, therapies and wellbeing services.
2. Increase provision of community services.
3. Develop relationships within primary care.
4. Review and revise our care strategy.
5. Develop proposals for renovation of the inpatient unit.
6. Secure at least one additional premises for retail.
7. Commence the implementation of a new clinical system.
8. Implement a new system for managing incidents.
9. Implement a new system for managing risks.

6. Financial review

6.1 Factors Affecting Financial Performance

6.1.1 Review of factors affecting performance

The major factors within the control of the Charity are managed effectively, enabling the Trustees to move the Charity forward. There are sound systems for reviewing the quality and safety of patient care, financial performance, staff management and staff representation, staff and volunteer recruitment and induction, the protection and appropriate use of personal data and the management of health and safety.

There are a wide range of factors lying outside the direct control of the Charity.

6.1.2 The relationship with the Integrated Care Board (ICB)

£1.25m (24.7%) of the £5.28m needed to fund and operate the Charity comes from the NHS. The Trustees are disappointed that there has been no progress on palliative and end of life care when it appeared initially to be a high priority within the newly formed Staffordshire and Stoke on Trent ICB. There has been no uplift in the main grant from local commissioners for the last four years, although 1.7% has been offered for 2024/25.

6.1.3 Cost pressures

While energy cost increases are now impacting the Hospice as we come out of long-term agreements. Wage inflation remains our biggest expenditure item, with substantial increases in both April 2023 and April 2024.

We continue to see unavoidable costs imposed on the Charity. Our costs are systematically driven up by the need to comply with legislative requirements with the major cost burden coming from increases to the National Minimum Wage. In April 2023 the minimum wage

increased by 9.34% and the cost of a full-time employee by 10.2%. An increase in the minimum wage of 9.7% in 2024 has an increasingly significant impact on our payroll costs.

6.1.4 Recruitment and retention

Recruitment and retention have improved significantly in the last year.

6.1.5 Competition

The external conditions for all income generation have become increasingly competitive, particularly in retail where more charity shops are competing for donations and customers, while commercial companies will pay former potential donors for goods they might otherwise have donated or persuade them to sell their items on-line.

National charities are adopting TV advertising as a means to attract increased gifts in wills. As a local hospice it is beyond our means to adopt this approach, but we have recently joined with other hospices through Hospice UK to develop a nationwide TV advertising campaign.

6.1.6 Supplier issues

The Hospice has experienced unusual issues with the reliability of certain suppliers – in particular building contractors where there is a high demand for their services and rapid increases in their material costs. This is making it difficult to get quotations that have any longevity to enable comparisons.

6.1.7 Regulatory burden

The regulatory burdens on the Charity are extensive, burdensome, and costly, both financially and in staff time. Compliance with the Office for National Statistics requirements to provide data, anti-money laundering requirements, HMRC requirements on making tax digital, a new provider portal at the Care Quality Commission are a few examples of the regulatory burdens we face.

6.2 Charitable Income Generation

6.2.1 Performance and proportion of income raised spent on raising funds

In addition to raising funds, fundraising costs include managing the receipt, counting, banking of all donations, thanking all supporters, reclaiming Gift Aid on relevant donations, as well as supporting others to raise funds on our behalf. We received 12,299 donations (2023: 16,942) the smallest of which was a penny and the largest was £50,480. Fundraising raised £946,423 gross (2023: £837,470).

30 people left a gift in their will (2023: 24) and donated £1,163,127 (2023: £948,506) this will fund the care for 1 in 3 of our patients in the coming year.

The outsourced lottery contributed £296,365 (2023: £301,810) to the Hospice. The outsourcing has increased the proportion of players' funds that have supported the care provided by the Charity.

Income Source	Gross income £	Costs £	Net contribution £	% FR costs
Fundraising (Excl legacies)	946,423	294,669	651,754	31.1%
2023:	837,470	275,345	562,866	32.9%

6.2.2 Retail Performance

The retail operation has continued its strong performance. Comparative figures for the last two years are provided below.

Year ended	2024 £	2023 £
Sale of donated goods	4,625,113	4,289,306
Trading Income	305,840	264,836
Expenses	(3,653,217)	(3,344,113)
Net revenues	1,277,736	1,210,029
Gift aid on retail sales	325,297	286,090
Total contribution	**1,603,033**	**1,496,119**

6.3 Review of the Financial Accounts

The accounts for 2023/24 are prepared in accordance with the requirements of the Charities Statement of Recommended Practice (2015) (FRS 102).

6.3.1 Review of the financial position

Key financial aspects of performance are:

- Legacy income increased by £214,621 to £1,163,127
- Revenues from the statutory sector increased by £104,552 to £1,374,913 (2023: £1,270,361) due to ad hoc specific contract income plus a change in the prison services contract.
- Fundraised income increased by £108,953 to £946,423 (2023: £837,470)
- The lottery contribution slightly decreased by £5,445 to £296,365 (2023: £301,810), the lottery processing transferred to Local Hospice Lottery in June 2022

- Retail returned a strong financial performance making a surplus of £1,603,033 (2023: £1,496,119)
- The charitable costs increased by £591,525 to £4,252,607 (2023: £3,661,082)
- Investments showed gains during the year of £33,102 (2023: losses of £33,773)
- The Charity's group recorded an increase in total funds of £1.36m (2023: increase of £1.26m)

6.3.2 Sources of funding

The Charity's primary sources of funding derive from its retail trading activities, from the statutory sector, from fundraising (including a lottery) and from legacies and unsolicited donations.

Retail performance continues to be very strong, see 6.2.2.

Fundraising and lottery are mature income streams and continued growth is hard to achieve.

The local Integrated Care Board has agreed to maintain the Charity's grant with a 1.7% uplift for 2024/25.

6.3.3 Reserves policy

The free reserve funds of the Charity, excluding restricted funds, are calculated from the consolidated balance sheet as total net assets less fixed assets, creditors over one year, and provisions. These are summarised below.

The Trustees have established nine designated funds. Details of funds are contained in note 23 to the accounts.

The Trustees' reserves policy is that in order to fulfil the Charity's obligations to the communities it serves it is desirable for there to be unrestricted and undesignated funds (or free reserves) available as current assets, or investments, equivalent to six months' running costs of the Charity; the minimum reserves should be two months' running costs.

The free reserves stand at £6,792,498 (2023: £6,290,178) equating to 19 months operating costs for the Charity. The Trustees have approved a budget deficit of £834k to ensure the Charity can make progress against its strategy. Trustees are satisfied that the Charity has sufficient liquidity within the reserves to maintain the Charity's current operations over a medium term of three years in a normal operating environment.

Details of the funds held by the Charity are provided in note 23.

6.3.4 Going concern

When setting the 2024/25 budget the Trustees look at a further two year forecast and the implications on the Charity's reserves. At the time of setting the budget a very significant surplus was predicted for 2023/24. The Trustees were therefore willing to allow an unusually high deficit in the budget to facilitate the continued development of the Charity and it services. Deficits forecasted are:

£'000s	2024/25 Budget	2025/26 Forecast	2026/27 Forecast
Deficit	834k	1,007k	957k

The forecasts do not include planned increases in revenues from opening new shops and further recovery of income streams. The Hospice is investing its reserves in growing its current services and developing a more robust organisation. The forecast deficits take a very cautious approach. For example, they assume that we operate at full budgeted staffing levels.

6.3.5 Investment policy

The Memorandum of Association empowers the Trustees to invest the monies of the Charity not immediately required for its purposes in or upon such investments, securities or property as may be thought fit. During 2022, Trustees transferred the investment funds to abrdn plc and later in the year transferred some cash balances to abrdn to attract higher interest rates. During the financial year abrdn was taken over by LGT Wealth Management UK LLP. The assets held are disclosed in note 17.

The primary objective of the investment portfolio is to provide capital growth over the medium term.

No funds have been added to or withdrawn from the investments for the last six years. Performance over this time is set out in the table below based on the portfolio market valuation at the relevant tax year end for 2019-2022 and financial year ends for 2023 and 2024.

Year ending	2024	2023	2022	2021	2020	2019
Value (£000's)	629	574	601	584	499	609
Annual Growth %	9.6	-4.5	2.9	17.0	-18.0	-1.5

7. Principal Risks and Uncertainties

The Trustees have drawn up an assessment of key risks that they feel are important to consider in the management of the Charity. Risks come under one or more of seven domains (Welfare, Compliance, Finances, Fraud, Governance & Management, Operational, and Environmental & External). A structured methodology is in place for the assessment and management of risk. Static risks are usually reviewed annually, but dynamic risks are reviewed more frequently by the executive.

The principal risks and uncertainties faced by the Charity are:

- The effectiveness of the Integrated Care Board.
- Difficulty with recruitment and retention, particularly in retail.

- Difficulty in acquiring new, suitable retail premises.
- Lack of easily available evidence to demonstrate regulatory compliance. New software is being implemented to assist in collating evidence centrally and electronically.
- Overstretching of the managerial resource.

ADDITIONAL DISCLOSURES

8. Structure, Governance and Management

8.1 How the Charity is Constituted

Katharine House Hospice is a charity and company limited by guarantee. Its governing document is the Memorandum and Articles of Association of the company, which may be altered by a simple majority of voting members at an annual or extraordinary general meeting. This document was last amended on 28nd November 2023.

8.2 Organisational Structure

Katharine House Hospice has four wholly owned subsidiaries.

- Katharine House Retail Limited (Registered company number 03949314), operates eBay, house clearances, sales in prisons, new goods, and merchandising activities.
- KH Promotions Limited (Registered company number 03295776), operates the Charity's own society lottery which is now dormant.
- Embrace Quality Care Limited (Registered company number 08050417), operates a care agency and an application to strike off is pending.
- KHH Development Limited (Registered company number 08120430), is at present dormant and an application to strike off has been made.

Each subsidiary company of the Charity gift aids any profits it makes to the Charity.

Note 11 to the financial accounts summarises the performance of these companies; their accounts will be filed at Companies House.

8.3 Decision-making Processes

8.3.1 Board of Trustees

The Trustees (who are also directors of the company) act as a corporate entity through the Board of Trustees, which meets six times in each year. Additional meetings may be called from time to time. The Board oversees all strategic, tactical, and governance aspects of the Charity's operation and its future direction.

The Board delegates most of its functions to six committees, each with their own terms of reference. Governance is undertaken by each Trustee committee in their areas of responsibility, monitored by the Governance Committee and the Board of Trustees. These committees are:

1. Clinical
2. Income Generation and Engagement
3. Finance
4. Remuneration
5. People and Support Services
6. Governance

8.3.2 Management

The day-to-day operation of the Charity is delegated through the annual budget setting process to the Chief Executive and through him to the management teams. 5 senior executives form the Executive Team, but a sixth will be added in 2024 with the expected appointment of a Director for People.

8.4 Trustees Appointment, Induction, and Support

Recruitment of Trustees is overseen by the Governance Committee. Consideration is given to the knowledge and skills desired of new Trustees in relation to the current skills and attributes of existing Trustees, the skills that are deficient on the Board, and the need to plan for succession of Trustees who are due to stand down.

Following a shortlisting process candidates are invited to attend a meeting with two current Trustees. The full Board must approve any initial appointment. At the AGM immediately after appointment Trustees are formerly elected and can serve for up to six years. Thereafter Trustees may stand for two further elections each for two year terms, but thereafter must stand down for a period of 11 months.

New Trustees receive a full induction and have a Trustee mentor who acts as a confidential advisor on Trustee issues. They have the option to spend time in key areas, for example, care and retail.

Training for Trustees is provided on an ad hoc basis. Safeguarding training was provided in May 2022 and updated in November 2023.

Every three years appraisals take place for Trustees and for the full Board.

9. Other Relevant or Required Disclosures

9.1 Vital Volunteer Support

Katharine House Hospice simply would not exist without the volunteers who were so heavily involved in the Charity's inaugural steering committee and we would not be able to provide the quality and variety of services we do without the ongoing passion, time and commitment of this amazing group of people who have continued to support the Charity.

At 31 March 2024 we had a total of 311 volunteers supporting the Charity (2023: 352). During the year 57 volunteers stopped volunteering (2023: 154). During the year volunteers are estimated to have provided 49,475 hours of support (2023: 38,612), which is a significant increase but remains considerably below pre-pandemic levels.

Our volunteers, who vary in age from young people on Duke of Edinburgh schemes to some over 80 years, bring with them a diverse set of life experience, passion and enthusiasm. We are immensely proud and appreciative of all of our volunteers and have large numbers who have completed and have been recognised for long service (in excess of 5 years). During 2023/24 52 of our volunteers were acknowledged for long service (2023: 52): including 3 for 30 years, 1 for 25 years, and 9 for 20 years of service.

9.2 Charity Governance Code

The Trustees are aware of the new guidance issued by the Charity Commission and during the year have commenced a review of this guidance to identify appropriate actions to improve the governance of the Charity.

9.3 Relationships with Other Organisations

Katharine House Hospice is an independent charity, but is affiliated to or has connections with a number of organisations. These are: the local council for voluntary services – Support Staffordshire; the National Association of Hospice Fundraisers; and Katharine House Hospice is a member of Hospice UK.

Katharine House Hospice's and Embrace Quality Care Limited's care services are regulated by and registered with the Care Quality Commission.

Katharine House has a number of shared posts with the University Hospitals of North Midlands NHS Trust.

The Charity is funded by NHS England to provide in-reach services to two local prisons and to support local care homes in the delivery of palliative and end of life care.

The Charity has developed a 24/7 advice line in partnership with Douglas Macmillan Hospice in Stoke, and Compton Care in Wolverhampton covering the Staffordshire and Stoke-on-Trent Integrated Care Board, in which Katharine House funds our partners for the provision of these services, which is the most cost effective way of delivering the service.

The Charity seeks to develop relationships with other providers and charities in the furtherance of its objectives.

9.4 Related Parties

None of our Trustees receive remuneration or other benefit from their work with the Charity. There are a number of connected entities associated with Trustees and executives and these are disclosed in full in note 25 to the accounts.

A number of Trustees are employees of the University Hospitals of North Midlands Trust, whilst Katharine House jointly funds posts with, or contracts in services from, this trust.

Decisions in relation to these posts either pre-date the appointment of the Trustee or the Trustee has declared an interest in the decision and been absent when any such decisions have taken place. The relevant Trustees have taken no part in the contract negotiations.

9.5 Pay Policy for Senior Staff

The Trustees and the executive management team comprise the key management personnel of the Charity responsible for directing, controlling, and operating the Charity on a day-to-day basis. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in note 10 to the accounts and were nil (2023: Nil).

The pay of all staff is reviewed annually by the Remuneration Committee comprising Trustees and the Chief Executive and on an ad hoc basis as and when it is felt appropriate to adjust salaries. The Committee seeks to balance fairness and equity in the pay of staff for the roles performed, against affordability for the Charity. For positions where recruitment is more difficult higher wages may be offered. Certain groups of staff – in particular nursing and care staff – have structured pay scales that are broadly commensurate with similar roles in the NHS Agenda for Change pay scale.

The Chief Executive's pay is determined by Trustees at a full Board meeting.

The Remuneration Committee is empowered to award discretionary payments to staff for exceptional performance; however this is rare. No awards (excepting acting up allowances) were made in the year under review (2023: 0). No staff are on bonus schemes.

Staffing levels, redundancy costs, pensions and emoluments are detailed in notes 12, 13 14, and 15 to the accounts.

9.6 Employment Policy

Katharine House seeks to be an equal opportunities employer. The nature of some of the tasks required to be done in retail and care (the two largest employment sectors of the Charity) make it difficult to employ people with significant physical disabilities. All positions are open to people with a range of mental health issues. We do not record and maintain comprehensive data on employees with disabilities. Only when the organisation has a need to know do we keep such records, for example where we have a duty of care as an employer. We are therefore only able to report on the minimum numbers of people with disabilities known to us.

We provide a free and confidential advice line to all employees, but as this is confidential we have no data on levels of access.

We have a Mental Health Champion, who engages staff, managers, and volunteers.

The Charity is required to report its pay arrangements under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The following table provides a summary.

As at:	**April 2024**	**April 2023**	**April 2022**	**April 2021**	**April 2020**	**April 2019**
Mean gender pay gap	- 0.36	+ 7.56	- 0.14	- 3.78	- 12.17	- 13.46
Median gender pay gap	- 7.72	- 2.56	- 4.19	- 12.2	- 3.45	- 10.13

The mean gender pay gap has moved to an almost neutral position. The median gender pay gap is negative, showing the median pay for women is over 7.7% higher than for men.

10. Public Benefit Statement

All services provided by Katharine House Hospice are provided free of charge to patients and families; Trustees consider that all this activity is, in its entirety, charitable. In providing access to these services, the Trustees have sought to ensure that the only considerations are: the appropriateness of meeting the needs of each patient; the capacity to meet this need; and the safety and welfare of all patients.

Up to 31 March 2024, all services provided by Embrace Quality Care Ltd are deemed by the Trustees to be charitable in nature, but these services are provided for a fee, whether paid by the individual or by statutory authorities.

In making decisions in relation to the delivery of current services, the proposed development of new services, and the use of the Charity's funds, the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

11. Reference and Administrative Details

Charity Name:	Katharine House Hospice
Charity Registration:	1011712
Incorporation:	Company Limited by Guarantee
Company Number:	02700516
Date of Incorporation:	25th March 1992
Registered Office:	Weston Road, Stafford, ST16 3SB
	The Registered Office is also the principal address of the Charity

Trustees and Directors and Key Management Personnel:

The Directors of the Charity are its Trustees for the purpose of charity law. The Trustees and Officers serving during the year and since the year end were as follows:

Trustees:	Mr P R Catchpole Chairman
	Dr M Bland
	Mrs A J Cape
	Mrs J C Clarke

	Dr Z Din	
	Mr F A Gaffney	
	Mr J R Harley	
	Mrs S J Harris	
	Dr R G M Hughes	
	Mr A P Jeffries	
	Mr S P Kirwan	
	Mr B W J Phillips	
	Mr A S Porter	
	Mr M R Smith	
	Ms J Woodyard	(term ended 28 November 2023)
Company Secretary:	Ms J Woodyard	(resigned 28 November 2023)
	Mr S P Kirwan	(appointed 28 November 2023)
Registered Manager:	Mr D Fletcher	
Officers:		
Director of Care:	Mr D Fletcher	
Medical Director:	Dr C Bruckner-Holt	
Chief Executive:	Dr R T Soulsby	
Deputy Chief Executive:	Miss L M Taylor	
Retail General Manager:	Mr S Dodd	
Auditors / Accountants:	**Crowe U.K. LLP** Black Country House, Rounds Green Road, Oldbury, West Midlands B69 2DG	
Investment Brokers:	**LGT Wealth Management UK LLP** Fourteen Cornhill, London, EC3V 3NR	
Bankers:	**Lloyds Bank Plc** Market Square, Stafford, ST16 2JL	

12. Responsibilities in Relation to the Financial Statements

The Board of Trustees is required to prepare financial statements which give a true and fair view of the state of affairs of the Charity and Group at the end of the financial year and of the income and expenditure of the Charity and Group for the year ending on that date. In preparing those financial statements, the Board of Trustees is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Trustees is also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act 2006. Trustees are also responsible for safeguarding the assets of the Charity and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015).

13. Statement as to Disclosure to our Auditors

The Trustees will recommend to members the re-appointment of our present auditors Crowe U.K. LLP.

In so far as the Trustees are aware at the time of approving our Trustees' Annual Report and Strategic Report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the Group's auditor is unaware, and
- Having made enquiries of fellow Trustees and the Group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a Trustee in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

14. Approval

The Board of Trustees formally approved their Annual Report and, as Company Directors, approved the Strategic Report contained therein on 24th July 2024.



Peter Catchpole
Chairman, Katharine House Hospice

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KATHARINE HOUSE HOSPICE

Opinion

We have audited the financial statements of Katharine House Hospice (the "charitable company") and its subsidiaries (the "Group") for the year ended 31 March 2024 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows and the 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 the charitable company's affairs as at 31 March 2024 and of the 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; 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 Group 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 Trustee's 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 Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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 our 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 strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Trustees' 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:

- the parent company has not kept adequate accounting records; or
- the parent company 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 Trustees' responsibilities statement, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102) and the Companies Act. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The key laws and regulations we considered in this context were CQC regulations, Gambling Commission legislation, General Data Protection Regulation, health and safety legislation and employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of grant and legacy income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and Remuneration Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, income testing on a sample basis, reviewing accounting estimates for biases, reviewing any regulatory correspondence and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: 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.



Kerry Brown (Senior statutory auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 07 October 2024

Katharine House Hospice

Consolidated Statement of Financial Activities
Including Income and Expenditure Account

For the Year Ended 31 March 2024

	Note	Unrestricted £	Restricted £	2024 Totals £	Unrestricted £	Restricted £	2023 Totals £
INCOME							
Donations and legacies	(3)	2,235,875	81,843	2,317,718	1,801,340	169,901	1,971,241
Other trading activities	(4)	5,344,447	--	5,344,447	5,004,092	--	5,004,092
Charitable activities	(5)	1,539,932	145,658	1,685,590	1,512,154	90,403	1,602,557
Investments	(6)	177,044	--	177,044	22,435	--	22,435
Other income	(7)	23,277	533	23,810	19,874	90	19,964
Total Income		**9,320,575**	**228,034**	**9,548,609**	**8,359,895**	**260,394**	**8,620,289**
EXPENDITURE							
Raising funds	(8)	3,960,465	--	3,960,465	3,672,810	--	3,672,810
Charitable activities	(8)	4,029,505	223,102	4,252,607	3,355,814	305,268	3,661,082
Interest payable		--	--	--	--	--	--
Total Expenditure		**7,989,970**	**223,102**	**8,213,072**	**7,028,624**	**305,268**	**7,333,892**
Net gains/(losses) on investment assets		33,102	--	33,102	(33,773)	--	(33,773)
Net income / (expenses) before provisions		**1,363,707**	**4,932**	**1,368,639**	**1,297,498**	**(44,874)**	**1,252,624**
Provision for deferred tax liabilities		(5,969)	--	(5,969)	4,425	--	4,425
Net Movement in Funds		**1,357,738**	**4,932**	**1,362,670**	**1,301,923**	**(44,874)**	**1,257,049**
RECONCILIATION OF FUNDS							
Fund balances brought forward		8,219,217	99,730	8,318,947	6,917,294	144,604	7,061,898
Fund Balances Carried Forward	(23)	**9,576,955**	**104,662**	**9,681,617**	**8,219,217**	**99,730**	**8,318,947**

The consolidated statement of financial activities includes all gains and losses recognised in the year. All income and expenditure is derived from continuing activities.

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

The Hospice's accounts comprises a net surplus for 2024 of £1,362,670 (2023: surplus £945,417).

Katharine House Hospice

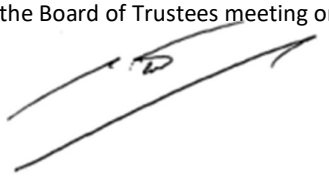
Consolidated Balance Sheet

At 31 March 2024

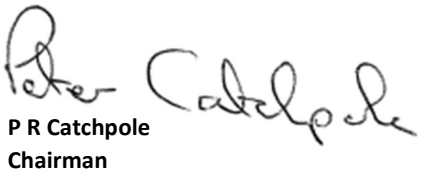
	Note	Unrestricted Funds £	Restricted Funds £	2024 Total Funds £	Unrestricted Funds £	Restricted Funds £	2023 Total Funds £
FIXED ASSETS							
Tangible assets	(16)	2,884,457	--	2,884,457	1,923,070	--	1,923,070
Investments	(17)	629,515	--	629,515	575,011	--	575,011
		3,513,972	**--**	**3,513,972**	**2,498,081**	**--**	**2,498,081**
CURRENT ASSETS							
Debtors	(18)	686,723	--	686,723	1,372,723	--	1,372,723
Stock	(19)	1,186	--	1,186	3,196	--	3,196
Cash at bank and in hand		5,968,278	104,662	6,072,940	5,077,082	99,730	5,176,812
		6,656,187	**104,662**	**6,760,849**	**6,453,001**	**99,730**	**6,552,731**
CREDITORS Amounts falling due within one year	(20)	(493,204)	--	(493,204)	(737,834)	--	(737,834)
NET CURRENT ASSETS		**6,162,983**	**104,662**	**6,267,645**	**5,715,167**	**99,730**	**5,814,897**
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,676,955**	**104,662**	**9,781,617**	**8,213,248**	**99,730**	**8,312,978**
CREDITORS Amounts falling due after one year	(20)	--	--	--	--	--	--
PROVISIONS	(22)	(100,000)	--	(100,000)	5,969	--	5,969
TOTAL NET ASSETS		**9,576,955**	**104,662**	**9,681,617**	**8,219,217**	**99,730**	**8,318,947**
REPRESENTED BY:							
Restricted funds	(23)	--	104,662	104,662	--	99,730	99,730
Designated funds	(23)	596,000	--	596,000	1,658,000	--	1,658,000
Unrestricted funds	(23)	8,980,955	--	8,980,955	6,561,217	--	6,561,217
		9,576,955	**104,662**	**9,681,617**	**8,219,217**	**99,730**	**8,318,947**

The Trustees acknowledge their responsibilities for complying with the requirements of the Charities Act with respect to accounting records and preparation of financial statements.

Approved by the Board of Trustees meeting on 24 July 2024 and signed on its behalf by:-



B W J Phillips
Treasurer



P R Catchpole
Chairman

Katharine House Hospice

Company Balance Sheet

At 31 March 2024

	Note	Unrestricted Funds £	Restricted Funds £	2024 Total Funds £	Unrestricted Funds £	Restricted Funds £	2023 Total Funds £
FIXED ASSETS							
Tangible assets	(16)	2,884,457	--	2,884,457	1,923,070	--	1,923,070
Investments	(17)	629,515	--	629,515	575,011	--	575,011
Investment in Group	(17)	602	--	602	5,602	--	5,602
		3,514,574	**--**	**3,514,574**	**2,503,683**	**--**	**2,503,683**
CURRENT ASSETS							
Debtors	(18)	1,012,545	--	1,012,545	1,654,555	--	1,654,555
Cash at bank and in hand		5,562,348	104,662	5,667,010	4,712,720	99,730	4,812,450
		6,574,893	**104,662**	**6,679,555**	**6,367,275**	**99,730**	**6,467,005**
CREDITORS Amounts falling due within one year	(20)	(412,512)	--	(412,512)	(651,741)	--	(651,741)
NET CURRENT ASSETS		**6,162,381**	**104,662**	**6,267,043**	**5,715,534**	**99,730**	**5,815,264**
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,676,955**	**104,662**	**9,781,617**	**8,219,217**	**99,730**	**8,318,947**
CREDITORS Amounts falling due after one year	(20)	--	--	--	--	--	--
PROVISIONS	(22)	(100,000)	--	(100,000)	--	--	--
TOTAL NET ASSETS		**9,576,955**	**104,662**	**9,681,617**	**8,219,217**	**99,730**	**8,318,947**
REPRESENTED BY:							
Restricted funds	(23)	--	104,662	104,662	--	99,730	99,730
Designated funds	(23)	596,000	--	596,000	1,658,000	--	1,658,000
Unrestricted funds	(23)	8,980,955	--	8,980,955	6,561,217	--	6,561,217
		9,576,955	**104,662**	**9,681,617**	**8,219,217**	**99,730**	**8,318,947**

The Trustees acknowledge their responsibilities for complying with the requirements of the Charities Act with respect to accounting records and preparation of financial statements.

Approved by the Board of Trustees meeting on 24 July 2024 and signed on its behalf by:-

B W J Phillips
Treasurer

P R Catchpole
Chairman

Katharine House Hospice

Consolidated Statement of Cash Flow

At 31 March 2024

RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS		2024 £	2023 £
Net movement in funds		1,362,670	1,257,049
Net movement in provisions		105,969	(4,425)
Depreciation		147,338	133,422
(Gain) / loss on investment assets		(33,102)	33,773
Impairment of fixed asset investments		(5,000)	--
Income from fixed asset investment	**Note i**	(161,554)	(13,845)
Interest received	**Note i**	(15,490)	(8,590)
(Gain) / loss on disposal of fixed assets		(500)	22,696
Decrease / (increase) in debtors		686,000	(377,115)
Decrease / (increase) in stock		2,010	(2,991)
(Decrease) / increase in creditors		(244,630)	156,027
Net cash inflow from operating activities		**1,843,711**	**1,196,001**

CASH FLOW STATEMENT			
Net cash provided by operating activities		1,843,711	1,196,001
Returns on investments and servicing of finance	**Note i**	177,044	22,435
		2,020,755	1,218,436
Purchase of fixed assets	**Note i**	(1,127,880)	(202,212)
Financing	**Note i**	--	--
Increase in cash		**892,875**	**1,016,224**

Katharine House Hospice

Notes to the Consolidated Statement of Cash Flows

At 31 March 2024

NOTE i TO THE CASH FLOW STATEMENT

		2024 £	2023 £
Returns on investments and servicing of finance			
Income from fixed asset investments in portfolio		32,152	13,845
Income from liquidity fund		129,402	--
Total income from fixed asset investments		161,554	13,845
Other interest received	**Note 6**	15,490	8,590
Interest payable on loans		--	--
		177,044	22,435
Sale and purchase of fixed assets			
Purchase of tangible fixed assets		(1,108,725)	(341,597)
Sale proceeds of other fixed assets		500	288,300
Purchase of fixed asset investments		(20,455)	(584,842)
Proceeds of sale of fixed asset investments		800	435,927
		(1,127,880)	(202,212)

NOTE ii TO THE CASH FLOW STATEMENT - Reconciliation of Net Cash Flow to Movement in Net Funds

Net cash inflow	892,875	1,016,224
Change in net funds in the year	892,875	1,016,224
Net funds at 1 April	5,180,804	4,164,580
Net funds at 31 March	**6,073,679**	**5,180,804**

NOTE iii TO THE CASH FLOW STATEMENT - Analysis of changes in net funds

	As at 1 April 2023	Cash Flows	As at 31 March 2024
Cash in hand and at bank	5,176,812	896,128	6,072,940
Cash in fixed asset investments	3,992	(3,253)	739
TOTAL	**5,180,804**	**892,875**	**6,073,679**

NOTE iv TO THE CASH FLOW STATEMENT - Analysis of Changes in Net Debt

	As at 1 April 2023	Cash Flows	As at 31 March 2024
Cash at hand and in bank	5,176,812	896,128	6,072,940
Cash in investments	3,992	(3,253)	739
TOTAL	**5,180,804**	**892,875**	**6,073,679**

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

Katharine House Hospice meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared by the Trustees to give a 'true and fair' view and on a going concern basis under the historical cost convention as modified by the revaluation of investments. The financial statements are prepared in sterling which is the functional currency of the Charity and rounded to the nearest pound. The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

b) Going Concern

The Charity reported a consolidated cash inflow of £892,875 for the year and has cash reserves of £6,072,940.

In March the Board approved a deficit budget for the period 2024/25 to 2026/27, these budgets have taken account that investments in services will be taken from the surpluses made in the last 3 years. Trustees consider that the levels of reserves are sufficient to ensure that the Hospice is a going concern in the middle term.

c) Branch Accounting

There exist a small number of support groups within the community, raising awareness about and funds to support the work of Katharine House Hospice. Under the SORP, Trustees consider these to be branches of Katharine House Hospice but consider the expense involved in accounting for these groups on a full accruals basis and auditing these accounts to be unwarranted in relation to the size of the funds generated.

d) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably. The Charity receives income from different sources: -

i) Fundraising Income

Fundraising income is income received as a result of time taken by fundraisers in organising fundraising events, soliciting donations and arranging for donations to be made to the Charity. Unsolicited gifts are classed as voluntary donations and are included in this section. Further details to this income are shown in note 3.

ii) Legacy Income

Legacies are treated as voluntary donations. Entitlement to legacy income is taken as the earlier of receipt or notification that a distribution will be made by the executor. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution.

1. ACCOUNTING POLICIES (Cont.)

d) Income (cont.)

iii) Other Trading Income

A breakdown of income is shown in note 4.

KH Promotions is a subsidiary company operating a society lottery, the operation of this lottery was transferred over to Local Hospice Lottery Ltd at the end of June 2022.

Historically KHH Development provided a management consultancy services to other charities but became dormant during the financial year 2022/23.

Katharine House Retail sold donated goods through E-bay sales and the prison outlets and any new goods sold through the shops. The company also acted as an agent for the selling of donated goods that are gift aided to the Hospice. In addition, the company operated a house clearance service. Donated goods refer to items donated to the Hospice for resale through the charity shops. The income from these items is recognised at the point of sale. Any stocks of donated goods held at the financial year end are not attributed a value as it is not practical or otherwise economical to do this.

iv) Charitable Activities

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred. Further details regarding statutory sector grant income received by the Charity are set out in note 5.

v) Donated Goods

Donated goods refer to items donated to the Hospice for resale through the charity shops. The income from these items is recognised at the point of sale. Any stocks of donated goods held at the financial year end is not attributed a value as it is not practical or otherwise economical to do this.

vi) Investment Income

Investment income includes dividends and interest on funds held on deposit. This income is included when receivable and the amount can be measured reliably by the Charity. Further details regarding investment income received by the Charity are set out in note 17.

vii) Fees and Other Income

The breakdown of this is shown in note 7. This includes miscellaneous which is other income charges for use of facilities and services.

e) Donation of Assets

Gifts of tangible assets are included in these accounts at an estimated valuation which approximates to cost. Donations are included in the income and expenditure account as such, and in the balance sheet under the appropriate headings.

f) Expenditure and Irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

1. ACCOUNTING POLICIES (Cont.)

f) Expenditure and Irrecoverable VAT (Cont.)

i) Costs of generating income

These include the expenditure on operating the retail charity shops, fundraising to generate donations and to record and thank donors, the costs associated with managing the investment portfolio (including brokerage costs), and the costs involved in managing properties owned for investment purposes. The consolidated accounts detail the cost of carrying out subsidiary operations such as lotteries and additional retail activity, the surplus from these activities is donated to the Charity.

ii) Expenditure on charitable activities

Expenditure on charitable activities includes the expenditure incurred to operate the Hospice services, including the overheads of the Charity and the cost of governance.

iii) Irrecoverable VAT

Irrecoverable VAT is written off in the year it is recognised as such.

g) Basis for the Allocation of Costs

i) Direct costs

Where possible costs are charged directly to one of the primary services of the charity.

ii) Support costs

Support costs are those deemed to be essential to the operation of the Charity's primary purposes, for example catering and laundry, and are allocated on the basis of usage. These also include costs that cannot be charged directly to one primary service as they support all primary services, these are allocated either on the basis of usage where this can be easily determined or otherwise apportioned on the basis of total costs of services.

iii) Overhead costs

Overhead costs are those that support not only the primary services of the Charity but also other functions, including those of the subsidiary companies. These are allocated on the basis of fair usage of the relevant overhead or otherwise apportioned on the basis of cost. Overheads are allocated directly to primary services, governance, fundraising and subsidiary companies rather than allocating or apportioning costs to other support and overhead functions.

h) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Capital items in excess of £5,000 are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over their expected useful lives on the following bases:-

Land	0%	
Freehold buildings	2%-4%	straight line basis
Refurbishments to leasehold buildings	7%	straight line basis
Leasehold buildings	10-33%	straight line basis
Equipment, furniture and vehicles	20%	straight line basis
General IT equipment	20-50%	straight line basis

1. ACCOUNTING POLICIES (Cont.)

i) Investments

Fixed asset investment in quoted shares, traded bonds and similar investments are valued initially at cost and subsequently at fair value (their market value) at year end. The same treatment is applied to unlisted investments unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

j) Stock

Stock is the value of Christmas card stocks held for sale stated at the lower of cost and net realisable value.

k) Debtors

Trade and other debtors are recognised at the settlement amount due after trade discounts have been applied. Subsequently they are measured at the cash or other consideration expected to be received. Prepayments are valued at the proportionate amount pre-paid relating to future accounting periods at the balance sheet date.

l) Cash

Cash at bank and cash in hand includes all operating cash held and immediately available for the Charity's use. In addition to this there is cash sitting within the investment portfolio.

m) Creditors

Creditors are recognised where the Charity has a present obligation arising from a past event that will probably result in a transfer of funds to a third party and the amount to be transferred can be reliably determined.

n) Payments on Account

Payments on account is income received but at the balance sheet date the Charity has no legal entitlement to the funds, in particular donor's money held by the retail company, which donors are yet to confirm may be donated to the Charity and lottery players who have paid in advance of future draws.

o) Deferred Income

Other grants are credited to the statement of financial activities as the related expenditure is incurred. Income received prior to an event which would be returnable if the event does not occur is deferred until the event has occurred.

p) Pensions

The Charity operates a number of employee pension schemes. Further details regarding the schemes operated are set out in note 15 of these accounts. Contributions payable for the year are charged in the income and expenditure account.

q) Fund Accounting

General Funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity. Designated funds are unrestricted funds of the Charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be used solely for particular areas of the Charity's work. Note 23 provides further explanation behind the restricted and designated funds.

r) Method of Consolidation

The financial statements consolidate the accounts of Katharine House Hospice and all its subsidiary undertakings using the acquisition method.

s) Deferred Taxation

Deferred tax is provided in full on timing differences which represents 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 or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax is now provided on timing differences arising from accelerated capital allowances as in accordance with SORP (FRS 102). Deferred tax assets and liabilities are not discounted.

t) Operating Leases

Rental applicable to operating leases where substantially all of the benefit and risks of ownership remain with the lessor are charged to the income and expenditure account as incurred.

u) Volunteers

The Charity benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in the annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

2. LEGAL STATUS OF THE CHARITY

The Charity is registered with the Charity Commission in England and Wales (registered number 1011712) and is incorporated in England and Wales as a Company Limited by Guarantee and does not have share capital. Each member of the company has undertaken to contribute to the assets of the company in the event of it being wound up while s/he is a member, or within one year after s/he ceases to be a member, for payment of the debts and liabilities of the company contracted before s/he ceases to be a member such amount as may be required not exceeding £1. Each member pays a subscription fee annually. Income from membership is the annual subscription.

3. DONATIONS AND LEGACIES INCOME

Hospice & Group	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Income Sources						
Donations from society lottery	296,365	--	296,365	236,805	--	236,805
Other donations	663,658	9,639	673,297	543,502	32,835	576,337
Trusts and grant giving bodies	40,266	72,010	112,276	48,480	87,066	135,546
Gift aid on donations	71,415	--	71,415	73,147	--	73,147
Legacies	1,162,933	194	1,163,127	898,506	50,000	948,506
Other sources	1,238	--	1,238	900	--	900
	2,235,875	**81,843**	**2,317,718**	**1,801,340**	**169,901**	**1,971,241**

The Hospice recognises the residual benefit of three estates as at 31.03.24, which the value outstanding has been approximately valued at £397k. The residual payment of one of these estates are expected in within 2 years' time. The third estate consisted of two trusts which had a life interest, one of which was realised in 2021, the date of realisation of the other fund is not known. In addition to the three estates there is approximately £570k legacies which have been notified to the charity before 31/03/24, but have not been recognised as income in the year as they do not meet the Hospice's income recognition criteria.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Hospice						
KH Promotions Ltd	--	--	--	65,005	--	65,005
KH Retail Ltd	51,791	--	51,791	87,433	--	87,433
Sale of Donated Goods	4,625,113	--	4,625,113	4,289,306	--	4,289,306
Gift Aid on Sale of Goods	325,297	--	325,297	286,090	--	286,090
Fundraising Events	88,197	--	88,197	51,540	--	51,540
	5,090,398	**--**	**5,090,398**	**4,779,374**	**--**	**4,779,374**
Group						
KH Promotions Ltd	--	--	--	112,320	--	112,320
KH Retail Ltd	305,840	--	305,840	264,836	--	264,836
Sale of Donated Goods	4,625,113	--	4,625,113	4,289,306	--	4,289,306
Gift Aid on Sale of Goods	325,297	--	325,297	286,090	--	286,090
Fundraising Events	88,197	--	88,197	51,540	--	51,540
	5,344,447	**--**	**5,344,447**	**5,004,092**	**--**	**5,004,092**

5. INCOME FROM CHARITABLE ACTIVITIES

Income from charitable activities incorporates receipts of income from statutory agencies, whether as grants or contracts and fees received for the provision of the Charity's services. Trustees are pleased to report that the Integrated Care Board have continued commitments to fund the Hospice's work.

Hospice		Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Integrated Care Board							
Grants	(a)	1,224,257	--	1,224,257	1,176,458	--	1,176,458
Contracts	(b)	--	--	--	--	47,797	47,797
Pension Rebate	(c)	--	26,591	26,591	--	26,591	26,591
NHS England							
Capacity Grant	(d)	--	--	--	--	915	915
Prison Services Contract	(e)	--	16,073	16,073	--	8,860	8,860
Specific contract income	(f)	--	86,873	86,873	--	--	--
Stafford Borough Council	(g)	3,500	--	3,500	3,500	--	3,500
Other Fee Income	(h)	1,499	16,121	17,620	--	6,240	6,240
Income from Charitable Activities		**1,229,256**	**145,658**	**1,374,914**	**1,179,958**	**90,403**	**1,270,361**
Group							
Hospice - as above		1,229,256	145,658	1,374,914	1,179,958	90,403	1,270,361
Embrace Quality Care		310,676	--	310,676	332,196	--	332,196
Group Income from Charitable Activities		**1,539,932**	**145,658**	**1,685,590**	**1,512,154**	**90,403**	**1,602,557**

5. INCOME FROM CHARITABLE ACTIVITIES (Cont.)

(a) A one year recurring conditional grant the value of which is derived annually.

(b) A one year recurring restricted grant.

(c) The Hospice is in receipt of an annual rebate from the Department of Health, paid through the Integrated Care Board (ICB), to cover the increased costs to the employer of the NHS pension scheme.

(d) The NHSE awarded funding to allow the Hospice to make available bed capacity and community support from December 2021 to March 2022 to provide support to people with complex needs in the context of the COVID-19 situation. In 2022/23 this was an adjustment to a previous year's accrual.

(e) A contract with NHS England for the provision of in-reach services to HMP Stafford and HMP YOI Drake Hall for prisoners at end of life.

(f) Staffordshire and Stoke-on-Trent payments for named patients who received services delivered by the Hospice beyond the intentions of the primary grant.

(g) A one year recurring service level agreement.

(h) The main object of the Charity is to provide home care, day care and inpatient care to people in mid-Staffordshire in need of specialist palliative care. The Charity makes no charge for the provision of these services. A subsidiary object is to provide training, education and other resources for those involved in the provision of specialist palliative care services. To this end medical and nursing students from universities have paid placements at the Hospice.

In addition, the Hospice has received non-recurring grants from local councils for specific objectives, as described below.

	2024	2023
	£	£
Cannock Wood Parish Council for IPU service	--	500
Cannock Wood Parish Council for Hospice At Home service	250	--
Eccleshall Wood Parish Council for Therapy & Wellbeing Centre	--	200
Eccleshall Wood Parish Council for Lymphoedema equipment	500	--
Gnosall Parish Council for Therapy & Wellbeing Centre	--	200
SCC local community fund for Therapy & Wellbeing Centre	--	2,625

6. INVESTMENT INCOME

All investment income is unrestricted and comprises:

	Company		Group	
	2024	2023	2024	2023
	£	£	£	£
Bank interest	15,490	8,576	15,490	8,590
Interest from investments	18,080	5	18,080	5
Dividends from portfolio	20,465	13,840	20,465	13,840
Dividends from liquidity fund	111,322	--	111,322	--
Misc income from liquidity fund	11,687	--	11,687	--
	177,044	**22,421**	**177,044**	**22,435**

7. OTHER INCOME

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Hospice						
Miscellaneous	23,277	533	23,810	19,874	90	19,964
	23,277	**533**	**23,810**	**19,874**	**90**	**19,964**
Group						
Miscellaneous	23,277	533	23,810	19,874	90	19,964
	23,277	**533**	**23,810**	**19,874**	**90**	**19,964**

8. EXPENSE ANALYSIS

	Note	Direct Staff £	Other Costs Direct £	Deprec-iation £	Allocated Support Costs £	2024 Total £	Direct Staff £	Other Costs Direct £	Deprec-iation £	Allocated Support Costs £	2023 Total £
COSTS OF RAISING FUNDS											
Hospice											
Fundraising		186,879	39,174	1,796	66,820	294,669	191,126	18,881	1,562	63,776	275,345
Other trading activities		1,945,613	1,151,019	63,835	253,163	3,413,630	1,798,673	1,039,012	55,239	269,361	3,162,285
Investment management fees		--	4,086	--	--	4,086	--	6,023	--	--	6,023
	(a)	**2,132,492**	**1,194,279**	**65,631**	**319,983**	**3,712,385**	**1,989,799**	**1,063,916**	**56,801**	**333,137**	**3,443,653**
Group											
Fundraising		186,879	39,174	1,796	66,820	294,669	191,126	18,881	1,562	63,776	275,345
Other trading activities		2,054,778	1,309,724	63,835	233,373	3,661,710	1,876,493	1,222,333	63,039	229,577	3,391,442
Investment management fees		--	4,086	--	--	4,086	--	6,023	--	--	6,023
	(a)	**2,241,657**	**1,352,984**	**65,631**	**300,193**	**3,960,465**	**2,067,619**	**1,247,237**	**64,601**	**293,353**	**3,672,810**
COSTS OF CHARITABLE ACTIVITIES											
Hospice											
Patient care	(b)	2,625,621	637,666	69,268	352,324	3,684,879	2,296,511	472,174	61,212	353,754	3,183,651
Governance	(a)	84,284	17,376	--	50,244	151,904	78,621	18,302	--	41,975	138,898
		2,709,905	**655,042**	**69,268**	**402,568**	**3,836,783**	**2,375,132**	**490,476**	**61,212**	**395,729**	**3,322,549**
Group											
Patient care	(b)	3,002,559	676,552	69,268	352,324	4,100,703	2,597,714	509,504	61,212	353,754	3,522,184
Governance	(a)	84,284	17,376	--	50,244	151,904	78,621	18,302	--	41,975	138,898
		3,086,843	**693,928**	**69,268**	**402,568**	**4,252,607**	**2,676,335**	**527,806**	**61,212**	**395,729**	**3,661,082**

ANALYSIS OF EXPENSES BETWEEN FUNDS

(a) All expenses incurred in raising funds and governance are taken from unrestricted or designated funds

(b) Patient care expenses are analysed between unrestricted/designated funds and restricted funds as follows:

	Hospice		Group	
	2024 £	2023 £	2024 £	2023 £
Unrestricted/designated	3,613,681	3,017,281	4,029,505	3,355,814
Restricted	223,102	305,268	223,102	305,268
	3,836,783	**3,322,549**	**4,252,607**	**3,661,082**

9. ALLOCATED SUPPORT COST EXPENSE ANALYSIS

	Staff Costs £	Other Costs £	Deprec-iation £	2024 Total £	Staff Costs £	Other Costs £	Deprec-iation £	2023 Total £
Support functions	449,731	260,378	12,440	**722,549**	432,094	289,161	7,611	**728,866**
	449,731	**260,378**	**12,440**	**722,549**	**432,094**	**289,161**	**7,611**	**728,866**
Allocations to:								
Patient Care				352,322				353,754
Governance				50,244				41,975
Fundraising				66,820				63,776
Sale of donated goods				253,163				269,361
				722,549				**728,866**

10. NET INCOME

Net income is stated after charging the following items to the Income and Expenditure Account.

	Hospice		Group	
	2024 £	2023 £	2024 £	2023 £
Auditor's remuneration	16,600	17,300	17,860	18,560
Depreciation of tangible fixed assets	147,338	125,622	147,338	133,422
Loss/(profit) on disposal of fixed assets	--	23,697	(500)	22,696
Operating lease rentals	327,208	342,617	327,208	342,617
Payments to Trustees	--	--	--	--
Trustee indemnity insurance	1,987	1,642	1,987	1,642

11. TRADING SUBSIDIARIES

Katharine House has 4 subsidiary trading companies

KH Promotions Limited 03295776 ran a society lottery on behalf of the Charity. This lottery operation was transferred in June 2022 to a third party - Local Hospice Lottery. The Local Hospice Lottery splits out the funds to various charities in the form of donations of which are received within the Hospice's accounts

Katharine House Retail Limited 03949314 carries out trading activity, including eBay, house clearances, collection and delivery services

Embrace Quality Care Limited 08050417 is a care agency meeting the core objectives of the Charity, but charging for its services. This company ceased trading in March 2024 and an application to strike off is pending.

KHH Development Limited 08120430 provided administrative and financial support to other charities. This became dormant at the beginning of 2021/22 and an application to strike off is pending.

A summary of the results of the subsidiary companies of the Charity are set out in this note. Accounts have been approved by the directors of these companies and will be filed with the Registrar of Companies.

11. TRADING SUBSIDIARIES (Cont.)

	KH Promotions Ltd		KH Retail Ltd	
	2024	2023	2024	2023
	£	£	£	£
Turnover (including HMRC Job Retention Scheme)	--	112,320	305,840	264,836
Direct operating costs	--	(47,329)	(267,870)	(221,612)
Net recharges to/(from) Katharine House Hospice	--	--	19,790	39,784
Gross Profit	--	**64,991**	**57,760**	**83,008**
Interest receivable	--	14	--	--
Taxation	--	--	(5,969)	4,425
Net profit before Gift Aid	--	**65,005**	**51,791**	**87,433**
Distribution under Gift Aid to Katharine House	--	(65,005)	(51,791)	(87,433)
Retained in subsidiary undertaking	--	--	--	--
Retained earnings brought forward	--	--	--	--
Retained earnings carried forward	--	--	--	--
The aggregate of the assets, liabilities and funds at 31 March was:				
Fixed assets	--	--	--	--
Current assets	65,331	65,579	318,009	325,490
Current liabilities	(65,231)	(65,479)	(318,007)	(325,488)
Total assets	**100**	**100**	**2**	**2**
Share capital	100	100	2	2
Funds	**100**	**100**	**2**	**2**

	Embrace Quality Care Ltd		KHH Development Ltd	
	2024	2023	2024	2023
	£	£	£	£
Turnover (including HMRC JRS & Misc Income)	310,676	332,196	--	--
Direct operating costs	(415,824)	(338,533)	--	--
Retained in subsidiary undertaking	**(105,148)**	**(6,337)**	--	--
Retained earnings brought forward	(317,969)	(311,632)	--	--
Retained earnings carried forward	**(423,117)**	**(317,969)**	--	--
The aggregate of the assets, liabilities and funds at 31 March was:				
Current assets	10,190	48,269	500	500
Current liabilities	(428,307)	(361,238)	--	--
Total assets	**(418,117)**	**(312,969)**	**500**	**500**
Share capital	5,000	5,000	500	500
Retained earnings	(423,117)	(317,969)	--	--
Funds	**(418,117)**	**(312,969)**	**500**	**500**

12. EMPLOYEE NUMBERS AND COSTS

The number of staff and whole time equivalents employed by the Charity, analysed by function was:

Company	2024		2023	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Care services	75	55.63	71	50.64
Support and overheads	36	24.44	36	24.72
Income generation	114	73.28	117	73.39
	225	**153.35**	**224**	**148.75**

Group	2024		2023	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Care services	94	71.01	88	65.70
Support and overheads	36	24.44	36	24.72
Income generation	119	78.28	122	78.71
	249	**173.73**	**246**	**169.13**

The costs of employment were:

	Company		Group	
	2024 £	2023 £	2024 £	2023 £
Salary	4,665,764	4,235,713	5,109,459	4,584,055
National Insurance	374,818	337,922	404,423	359,638
Pension	251,548	223,390	264,351	232,354
	5,292,130	**4,797,025**	**5,778,233**	**5,176,047**
Bought-in staff	201,165	149,743	201,165	149,743
	5,493,295	**4,946,768**	**5,979,398**	**5,325,790**

13. REDUNDANCY COSTS

The Group made statutory redundancy payments amounting to £9,607 (2023: £NIL) with respect to 4 cases (2023: no individual cases). These redundancies all pertained to the closure of Embrace Quality Care Ltd.

14. EMOLUMENTS

The number of staff whose emoluments during the year exceeded £60,000 was:

	Company		Group	
	2024	2023	2024	2023
£60,001 - £70,000	0	1	0	0
£70,001 - £80,000	0	0	0	0
£80,001 - £90,000	2	1	2	1

The gross cost of the Executive Team responsible for running the group of companies (including all emoluments, employer's national insurance contributions, and employer's pension contributions was £379,940 (2023: £389,478). There were 4 employees and 1 non-employee on the team (2023: 5 employees and 1 non-employee on the team until the end of January 2023 and 4 employees and 1 non-employee thereafter).

15. PENSIONS

The Hospice makes provision for employees' pensions in accordance with the Memorandum of Association and its legal obligations. The Hospice does not operate its own pension scheme, but contributes to schemes as follows:

a) NHS Defined Benefit Scheme

Employees who are members of the NHS pension scheme, if eligible, may continue to contribute to this scheme. Employer contributions are 14.38%. Employee contributions range from 5% to 13.5% dependent upon the level of their notional full-time pensionable pay. This scheme is an unfunded defined benefit scheme that covers NHS employees, General Practitioners and other bodies allowed under the direction of the Secretary of State in England and Wales. The scheme is managed in a manner that does not make it practical for the Hospice to ascertain its share of the assets and liabilities under the scheme and the scheme is therefore treated in the accounts as if it were a defined contribution scheme, with the cost being taken as the contributions payable during the accounting period.

b) Standard Life Group/Stakeholder Pension Scheme

The Charity, in response to the Stakeholder Pension Schemes Regulations 2000, opened a scheme in the year 2000 for eligible employees to join the Standard Life Group Pension Scheme. The Charity matches employee contributions up to 7%. From 1 April 2015 Standard Life closed this scheme and it is not available to new employees. This scheme is a defined contribution scheme.

c) National Employment Savings Trust (NEST)

Eligible employees who are not in either of the two schemes above are automatically enrolled into the NEST scheme. The automatic enrolment is done at the statutory minimum (at present 5% for employers) but employees can increase their contributions and the Charity will match these up to 7%. This is a defined contribution scheme.

Numbers of staff and contributions to the different schemes are:

	2024		2023	
Company	**Average Number**	**Employer Contribution £**	**Average Number**	**Employer Contribution £**
NHS	21	97,771	21	87,540
Standard Life	12	36,280	13	38,206
NEST	165	117,497	158	97,644
	198	**251,548**	**192**	**223,390**
Group				
NHS	21	97,771	21	87,540
Standard Life	12	36,280	13	38,206
NEST	186	130,300	177	106,608
	219	**264,351**	**211**	**232,354**

16. TANGIBLE FIXED ASSETS

COMPANY	Long Leasehold Land and Buildings £	Equipment, Furniture and Fixtures £	IT Equipment and Software £	Motor Vehicles £	Total £
Cost					
At 1 April 2023	2,584,333	410,158	187,296	103,093	3,284,880
Additions	1,083,117	8,913	6,703	9,992	1,108,725
Disposals	--	(17,320)	(73,231)	--	(90,551)
At 31 March 2024	**3,667,450**	**401,751**	**120,768**	**113,085**	**4,303,054**
Depreciation					
At 1 April 2023	854,814	327,830	146,681	32,485	1,361,810
Charge for the year	83,892	30,436	13,592	19,418	147,338
Disposals	--	(17,320)	(73,231)	--	(90,551)
At 31 March 2024	**938,706**	**340,946**	**87,042**	**51,903**	**1,418,597**
Net Book Value					
At 31 March 2024	2,728,744	60,805	33,726	61,182	2,884,457
At 1 April 2023	1,729,519	82,328	40,615	70,608	1,923,070
GROUP					
Cost					
At 1 April 2023	2,638,255	410,158	187,296	201,188	3,436,897
Additions	1,083,117	8,913	6,703	9,992	1,108,725
Disposals	(30,720)	(17,320)	(73,231)	(7,095)	(128,366)
At 31 March 2024	**3,690,652**	**401,751**	**120,768**	**204,085**	**4,417,256**
Depreciation					
At 1 April 2023	908,736	327,830	146,681	130,580	1,513,827
Charge for the year	83,892	30,436	13,592	19,418	147,338
Disposals	(30,720)	(17,320)	(73,231)	(7,095)	(128,366)
At 31 March 2024	**961,908**	**340,946**	**87,042**	**142,903**	**1,532,799**
Net Book Value					
At 31 March 2024	2,728,744	60,805	33,726	61,182	2,884,457
At 1 April 2023	1,729,519	82,328	40,615	70,608	1,923,070

17. FIXED ASSETS INVESTMENT – Company and Group

	2024 £	2023 £
At 31 March investments were held as:		
abrdn balanced bridge fund	628,776	571,019
Total invested funds	**628,776**	**571,019**
Cash held for investment	739	3,992
Total funds in Investment portfolio	**629,515**	**575,011**

	2024 £	2023 £
Listed investments		
Market value at 31 March	571,019	455,877
Less Disposals at opening book value (proceeds £800)	(811)	(454,977)
Add acquisitions at cost	20,455	584,842
Net gain/(loss) on revaluation at 31 March	38,113	(14,723)
Market value at 31 March of listed investments	**628,776**	**571,019**
Historical cost at 31 March	604,486	584,842

All investments are held in unrestricted funds. The net gains and losses on revaluation are based on the market value of investment provided by LGT Wealth Management UK LLP who manage the fund on behalf of the Trustees.

FIXED ASSET INVESTMENT - Company

The Company's investments at the balance sheet date in the share capital of unlisted companies which are registered in the UK comprising:

	Company registration no.	% of shareholding held by KH Hospice	2024 £	2023 £
KH Promotions Limited	03295776	100%	100	100
Katharine House Retail Limited	03949314	100%	2	2
Embrace Quality Care Limited	08050417	100%	--	5,000
KHH Development Limited	08120430	100%	500	500
			602	5,602

All investments are valued at cost except Embrace Quality Care Limited which is at fair value as at year end. Results for the year are shown in note 11 and are included in the consolidated accounts.

18. DEBTORS

	Company		Group	
	2024	2023	2024	2023
	£	£	£	£
Intercompany accounts	359,029	353,612	--	--
Trade debtors	63,532	669,518	68,488	713,763
NHS pharmaceutical supplies	5,430	11,080	5,430	11,080
HMRC - tax and social security	210,467	210,528	210,467	210,528
Other debtors	5,155	6,869	33,406	34,404
Accrued legacy income	200,102	248,091	200,102	248,091
Prepayments	164,955	150,982	164,955	150,982
Deposits provided	3,875	3,875	3,875	3,875
	1,012,545	**1,654,555**	**686,723**	**1,372,723**

The intercompany accounts are the balance of funds to be transferred to the Hospice in respect of Gift Aid payments for the year. The balances are payable on demand. In view of the nature of the balances, interest is not charged by the Hospice on the outstanding amounts, nor has it taken security for the balances.

19. STOCK

	Company		Group	
	2024	2023	2024	2023
	£	£	£	£
Bought in goods	--	--	1,186	3,196

20. CREDITORS

Amounts due in under one year

		Company		Group	
		2024	2023	2024	2023
	Note	£	£	£	£
Payments on account		--	--	53,126	53,552
Trade creditors		125,498	229,173	142,908	255,158
HMRC		70,140	144,896	70,140	145,676
Accruals		197,955	201,430	203,226	204,863
Deferred income	(21)	13,839	40,519	13,839	40,519
Other creditors		5,080	35,723	9,965	38,066
		412,512	**651,741**	**493,204**	**737,834**

Amounts due after one year

	Company		Group	
	2024	2023	2024	2023
	£	£	£	£
Bank loans	--	--	--	--
	---	---	---	---

21. DEFERRED INCOME

Income deferred in accordance with FRS 102 and included in accruals and deferred income was:

For 2024	Balance at 1 April	Released	Deferred	Balance at 31 March
	£	£	£	£
Refundable event income	40,519	40,519	13,631	13,631
	40,519	**40,519**	**13,631**	**13,631**

For 2023	Balance at 1 April	Released	Deferred	Balance at 31 March
	£	£	£	£
Refundable event income	12,301	12,301	40,519	40,519
Marketing Income	5,000	5,000	--	--
	17,301	**17,301**	**40,519**	**40,519**

22. PROVISIONS

	Company		Group	
	2024	2023	2024	2023
	£	£	£	£
Deferred tax liabilities provision	--	--	--	(5,969)
Dilapidation provision	100,000	--	100,000	--
	100,000	--	**100,000**	**(5,969)**

23. FUNDS

Unrestricted Funds - Designated and General Funds

General funds are freely available for the Trustees to apply for its charitable purposes, but include fixed assets that are not expendable. The Trustees have established ten designated reserves from within the free and unrestricted funds available. The primary purpose of these funds is to assist the Charity in managing its reserves and financial risks, particularly in the light of known future commitments, unexpected failure of income and larger one-off items of expenditure.

The refurbishment of the Therapy and Wellbeing Centre was completed in the first quarter of 2023-24 alongside the renovation of one of the retail properties. Both properties are owned by the Hospice.

The refurbishment fund is relating to a small number of retail shops requiring refurbishment during 2023-24.

It is recognised there is a liability for dilapidations costs relating to retail premises.

The training and development fund ensures that existing commitments to staff development can be funded. This has been increased due to an additional need for clinical training and also learning and development support being out-sourced.

There are plans in place to replace the current clinical system due to its impending obsolescence.

23. FUNDS (Cont.)

COMPANY

For the Year Ended 31 March 2024

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) and Provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	**6,561,217**	**8,755,850**	**(5,995,148)**	**(72,046)**	**(268,918)**	**8,980,955**
Designated Funds						
Implementation of new clinical system	25,000	--	--	--	105,000	130,000
Renewal of IT	30,000	--	(20,265)	--	15,265	25,000
Training and Development	66,000	--	(40,070)	--	10,070	36,000
Renovation/Refurbishment Therapy	55,000	--	(28,124)	--	(26,876)	--
Norton Bridge Renovation	--	--	(5,965)	--	20,965	15,000
Replacement of Telephone Equipment	7,000	--	(6,703)	--	(297)	--
Repairs and Renewals	75,000	--	(225,804)	--	210,804	60,000
Retail premises dilapidations	100,000	--	--	--	(100,000)	--
Acquistion & Refurbishment of Property	1,300,000	--	(1,003,987)	--	33,987	330,000
		--	--	--	--	--
	1,658,000	**--**	**(1,330,918)**	**--**	**268,918**	**596,000**
Restricted Funds						
Capital and Equipment Funds	55,043	49,875	(59,294)	--	--	45,624
NHSE Capacity Funding	--	--	--	--	--	--
Service Funds	13,805	159,689	(160,890)	--	--	12,604
Other Restricted Funds	30,882	18,470	(2,918)	--	--	46,434
	99,730	**228,034**	**(223,102)**	**--**	**--**	**104,662**
	8,318,947	**8,983,884**	**(7,549,168)**	**(72,046)**	**--**	**9,681,617**

For the Year Ended 31 March 2023

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) and Provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	**5,613,926**	**6,904,461**	**(6,142,875)**	**(351,742)**	**537,447**	**6,561,217**
Designated Funds						
Renovation/Refurbishment Therapy	250,000	--	(194,744)	--	(256)	55,000
Norton Bridge Renovation	70,000	--	(63,832)	--	(6,168)	--
Refurbishment of retail premises	--	--	--	--	75,000	75,000
Provn for dilapidations retail premises	--	--	--	--	100,000	100,000
Acquisition & Refurbishment of Property	1,100,000	--	--	--	200,000	1,300,000
Renewal of IT	65,000	--	(47,597)	--	12,597	30,000
Training and Development	10,000	--	(11,886)	--	67,886	66,000
Replacement of clinical system	--	--	--	--	25,000	25,000
Replacement of telephone system	--	--	--	--	7,000	7,000
Legacy Equalisation	120,000	898,506	--	--	(1,018,506)	--
	1,615,000	**898,506**	**(318,059)**	**--**	**(537,447)**	**1,658,000**
Restricted Funds						
Capital and Equipment Funds	102,542	145,792	(193,291)	--	--	55,043
NHSE Capacity Funding	--	915	(915)	--	--	--
Service Funds	14,012	105,222	(105,429)	--	--	13,805
Other Restricted Funds	28,050	8,465	(5,633)	--	--	30,882
	144,604	**260,394**	**(305,268)**	**--**	**--**	**99,730**
	7,373,530	**8,063,361**	**(6,766,202)**	**(351,742)**	**--**	**8,318,947**

23. FUNDS (Cont.)

Restricted Funds

The capital and equipment funds are primarily for the purchase of items of equipment or refurbishments. Some have small cash balances which are used in the maintenance of the asset.

The service funds are to operate specified services and are expected to be spent within 12 months. Expenditure against these funds is only for direct costs of running the services, not for recharges or overheads.

The other restricted funds are for use in the provision of aspects of services or for provisions not specific to a service, for example: patient comfort funds, funds for the upkeep of the garden and other areas and funds to provide training and development for staff.

GROUP

For the Year Ended 31 March 2024

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) and Provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	6,561,217	9,320,575	(6,659,052)	27,133	(268,918)	8,980,955
Designated Funds	1,658,000	--	(1,330,918)	--	268,918	596,000
Restricted Funds	99,730	228,034	(223,102)	--	--	104,662
	8,318,947	**9,548,609**	**(8,213,072)**	**27,133**	**--**	**9,681,617**

For the Year Ended 31 March 2023

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) and Provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	5,302,294	7,461,389	(6,710,565)	(29,348)	537,447	6,561,217
Designated Funds	1,615,000	898,506	(318,059)	--	(537,447)	1,658,000
Restricted Funds	144,604	260,394	(305,268)	--	--	99,730
	7,061,898	**8,620,289**	**(7,333,892)**	**(29,348)**	**--**	**8,318,947**

24. FINANCIAL COMMITMENTS

Capital Commitments - Company and Group

The Charity has no capital commitments at 31 March 2024 (2023: £55k relating to the Therapy and Wellbeing Centre, which commitment is now met).

Operating Lease Commitments

The Company and Group hold leases for retail outlets and office equipment. The future outstanding commitments broken down by time periods are shown below with prior year comparatives:

	<1 year £	2-5 years £	+5 years £
Company & Group as at 31.03.24	190,412	251,152	--
Company & Group as at 31.03.23	276,813	345,157	25,557

24. FINANCIAL COMMITMENTS (Cont.)

The total operating lease commitments (this includes leases that are out of lease calculated at 6 months' liability) are:

	Total Cost of Lease £
Company & Group as at 31.03.24	441,564
Company & Group as at 31.03.23	647,526

There were no other operating lease commitments at 31 March 2024 (2023: none) that exceeded one year.

25. RELATED PARTY TRANSACTIONS

During the year some of the Trustees, senior managers, and employees of all Group entities made donations to the Charity, played the lottery run by Local Hospice Lottery, and donated goods to and bought from the Charity's shops. All these transactions were conducted on an arm's length basis in support of the Charity. All donations made by the Trustees were unrestricted.

Access to the Hospice's care services is based on the assessment of clinical need and the availability of provision. It is possible that relatives of Trustees, senior managers, and employees of all Group entities may have accessed the Charity's services, but this is not separately identifiable and therefore not disclosed.

Specific related party transactions are:

	2024 £	2023 £
Caroline Bruckner Holt (Medical Director of Katharine House Hospice), Zia Din (Trustee of Katharine House Hospice), Richard Hughes (Trustee of Katharine House Hospice) & Jenny Clarke (Trustee of Katharine House Hospice)		
County Hospital and University Hospitals of the North Midlands (formerly Mid Staffordshire Hospitals NHS Trust) (relationship: Employees)		
Provision of pharmacy services and drug supplies	81,969	63,754
Provision of palliative medical consultant sessions	136,650	120,155
Contract for the provision of occupational and physiotherapy services	37,707	20,179
Provision of I-Portal	9,850	10,019
Provision of training courses	--	600
Outstanding Creditor and Accruals Balance as at 31st March	56,310	52,881
Stephen Paul Kirwan (Trustee of Katharine House Hospice)		
Nowell Mellor Solicitors (relationship: Employee)		
Provision of legal services connected with property transactions	--	2,584
Outstanding Creditor Balance as at 31st March	--	--
Richard Soulsby (CEO of Katharine House Hospice)		
AL Services (relationship: Spouse is proprietor)		
Spot purchasing of counselling services	2,695	1,990
Outstanding Creditor Balance as at 31st March	175	--

26. POST BALANCE SHEET EVENTS

An application has been made to strike off KHH Development Ltd.

An application is pending to strike off Embrace Quality Care Ltd.

A series of contracts have been issued to carry out works to a retail premises, with expected costs of £327k.

There are no other post balance sheet events that require reporting.

KATHARINE HOUSE HOSPICE

England & Wales - Charity number 1011712

Accounts

katharine house hospice

embracing life and living

"Our thanks to the generosity of the people of mid-Staffordshire and for the dedication of our staff."

OUR DIRECTORS' AND TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

A Company Limited by Guarantee not having share capital

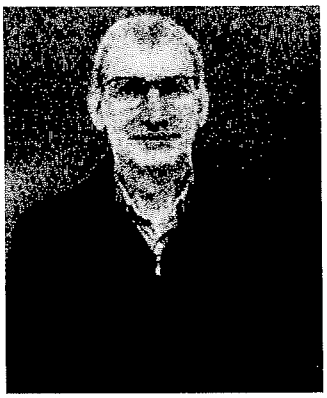
Registered company number 02700516 (England and Wales)

Registered charity number 1011712

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Chairman's Statement



This year has been both a return to normality and a period of change. I only joined as a trustee late in 2020 and here I am two years later having the backing of the Board to become the new Chair. While it is with some trepidation I take on the responsibilities of the role, I also view it as an honour to serve and help in the running of our local Hospice.

At this point I would like to formally thank my predecessor, John-Pierre Parsons who retired from his Chair and Trustee role after 12 years' service. He managed the Board through some exceptionally difficult times for the community, the Hospice and himself. I only hope I can prove as effective but look forward to some quieter times!

The first face-to-face Board meeting for over two years was held earlier in the year; it has been good to actually meet my colleagues, the technology of video conferencing is great but you can't beat meeting people. In March we held a Trustee away day to discuss our role and Hospice strategy with the Executive team. This was also a great opportunity to welcome our five new Trustees Jenny Clarke, James Harley, Andy Porter, Mike Smith and Steve Kirwin. It has been some time since the Board has undergone such change in personnel and leadership. I, along with my deputy Steph Harris, look forward to leading the Board in helping the Hospice provide care for the local community.

I consider myself fortunate to regularly observe the value added to our community by our care services. I am humbled by the care, compassion, dedication, and professionalism I see delivered to patients, relatives, carers and even pets during my visits. These characteristics are remarkable when I consider the resilience demonstrated by our teams following the national response to the Coronavirus. Post pandemic recovery has been difficult and yet our services have responded by seeing more patients and improving the quality we offer to our community.

Collectively our services supported over 1,500 patients last year, while responding to changing Covid restrictions, changes to the systems which procure health and social care services and sector specific challenges such as

access to staff and a competitive care market. Nevertheless, our teams have continued to evolve and respond to change with remarkable vigour and energy, maintaining or surpassing levels of performance and quality.

The most dramatic changes to the Hospice this year have been the work on what was the Day Therapy Unit. The new Therapy and Wellbeing Centre opened in May after extensive renovation and refurbishment. The centre will provide an excellent resource for the community, hosting an appointment led service for a variety of specialist treatments and therapies for those affected by palliative and end of life care conditions. To all those involved in the project I say a massive thanks, as well as to those staff who maintained our vital services while being relocated during the building works. I look forward to seeing how the new services work for patients, staff and volunteers.

The financial challenges of running the hospice during the 'cost of living crisis' continue and while our retail operation has returned to pre-pandemic levels, and in some areas exceeded expectations, conditions still remain challenging as costs continue to rise. A massive thanks to all those in retail who have put in a magnificent effort this year. Elsewhere fundraising remains a challenge, the amazing generosity of the community over the past two years has put us in a good place financially at the moment but we are very conscious of what the future holds and the pressures on funding.

During the year the Executive have been looking to the future and have published strategies to help the hospice remain viable in the future. The Board have approved the actions and continue to provide the governance and oversight to ensure successful delivery. On the IT front the delivery of a new strategy and appointment of Jon Edge as our new IT manager has seen some dramatic changes over recent months with greater use of Microsoft tools bringing the hospice in line with many other organisations. The hope is these changes will see a more efficient organisation better equipped to respond to changes.

Later in the year we will see the implementation of a new Marketing and Communications strategy led by Ruth Stivey our new lead in this area. This will work alongside a new fundraising strategy that will see an emphasis on building the necessary long term financial commitments as well as maintaining the community involvement in the charitable giving. All this is necessary to ensure we continue to provide high quality care for the people of Stafford and beyond.

Six months into my role as chair what continues to impress me most is the commitment and dedication of the staff. There is no doubt they are the greatest asset of the Hospice and in these difficult times we, the Board and the Executive, are acutely aware of the issues affecting staff and are continually working to ensure we retain the current goodwill and enthusiasm. Earlier this year we approved one-off cost of living payments to assist staff in this time of need. As ever I thank all the staff in whatever area they work for their continued hard work, enthusiasm and care in all they do for the Hospice.

Volunteering has been difficult over the past few years with opportunities limited and I understand why many feel it is difficult to return. With the opening of the Therapy & Wellbeing Centre, return to retail normality and the launch of new fundraising initiatives we hope that volunteers will continue to play an increasingly vital role. I thank all of you across the community who give up your time to help. Without your commitment the Hospice would both be difficult to run and a much poorer place to work in, so thank you again.



Peter Catchpole
Chairman, Katharine House Hospice


katharine
house
hospice
embracing life and living
Our
Vision
People live well and
die with dignity in a
place of their choice.

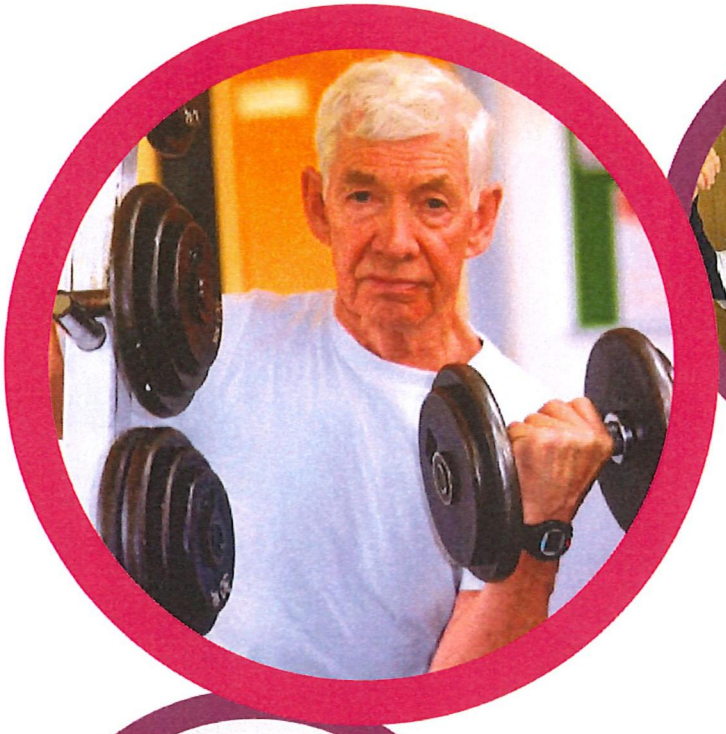
katharine house hospice

embracing life and living



Our Mission

We help local adults with complex, progressive illnesesses from diagnosis to the end of life through free, high quality, specialist palliative care, advice and guidance and we support those close to them.









When champion weightlifter, 82-year-old Pat Harvey, became ill, our palliative care nurses and Hospice at Home team supported Pat before he came to the hospice.

"The time dad spent at the hospice was a great comfort to both him and our family and the care he and our family received was exceptional.

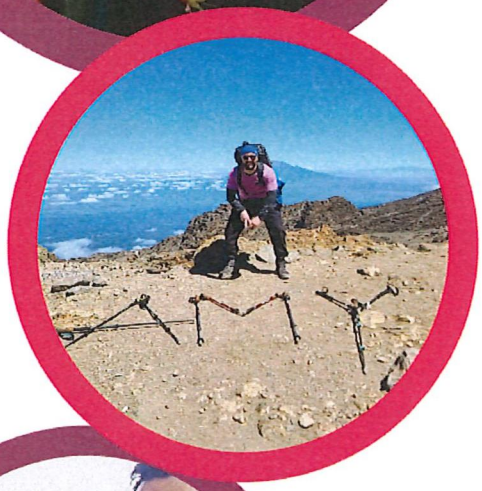
"I cannot praise the staff enough. They are unbelievable – my mum calls them angels. They helped mum and my brothers and me enormously. It was a weight off our shoulders.

"Dad had a good death, he was in a place he wanted to be. With the reassurance that everything was done as well as possible."

Pat's son Matt

OUR CARE







When mum and air hostess, Amy, was 36, she was diagnosed with palliative cancer. We helped her from day one, supporting her with her admin, finances and benefits, as well as offering therapies like reflexology that can help alleviate stress, anxiety and pain. She also stayed with us for a few weeks for respite care, then end of life care.

Her little brother, Ryan, says: "The respite care was a great help to our wonderful Mum who gave up work to look after Amy at home. Amy absolutely loved the care she received from the Therapy and Wellbeing team and when she stayed at the hospice multiple times. She always said how much she loved the staff.

"As a family we cannot thank Katharine House Hospice enough for what they do for people every day. All the teams helped tremendously and we cannot speak highly enough about the level of support we all received. We were helped in every way possible. From the care, to emotional support and in the following months the bereavement counselling, it was all a godsend."

OUR CARE

TRUSTEES' AND DIRECTORS' ANNUAL REPORT 2023

INTRODUCTORY INFORMATION

1. Introduction

The directors of the charitable company Katharine House Hospice (the Charity) are its Trustees for the purpose of charity law and are pleased to present their annual report together with the consolidated financial statements of the Charity and its subsidiaries for the year ended 31 March 2023, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The company meets the requirements to prepare a 'strategic report', and this is included within the annual report comprising sections four to seven inclusive.

In summary, the year seen an easing of some of the most pressing post-pandemic challenges. There is progress on five key initiatives:

1. renovation work on the Therapy & Wellbeing Centre was completed in May 2023;
2. additional community nurse specialists have been recruited to enable our advice line to open over the weekends;
3. we are beginning to see improved levels of recruitment in our community teams;
4. the retail operation has fully recovered and is exceeding pre-pandemic performance, despite having six fewer shops;
5. the lottery operation has been outsourced to Local Hospice Lottery.

Financially the year has been another very high year for income from gifts in wills at £949k (2022: £969k) the two highest years since the Charity was formed. Our income decreased from £8.91m to £8.62m. Operating costs increased from £6.64 to £7.33. This has left the Charity with a surplus of £1.26m and free reserves of £6.29m.

Services have not yet returned to pre-pandemic levels, although the number of patients and families we supported increased from 1,215 to 1,527.

2. How we make a difference

2.1 Legal Purpose

Our Memorandum of Association's objects for the Charity are **to promote the relief of sickness and suffering**, in particular:

a) by the establishment of day or domiciliary care and to establish, maintain and manage a Hospice Hospital or Residential Home;

b) To promote the teaching or training of doctors, nurses, and other persons;

c) To provide counselling or spiritual help.

2.2 Our Mission

Our mission is that:

"We help local adults with complex, progressive illnesses from diagnosis to the end of life through free, high quality, specialist palliative care, advice and guidance and we support those close to them."

2.3 Our Services

In fulfilling its purpose Katharine House Hospice focuses on the provision of specialist palliative and end of life care. These services, described below, are free of charge and support people and their families affected by any progressive, life-limiting conditions.

Community Services

Services provided in the community include: a specialist nursing service providing advice to healthcare professionals in primary care; a healthcare assistant led, rapid response, hospice at home service providing hands on care and support to patients and families; a respite sitting service to support carers; and a care agency – Embrace Quality Care.

Embrace Quality Care Limited was established in April 2012, to provide home care services reflecting the quality of care of the Charity, but charging for its services. The Trustees take the view that there are a number of additional benefits including increased donations to the Charity, improved integration of our community services enabling better use of the charitably funded hospice at home service, and improved recruitment of healthcare assistants. The work of Embrace falls fully within the charitable objects of Katharine House Hospice, so Trustees are willing to subsidise these. While Embrace Quality Care Limited is expected to break even, in practice the costs of this service are underwritten by the Charity.

Wellbeing Programmes

Six-week programmes of advice, education, and support for up to 15 patients once a week. The programme is designed for patients earlier in the disease to learn about different aspects of their condition and improve self-management. This is now relaunched as a virtual programme.

Inpatient Care

24-hour specialist inpatient care providing symptom control, terminal care or respite care is provided at the Hospice for up to eight patients, while the Hospice's consultant medical team support 10 dedicated palliative care beds at County Hospital in Stafford.

Lymphoedema Services

A specialist lymphoedema service provided to outpatients. At present this is a mixture of a telephone or teleconferencing service and face to face assessments and treatments.

Outpatient Services

In June 2023 we launched outpatient provision, enabling patients and families to access a wide range of services including: medical and specialist nursing advice, occupational and physio therapy, counselling, spiritual support and complementary therapy.

3. Charitable Income Generation

To ensure our services can be delivered at no charge the Charity carries out income generation activities to raise funds to support the work of the charity, most notably fundraising, lottery, and retailing.

3.1 Approach to Fundraising

The Charity's fundraising activities are carried out by members of our community, volunteers, and paid members of our staff. Fundraising activities are monitored by our Income Generation Committee, including the requirements of the Fundraising Regulator.

On occasion we will employ the services of professional fundraisers where we do not have the in-house skills to carry out the work and in 2022/23 we worked with a company to increase the membership of our lottery. Their activities were monitored by our Head of Fundraising through regular contact with the Sales Manager of the company, monitoring any adverse comments or complaints, and through a weekly in-house monitoring report.

We have now outsourced the lottery operation to Local Hospice Lottery, whose scale of operation provides significant economies of scale allowing a much higher proportion of each player's contribution to come to support the work of the Charity.

3.1.1 Fundraising Regulator

All charities with fundraising costs of £100,000 or more have been asked to pay an annual voluntary contribution to fund the Fundraising Regulator. Trustees are unable to ascertain the value of this expenditure to this organisation and have chosen not to do this.

We receive a weekly e-mail advising us of requests under the Fundraising Preference Service to no longer contact donors. In the last year we have received no such requests (2022: 0).

3.1.2 Fundraising Standards

The Charity conducts its fundraising in accordance with the best practice guidelines available, for example from the Fundraising Regulator's Codes of Practice and guidance from the Institute of Fundraising. We take a relationship-based approach to our fundraising and consider the needs of our supporters (and our beneficiaries) when undertaking all of our fundraising activities.

3.1.3 Fundraising Complaints

Fundraising complaints are considered by two Trustee Committees. In 2022/23 in relation to our fundraising activities the Charity received 8 complaints (2022: 11 complaints), of which 2 related to the lottery (2022: 7). 5 were upheld in full, 2 were partially upheld and 1 was not upheld (2022: 2 / 2 / 5). None of the complaints related to breaches of the Fundraising Code of Conduct. All were followed up swiftly and concluded in accordance with the Charity's complaints policy.

3.1.4 Vulnerable People

By working within the Fundraising Regulator's Codes of Practice and maintaining a relationship-based approach to our fundraising activities we endeavour to protect vulnerable members of our community. We have a policy in place regarding liaison with supporters who may be vulnerable.

STRATEGIC REPORT

4. Key Strategies

During the year the Trustees have drawn together a corporate strategy for the next 5 years. The key themes within this strategy are set out below.

4.1 Care

- Development of outpatient clinics for lymphoedema, consultations with doctors and clinical nurse specialists, occupational therapy, physiotherapy, counselling, complementary therapy, and wellbeing services
- Seven day a week access to a telephone helpline for patients, families, and healthcare professionals
- Guidance and educational resources for patients and families
- Maintain an open and collegiate approach to collaboration and integration with other providers in the new Integrated Care Board
- Explore with general practitioners how we can better collaborate to meet the needs of patients
- Explore with other providers how we could share clinical resources within teams
- Engage in the development of integrated care records for people at end of life
- Work with other providers to enable rapid and effective transitions for patients into and out of our services
- Target support for patients who deteriorate rapidly by supporting improved forward planning for patients at the end of life

4.2 Revenue Generation

- Continue to focus on medium to large retail stores, acquiring a new sites where we have closed smaller units.
- Develop collaboration on retailing with other charities.
- In fundraising:
    - Adopt a data driven approach to decision making
    - Improve nurturing activities for all donors
    - Develop an effective communications strategy for supporters
    - Improve our website's content and functionality
    - Improve our social media content
    - Emphasise securing gifts in wills and regular giving

4.3 Support Services

4.3.1 People

- Develop an engaged workforce that is proud to work for Katharine House
- Disperse leadership within the organisation
- Move the leadership of the organisation onto a project-based approach
- Simplify the processes for managing people
- Review all HR practices to make them simpler, easier to follow, and more accessible to managers and staff
- Develop a plan that focusses on equality, diversity and inclusivity
- Enhance our use of volunteers

4.3.2 Marketing and Communications

- Change our tone of voice as an organisation, becoming bold and emotive: looking to inspire and inform our audiences by telling positive stories about our work
- Be explicit about the symbiosis between our care services and our income generation
- Change perceptions about hospice care
- Ensure marketing and communications work is strategic and effective by implementing research and evaluation of campaigns and marketing activity
- Develop a one hospice approach
- Work closely with other teams to ensure that stakeholders experience one hospice communicating with them
- Review our brand identity, ensuring it is in line with how we want our audiences to perceive us and ensure we have a clear, bold, visible visual identity
- Build a more robust marketing & communications team

4.3.3 Information Technology

- Adopt a "Think cloud first" approach
- Replace our clinical and HR systems
- Replace the telephone system
- Introduction a system to help standardise our procedures, increasing compliance, reducing paperwork, and providing easier reporting

5. Achievements and Performance

5.1 Summary of Main Achievements

The Hospice has strengthened its financial position, continued to restore its main services excepting outpatient, increased the number of patients we support, achieved the highest level of retail surplus, and continued to repair major operational damage caused by the pandemic.

5.2 Progress with 2022/23 Objectives

The principal objectives for 2022/23 and progress against these are set out below.

5.2.1 Introduce an outpatient model of service provision

Achieving this has been delayed with the need to refurbish the building, see item 5.2.2. The services commenced in June 2023. The building works incurred extensive disruption to services as they needed to move off-site while works were carried out.

5.2.2 Refurbish the Therapy and Wellbeing Centre

This project was required to carry out essential repairs to the building, in particular to the roof, where intermittent leaks were becoming more frequent ad the costs of fixing these was escalating. The replacement of the roof was more complex than anticipated and the resulting work more extensive. When coupled with problems in appointing a main contractor, the refurbishment was delayed. The work commenced in earnest in January 2023, and was completed in May.

5.2.3 Increase the specialist advice line from 5 days to 7 days a week

Resourcing issues meant a delay in this objective, but successful recruitment in February and March 2023 will mean the service is extended as envisaged later in 2023. The service is now expected to dovetail into the services provided by other hospices to provide an out of hours service across Staffordshire and Stoke-on-Trent.

5.2.4 Explore collaborative arrangements with other providers

Progress is slow as all potential partners are coming to understand how the new system will operate. Despite this, the four hospices serving Staffordshire and Stoke-on-Trent submitted a joint proposal for the provision of access to a 24-hour 7 day a week specialist advice line. Initially, this has received a warm response, but funding has not yet materialised.

5.2.5 Explore opportunities for developing the Hospice's engagement with Compassionate Communities

Initial work on this objective was undertaken, but a lack of resources and the complexity of this project, coupled with a lack of clarity as to the potential benefits and the long-term strategic objective of delivering specialist services, means this strategic theme is to be dropped.

5.2.6 Transfer of the lottery's processing

Completed in June 2022.

5.2.7 Replace our current IT servers and upgrade our software

Completed in March 2023.

5.2.8 Develop another major retail store

We have identified suitable premises at an affordable cost but are still negotiating the lease.

5.3 How We Measured Performance and Success

The main measurements for success relate to increasing our provision of services – see section 5.4. Additional items routinely reported to Trustees include:

- Qualitative aspects of care services such as: patient falls, medication errors, pressure ulcers
- Compliance with Care Quality Commission standards
- Health and safety data on accidents and incidents
- Data breaches
- Complaints and outcome of complaints
- Staffing levels against establishment, absence rates, turnover
- Compliance with Fundraising Regulator guidance

Financial information compares each department's performance against budget, in particular retail income and surplus, fundraising surplus, lottery surplus, statutory sector income, and net expenditure on care, support services and overheads.

5.4 2022/23 Charitable Activities

During 2022/23 the activities as we usually measure them continued to be severely disrupted due to the pandemic. The number of individual patients we supported increased by 25% from 1,215 to 1,527. A summary of some of the key metrics for our main services is set out in the following table – with some patients accessing services more than once and accessing multiple services.

Year ended	2023	2022	2021	2020	2019
Inpatient bed days	2,117	2,214	1,717	2,269	2,454
Inpatient admissions	147	125	125	143	176
Day therapy / outpatient attendances	163	Closed	Closed	1,853	2,053
Specialist nurse visits	1,283	1,286	486	1,071	242
Community care contacts	5,579	5,998	6,376	6,521	6,806
Lymphoedema treatments	1,667	1,404	514	1,685	1,593
Telephone/video calls	13,123	12,964	15,992	6,760	4,820

The year saw activity broadly in line with the previous year.

5.5 Summary of Main Operational Challenges

There continue to be changes within the local health economy. Given the dependence of our services on the referral pathways through the NHS, each time there are major changes it disrupts the referrals into our services. While there is a greater degree of clarity about where hospices are within the new Integrated Care Board structures, and there has been some positive dialogue, the arrangements in relation to our main grant are unclear.

Public misconceptions and fear about death and dying, the nature of our services, and the work of hospices continue to create a barrier to patients accessing our services. It is unfortunate that too many families wish they had accessed our services earlier.

Continual changes and increasing requirements on a range of regulatory and compliance issues has meant efficiency and innovation has been stifled as senior management time is diverted to addressing legal requirements rather than improving internal efficiency.

We are experiencing difficulties with retail landlords renewing leases at a reasonable rent.

5.6 Summary of Key Objectives for 2023/24

The key objectives for the 2023/24 year are:

1. Commence the outpatient services
2. Implement the extension of the advice line
3. Work with other providers to develop joint proposals for the Integrated Care Board to improve specialist and end of life care across Staffordshire and Stoke-on-Trent
4. Secure an additional premises for retail
5. Introduce initiatives to cultivate an engaged workforce
6. Reduce risks and increase robustness of our internal processes

6. Financial review

6.1 Factors Affecting Financial Performance

6.1.1 Review of factors affecting performance

The major factors within the control of the Charity are managed effectively, enabling the Trustees to move the Charity forward. There are sound systems for reviewing the quality and safety of patient care, financial management, staff management and staff representation, staff and volunteer recruitment and induction, and the management of health and safety.

There are a wide range of factors lying outside the direct control of the Charity.

6.1.2 The relationship with the Integrated Care Board (ICB).

£1.25m (37.6%) of the £3.32m needed to fund and operate our services comes from the NHS. The Trustees are pleased to see that end of life care is a high priority within the newly formed Staffordshire and Stoke on Trent ICB. While relationships are strong, the local NHS is under extraordinary financial pressures and has been unable to uplift our main grant for the last five years. The rhetoric is very positive, but many NHS reforms in Staffordshire founder on the lack of resources to back up the positive intentions.

6.1.3 Cost pressures

The high levels of inflation affecting households, resulted in Katharine House Hospice making two one-off payments to all staff to support them an aid retention. While energy cost increases have not yet had an impact, they will later in 2023 as we come out of our current contracts. We are also seeing more suppliers having to increase their prices as they need to pass on their cost increases to their customers.

We continue to see unavoidable costs imposed on the Charity. Our costs are systematically driven up by the need to comply with legislative requirements such as pension auto-enrolment and the Apprenticeship Levy. However, the major cost burden relates to the National Minimum Wage. In April 2023 the minimum wage increased by 9.34% and the cost of a full-time employee by 10.2%. When the National Minimum Wage was introduced it did not affect any of our staff. Today around 60% are directly or indirectly affected by increases in the minimum wage.

6.1.4 Recruitment

The ongoing low levels of unemployment in the local area continue to make it difficult to recruit to certain positions – in particular community healthcare assistants and retail assistants.

6.1.5 Competition

The external conditions for all income generation have become increasingly competitive, particularly in retail where more charity shops are competing for donations and customers,

while commercial companies will pay former potential donors for goods they might otherwise have donated or persuade them to sell their items on-line.

6.1.6 Supplier issues

The Hospice has experienced unusual issues with the reliability of certain suppliers – in particular building contractors where there is a high demand for their services and rapid increases in their material costs. This is making it difficult to get quotations that have any longevity to enable comparisons.

6.1.7 Regulatory burden

The regulatory burdens on the Charity are extensive, burdensome, and costly, both financially and in staff time. Compliance with the Office for National Statistics requirements to provide data, anti-money laundering requirements, and HMRC requirements on making tax digital are a few examples.

6.2 Charitable Income Generation

6.2.1 Performance and proportion of income raised spent on raising funds

In addition to raising funds, fundraising costs include managing the receipt, counting, banking of all donations, thanking all supporters, reclaiming Gift Aid on relevant donations, as well as supporting others to raise funds on our behalf. We received almost 16,942 donations (2022: 14,739) the smallest of which was 1 penny and the largest was £280,000. Fundraising raised £837,470 gross (2022: £898,342).

24 people left a gift in their will (2022: 23) and donated £948,506 (2022: £969,309) this will fund the care for 1 in 5 of our patients in the coming year.

The lottery was outsourced in June and players contributed £301,810 (2022: £253,216) to the Hospice. The outsourcing has increased the proportion of players' funds that have supported the care of the Charity.

Income Source	Gross income £	Costs £	Net contribution £	% FR costs
Fundraising (Excl legacies)	837,470	275,345	562,866	32.8%
2022:	898,342	248,388	649,954	27.6%

6.2.2 Retail Performance

Following a very poor year in 2020/21 the retail operation has continued a strong return to profit. Comparative figures for the last two years are provided below.

Year ended	2023	2022
	£	£
Sale of donated goods	4,289,306	3,656,801
Trading Income	264,836	237,521
Government grants	0	77,469
Expenses	(3,344,113)	(2,902,540)
Net revenues	1,210,029	1,069,251
Gift aid on retail sales	286,090	236,044
Total contribution/ (cost)	**1,496,119**	**1,305,295**

6.3 Review of the Financial Accounts

The accounts for 2022/23 are prepared in accordance with the requirements of the Charities Statement of Recommended Practice (2015) (FRS 102).

6.3.1 Review of the financial position

Key financial aspects of performance are:

1. Legacy income decreased by £20,803 to £948,506
2. Revenues from the statutory sector decreased by £799,472 to £1,270,361 (2022: £2,069,833) due to the reduction in NHS England's non-recurrent funding
3. Fundraised income fell by £60,872 to £837,470 (2022: £898,342)
4. The lottery contribution increased by £48,594 to £301,810 (2022: £253,216), principally due to the transfer of the lottery processing to Local Hospice Lottery in June
5. Retail returned a strong financial performance making a surplus of £1,496,119 (2022: £1,248,281)
6. The charitable costs increased by £459,620 to £3,661,082 (2022: £3,201,462)
7. Investments showed a net decrease of £33,773 (2022: increase £21,185)
8. The Charity's group recorded an increase in total funds of £1.26m (2022: increase of £2.30m)

6.3.2 Sources of funding

The Charity's primary sources of funding derive from its retail trading activities, from the statutory sector, from fundraising (including a lottery) and from legacies and unsolicited donations.

Before the pandemic retail revenues were already under pressure from declining high streets as shoppers move to out of town retail parks (where charity retail units are harder to obtain) and onto the internet. We have closed 7 retail units over the last three years. However, the performance of the remaining units has now exceeded the pre-pandemic performance.

Fundraising and lottery are mature income streams and continued growth is hard to achieve, however transferring the lottery's processing has given an initial boost to these revenues. Next year this will taper down before picking up again once the initial two years of the contract have expired.

The local Integrated Care Board has agreed to maintain the Charity's grant without reduction for 2023/24.

6.3.3 Reserves policy

The free reserve funds of the Charity are calculated from the consolidated balance sheet as total net assets less fixed assets, creditors over one year, and provisions. These are summarised below.

The Trustees have established eight designated funds. Details of funds are contained in note 22 to the accounts.

The Trustees' reserves policy is that in order to fulfil the Charity's obligations to the communities it serves it is desirable for there to be unrestricted and undesignated funds (or free reserves) available as current assets, or investments, equivalent to six months' running costs of the Charity and the services of Embrace Quality Care; the minimum reserves should be two months' running costs of the same.

The free reserves stand at £6,290,178 (2022: £4,889,859) equating to 15 months operating costs for the Charity and for the services of Embrace Quality Care. The Trustees have approved a budget deficit of £810k to ensure the Charity can make progress against its Strategy. Trustees are satisfied that the Charity has sufficient liquidity within the reserves to maintain the Charity's current operations over a medium term of three years in a normal operating environment.

Embrace Quality Care, a trading subsidiary of Katharine House Hospice, made a loss of £6,337 and has retained losses of £317,969 (2022: loss £8,714, retained losses: £311,632). The Trustees of the Charity have agreed to continue funding Embrace Quality Care as its prime purposes are in accordance with the objects of the Charity. This decision is reviewed annually; it is expected to make a loss in 2023/24.

Details of the funds held by the Charity are provided in note 22.

6.3.4 Going concern

When setting the 2023/24 budget the Trustees look at a further two year forecast and the implications on the Charity's reserves. At the time of setting the budget a very significant surplus was predicted for 2022/23. The Trustees were therefore willing to allow an unusually high deficit in the budget to facilitate the continued recovery of the Charity and the development of its outpatient and advice line services. Deficits forecasted are:

£'000s	**2023/24 Budget**	**2024/25 Forecast**	**2025/26 Forecast**
Deficit	810k	889k	918k

The forecasts do not include planned increases in revenues from opening new shops and further recovery of income streams. The Hospice is investing its reserves in maintaining and re-organising its current services.

6.3.5 Investment policy

The Memorandum of Association empowers the Trustees to invest the monies of the Charity not immediately required for its purposes in or upon such investments, securities or property as may be thought fit. At the start of the year Trustees transferred the investment funds to abrdn plc and later in the year transferred some cash balances to abrdn to attract higher interest rates. The assets held are disclosed in note 17.

The primary objective of the investment portfolio is to provide capital growth over the medium term.

No funds have been added to or withdrawn from the investments for the last six years. Performance over this time is set out in the table below based on the portfolio market valuation at the relevant tax year end for 2018-2022 and financial year end 2023.

Year ending	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Value (£000's)	574	601	584	499	609	618
Annual Growth %	-4.5	2.9	17.0	-18.0	-1.5	-1.6

7. Principal Risks and Uncertainties

The Trustees have drawn up an assessment of key risks that they feel are important to consider in the management of the Charity. Risks come under one or more of seven domains (Welfare, Compliance, Finances, Fraud, Governance & Management, Operational, and Environmental & External). A structured methodology is in place for the assessment and management of risk. Static risks are usually reviewed annually, but dynamic risks are reviewed more frequently by the executive.

The principal risks and uncertainties faced by the charity are:

- The loss of a key retail outlet which is being sold. The Charity is seeking to acquire this site or to secure a new lease, but may have its occupancy terminated.
- Potential reductions in statutory revenues
- Difficulty with recruitment and retention.
- Difficulty in acquiring new, suitable retail premises.
- Lack of easily available evidence to demonstrate regulatory compliance. New software is being implemented to assist in collating evidence centrally and electronically.

ADDITIONAL DISCLOSURES

8. Structure, Governance and Management

8.1 How the Charity is Constituted

Katharine House Hospice is a charity and company limited by guarantee. Its governing document is the Memorandum and Articles of Association of the company, which may be altered by a simple majority of voting members at an annual or extraordinary general meeting. This document was last amended on 22nd November 2022.

8.2 Organisational Structure

Katharine House Hospice has four wholly owned subsidiaries.

1. Katharine House Retail Limited (Registered company number 03949314), operates eBay, house clearances, sales in prisons, new goods, and merchandising activities.
2. KH Promotions Limited (Registered company number 03295776), operates the Charity's own society lottery which is now dormant.
3. Embrace Quality Care Limited (Registered company number 08050417), operates a care agency.
4. KHH Development Limited (Registered company number 08120430), is at present dormant.

Each subsidiary company of the Charity gift aids any profits it makes to the Charity.

Note 11 to the financial accounts summarises the performance of these companies; their accounts will be filed at Companies House.

8.3 Decision-making Processes

8.3.1 Board of Trustees

The Trustees (who are also directors of the company) act as a corporate entity through the Board of Trustees, which meets six times in each year. Additional meetings may be called from time to time. The Board oversees all strategic, tactical, and governance aspects of the Charity's operation and its future direction.

The Board delegates most of its functions to five committees, each with their own terms of reference. Governance is undertaken by each Trustee committee in their areas of responsibility, monitored by the Nominations & Governance Committee and the Board of Trustees. These committees are:

1. Clinical
2. Income Generation
3. Finance and Remuneration
4. Staffing and Support Services
5. Nominations and Governance

8.3.2 Management

The day-to-day operation of the Charity is delegated through the annual budget setting and operational planning process to the Chief Executive and through him to the management teams. 5 senior executives form the Executive Team.

8.4 Trustees Appointment, Induction, and Support

Recruitment of Trustees is overseen by the Nominations and Governance Committee. Consideration is given to the knowledge and skills desired of new Trustees in relation to the current skills and attributes of existing Trustees, the skills that are deficient on the Board, and the need to plan for succession of Trustees who are due to stand down.

Following a shortlisting process candidates are invited to attend a meeting with two current Trustees. The full Board must approve any initial appointment. At the AGM immediately after appointment Trustees are formerly elected and can serve for up to six years. Thereafter Trustees may stand for two further elections each for two year terms, but thereafter must stand down for a period of 11 months.

New Trustees meet with senior staff, tour the services, and receive an induction folder together with relevant company information. New Trustees have a Trustee mentor who acts as a confidential advisor on Trustee issues. They have the option to spend time in key areas, for example, care and retail.

Training for Trustees is provided on an ad hoc basis. Safeguarding training was provided in May 2022.

Every three years appraisals take place for Trustees and for the full Board.

9. Other Relevant or Required Disclosures

9.1 Vital Volunteer Support

Katharine House Hospice simply would not exist without the volunteers who were so heavily involved in the Charity's inaugural steering committee and we would not be able to provide the quality and variety of services we do without the ongoing passion, time and commitment of this amazing group of people who have continued to support the Charity.

At 31 March 2023 we had a total of 352 volunteers supporting the Charity (2022: 485). During the year 154 volunteers stopped volunteering, with many choosing not to return after the pandemic. Volunteering hours have been considerably reduced, we believe due to the impact of Covid on volunteers' personal decisions to volunteer.

Our volunteers, who vary in age from young people on Duke of Edinburgh schemes to some who are over 90. They bring with them a diverse set of life experience, passion and enthusiasm. We are immensely proud and appreciative of all of our volunteers and have large numbers who have completed and have been recognised for long service (in excess of 5 years). During 2022/23 52 of our volunteers were acknowledged for long service (2022: 41): 3 for 30 years, 1 for 25 years, and 9 for 20 years of service.

9.2 Charity Governance Code

The Trustees are aware of the new guidance issued by the Charity Commission and during the year have commenced a review of this guidance to identify appropriate actions to improve the governance of the Charity.

9.3 Relationships with Other Organisations

Katharine House Hospice is an independent charity, but is affiliated to or has connections with a number of organisations. These are: the local council for voluntary services – Support Staffordshire; the National Association of Hospice Fundraisers; and Katharine House Hospice is a member of Hospice UK.

Katharine House Hospice's and Embrace Quality Care Limited's care services are regulated by and registered with the Care Quality Commission.

Katharine House has a number of shared posts with the University Hospitals of North Midlands NHS Trust.

The Charity is funded by the NHS to provide in-reach services to two local prisons and to support local care homes in the delivery of palliative and end of life care.

The Charity seeks to develop further relationships in the furtherance of its objectives with other providers and charities.

9.4 Related Parties

None of our Trustees receive remuneration or other benefit from their work with the Charity. There are a number of connected entities associated with Trustees and executives and these are disclosed in full in note 24 to the accounts.

A number of Trustees are employees of the University Hospitals of North Midlands Trust, whilst Katharine House jointly funds posts with, or contracts in services from, this trust. Decisions in relation to these posts either pre-date the appointment of the Trustee or the Trustee has declared an interest in the decision and been absent when any such decisions have taken place. The relevant Trustees have taken no part in the contract negotiations.

9.5 Pay Policy for Senior Staff

The Trustees and the executive management team comprise the key management personnel of the Charity responsible for directing, controlling, and operating the Charity on a day-to-day basis. All directors give of their time freely and no director received remuneration in the year. Details of directors' expenses are disclosed in note 10 to the accounts and were nil (2022: Nil).

The pay of all staff is reviewed annually by the Finance and Remuneration Committee comprising Trustees and the Chief Executive and on an ad hoc basis as and when it is felt appropriate to adjust salaries. The Committee seeks to balance fairness and equity in the pay of staff for the roles performed, against affordability for the Charity. For positions where recruitment is more difficult higher wages may be offered. Certain groups of staff

– in particular nursing and care staff – have structured pay scales that are broadly commensurate with similar roles in the NHS Agenda for Change pay scale.

The Chief Executive's pay is determined by Trustees at a full Board meeting.

The Remuneration Committee is empowered to award discretionary payments to staff for exceptional performance; however this is rare. No awards (excepting acting up allowances) were made in the year under review (2022: 0). No staff are on bonus schemes.

Staffing levels, redundancy costs, pensions and emoluments are detailed in notes 12, 13 14, and 15 to the accounts.

9.6 Employment Policy

Katharine House seeks to be an equal opportunities employer. The nature of some of the tasks required to be done in retail and care (the two largest employment sectors of the Charity) make it difficult to employ people with significant physical disabilities. All positions are open to people with a range of mental health issues. We do not record and maintain comprehensive data on employees with disabilities. Only when the organisation has a need to know do we keep such records, for example where we have a duty of care as an employer. We are therefore only able to report on the minimum numbers of people with disabilities known to us.

We provide a free and confidential advice line to all employees, but as this is confidential we have no data on levels of access.

We have a Mental Health Champion, who engages staff, managers, and volunteers.

The Charity is required to report its pay arrangements under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The following table provides a summary.

As at:	April 2023	April 2022	April 2021	April 2020	April 2019	April 2018
Mean gender pay gap	+ 7.56	- 0.14	- 3.78	- 12.17	- 13.46	- 7.87
Median gender pay gap	- 2.56	- 4.19	- 12.2	- 3.45	- 10.13	- 9.62

The mean gender pay gap has moved favourably for male employees, and for the first time men are paid on average paid 7.56% more than women. The median gender pay gap is negative, showing the median pay for women is over 2.5% higher than for men.

10. Public Benefit Statement

All services provided by Katharine House Hospice are provided free of charge to patients and families; Trustees consider that all this activity is, in its entirety, charitable. In providing access to these services, the Trustees have sought to ensure that the only considerations are: the appropriateness of meeting the needs of each patient; the capacity to meet this need; and the safety and welfare of all patients.

All services provided by Embrace Quality Care Ltd are deemed by the Trustees to be charitable in nature, but these services are provided for a fee, whether paid by the individual or by statutory authorities.

In making decisions in relation to the delivery of current services, the proposed development of new services, and the use of the Charity's funds, the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

11. Reference and Administrative Details

Charity Name:	Katharine House Hospice
Charity Registration:	1011712
Incorporation:	Company Limited by Guarantee
Company Number:	02700516
Date of Incorporation:	25th March 1992
Registered Office:	Weston Road, Stafford, ST16 3SB
	The Registered Office is also the principal address of the Charity

Trustees and Directors and Key Management Personnel:

The Directors of the Charity are its Trustees for the purpose of charity law. The Trustees and Officers serving during the year and since the year end were as follows:

Trustees:	Mr J-P Parsons	Chairman (resigned 22 November 2022)
	Mr P R Catchpole	Chairman (from 22 November 2022)
	Dr M Bland	
	Mrs A J Cape	
	Mrs J C Clarke	(appointed 27 September 2022)
	Dr Z Din	
	Mr F A Gaffney	
	Mr J R Harley	(appointed 27 September 2022)
	Mrs S J Harris	
	Dr R G M Hughes	
	Mr A P Jeffries	
	Mr S P Kirwan	(appointed 24 January 2023)
	Mrs T Mingay	(resigned 22 November 2022)
	Mr B W J Phillips	
	Mr A S Porter	(appointed 27 September 2022)
	Mr M R Smith	(appointed 27 September 2022)
	Mr I D Starkie	(deceased 6 April 2022)
	Ms J Woodyard	
Company Secretary:	Cllr P M M Farrington	(resigned 27 September 2022)
	Ms J Woodyard	(appointed 27 September 2022)

Registered Manager:	Mr D Fletcher	(from 1 July 2022)
Officers:		
Director of Care:	Mr N Grannon	(resigned 30 June 2022)
	Mr D Fletcher	(from 1 July 2022)
Medical Director:	Dr C Bruckner-Holt	
Chief Executive:	Dr R T Soulsby	
Deputy Chief Executive:	Miss L M Taylor	
Retail General Manager:	Mr S Dodd	

Auditors / Accountants:	**Crowe U.K. LLP** Black Country House, Rounds Green Road, Oldbury, West Midlands B69 2DG
Investment Brokers:	**abrdn Ltd** 1 George Street, Edinburgh, EH2 2LL
Bankers:	**Lloyds Bank Plc** Market Square, Stafford, ST16 2JL

12. Responsibilities in Relation to the Financial Statements

The Board of Trustees is required to prepare financial statements which give a true and fair view of the state of affairs of the Charity and Group at the end of the financial year and of the income and expenditure of the Charity and Group for the year ending on that date. In preparing those financial statements, the Board of Trustees is required to:

1. Select suitable accounting policies and apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Trustees is also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act 2006. Trustees are also responsible for safeguarding the assets of the Charity and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015).

13. Statement as to Disclosure to our Auditors

The Directors will recommend to members the re-appointment of our present auditors Crowe U.K. LLP.

In so far as the Trustees are aware at the time of approving our Trustees' annual report and Directors' Strategic Report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the Group's auditor is unaware, and
- The Trustees, having made enquiries of fellow Directors and the Group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

14. Approval

The Board of Trustees formally approved their Annual Report and, as Company Directors, approved the Strategic Report contained therein on 27th September 2023.



Peter Catchpole
Chairman, Katharine House Hospice

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KATHARINE HOUSE HOSPICE

Opinion

We have audited the financial statements of Katharine House Hospice (the "charitable company") and its subsidiaries (the "Group") for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows and the 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 the charitable company's affairs as at 31 March 2023 and of the 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; 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 Group 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 Trustee's 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 Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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 our 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 strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Trustees' 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:

- the parent company has not kept adequate accounting records; or
- the parent company 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 Trustees' responsibilities statement, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102) and the Companies Act. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The key laws and regulations we considered in this context were CQC regulations, Gambling Commission legislation, General Data Protection Regulation, health and safety legislation and employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of grant and legacy income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and Remuneration Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, income testing on a sample basis, reviewing accounting estimates for biases, reviewing any regulatory correspondence and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: 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.

This report has not yet been signed

Kerry Brown (Senior statutory auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date:

Katharine House Hospice

Consolidated Statement of Financial Activities Including Income and Expenditure Account

For the Year Ended 31 March 2023

	Note	Unrestricted £	Restricted £	2023 Totals £	Unrestricted £	Restricted £	2022 Totals £
INCOME							
Donations and legacies	(3)	1,801,340	169,901	1,971,241	1,648,782	139,256	1,788,038
Other trading activities	(4)	5,004,092	--	5,004,092	4,669,392	--	4,669,392
Charitable activities	(5)	1,512,154	90,403	1,602,557	1,461,895	889,875	2,351,770
Investments	(6)	22,435	--	22,435	4,511	--	4,511
Other income	(7)	19,874	90	19,964	99,884	--	99,884
Total Income		**8,359,895**	**260,394**	**8,620,289**	**7,884,464**	**1,029,131**	**8,913,595**
EXPENDITURE							
Raising funds	(8)	3,672,810	--	3,672,810	3,425,158	--	3,425,158
Charitable activities	(8)	3,355,814	305,268	3,661,082	2,249,416	952,046	3,201,462
Interest payable		--	--	--	8,828	--	8,828
Total Expenditure		**7,028,624**	**305,268**	**7,333,892**	**5,683,402**	**952,046**	**6,635,448**
Net gains/(losses) on investment assets		(33,773)	--	(33,773)	21,185	--	21,185
Net income / (expenses) before provisions		**1,297,498**	**(44,874)**	**1,252,624**	**2,222,247**	**77,085**	**2,299,332**
Provision for deferred tax liabilities		4,425	--	4,425	(1,045)	--	(1,045)
Net Movement in Funds		**1,301,923**	**(44,874)**	**1,257,049**	**2,221,202**	**77,085**	**2,298,287**
RECONCILIATION OF FUNDS							
Fund balances brought forward		6,917,294	144,604	7,061,898	4,696,092	67,519	4,763,611
Fund Balances Carried Forward	(22)	**8,219,217**	**99,730**	**8,318,947**	**6,917,294**	**144,604**	**7,061,898**

The consolidated statement of financial activities includes all gains and losses recognised in the year. All income and expenditure is derived from continuing activities.

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

The Hospice's accounts comprise a net surplus for 2023 of £945,417 (2022: surplus £2,316,740).

Katharine House Hospice

Consolidated Balance Sheet

At 31 March 2023

	Note	Unrestricted Funds £	Restricted Funds £	2023 Total Funds £	Unrestricted Funds £	Restricted Funds £	2022 Total Funds £
FIXED ASSETS							
Tangible assets	(16)	1,923,070	--	1,923,070	2,025,891	--	2,025,891
Investments	(17)	575,011	--	575,011	600,971	--	600,971
		2,498,081	--	2,498,081	2,626,862	--	2,626,862
CURRENT ASSETS							
Debtors	(18)	1,372,723	--	1,372,723	995,608	--	995,608
Stock	(19)	3,196	--	3,196	205	--	205
Cash at bank and in hand		5,077,082	99,730	5,176,812	3,874,882	144,604	4,019,486
		6,453,001	99,730	6,552,731	4,870,695	144,604	5,015,299
CREDITORS Amounts falling due within one year	(20)	(737,834)	--	(737,834)	(581,807)	--	(581,807)
NET CURRENT ASSETS		5,715,167	99,730	5,814,897	4,288,888	144,604	4,433,492
TOTAL ASSETS LESS CURRENT LIABILITIES		8,213,248	99,730	8,312,978	6,915,750	144,604	7,060,354
CREDITORS Amounts falling due after one year		--	--	--	--	--	--
PROVISIONS Deferred tax liabilities		5,969	--	5,969	1,544	--	1,544
TOTAL NET ASSETS		8,219,217	99,730	8,318,947	6,917,294	144,604	7,061,898
REPRESENTED BY:							
Restricted funds	(22)	--	99,730	99,730	--	144,604	144,604
Designated funds	(22)	1,658,000	--	1,658,000	1,615,000	--	1,615,000
Unrestricted funds	(22)	6,879,186	--	6,879,186	5,613,926	--	5,613,926
Subsidiary retained losses		(317,969)	--	(317,969)	(311,632)	--	(311,632)
		8,219,217	99,730	8,318,947	6,917,294	144,604	7,061,898

The Trustees acknowledge their responsibilities for complying with the requirements of the Charities Act with respect to accounting records and preparation of financial statements.

Approved by the Board of Trustees meeting on 27 September 2023 and signed on its behalf by:-

B W J Phillips
Treasurer

P R Catchpole
Chairman

Katharine House Hospice

Company Balance Sheet

At 31 March 2023

	Note	Unrestricted Funds £	Restricted Funds £	2023 Total Funds £	Unrestricted Funds £	Restricted Funds £	2022 Total Funds £
FIXED ASSETS							
Tangible assets	(16)	1,923,070	--	1,923,070	2,018,091	--	2,018,091
Investments	(17)	575,011	--	575,011	600,971	--	600,971
Investment in Group	(17)	5,602	--	5,602	5,602	--	5,602
		2,503,683	**--**	**2,503,683**	**2,624,664**	**--**	**2,624,664**
CURRENT ASSETS							
Debtors	(18)	1,654,555	--	1,654,555	1,595,830	--	1,595,830
Cash at bank and in hand		4,712,720	99,730	4,812,450	3,434,126	144,604	3,578,730
		6,367,275	**99,730**	**6,467,005**	**5,029,956**	**144,604**	**5,174,560**
CREDITORS Amounts falling due within one year	(20)	(651,741)	--	(651,741)	(425,694)	--	(425,694)
NET CURRENT ASSETS		**5,715,534**	**99,730**	**5,815,264**	**4,604,262**	**144,604**	**4,748,866**
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,219,217**	**99,730**	**8,318,947**	**7,228,926**	**144,604**	**7,373,530**
CREDITORS Amounts falling due after one year	(20)	--	--	--	--	--	--
TOTAL NET ASSETS		**8,219,217**	**99,730**	**8,318,947**	**7,228,926**	**144,604**	**7,373,530**
REPRESENTED BY:							
Restricted funds	(22)	--	99,730	99,730	--	144,604	144,604
Designated funds	(22)	1,658,000	--	1,658,000	1,615,000	--	1,615,000
Unrestricted funds	(22)	6,561,217	--	6,561,217	5,613,926	--	5,613,926
		8,219,217	**99,730**	**8,318,947**	**7,228,926**	**144,604**	**7,373,530**

The Trustees acknowledge their responsibilities for complying with the requirements of the Charities Act with respect to accounting records and preparation of financial statements.

Approved by the Board of Trustees meeting on 27 September 2023 and signed on its behalf by:-

B W J Phillips
Treasurer

P R Catchpole
Chairman

Katharine House Hospice

Consolidated Statement of Cash Flow

At 31 March 2023

RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS		2023 £	2022 £
Net movement in funds		1,257,049	2,298,287
Deferred taxation		(4,425)	1,045
Depreciation		133,422	134,036
Loss/ (gain) on investment assets		33,773	(21,185)
Income from fixed asset investment	Note i	(13,845)	(4,238)
Interest received	Note i	(8,590)	(273)
Interest payable on loans	Note i	--	8,828
Loss/ (gain) on disposal of fixed assets		22,696	(9,805)
Increase in debtors		(377,115)	(473,932)
(Increase) / Decrease in stock		(2,991)	606
Increase in creditors		156,027	180,399
Net cash inflow from operating activities		**1,196,001**	**2,113,768**

CASH FLOW STATEMENT			
Net cash provided by operating activities		1,196,001	2,113,768
Returns on investments and servicing of finance	Note i	22,435	(4,317)
		1,218,436	2,109,451
(Purchase) / sale of fixed assets	Note i	(202,212)	45,524
Financing	Note i	--	(461,747)
Increase in cash		**1,016,224**	**1,693,228**

Katharine House Hospice

Notes to the Consolidated Statement of Cash Flows

At 31 March 2023

NOTE i TO THE CASH FLOW STATEMENT

		2023 £	2022 £
Returns on investments and servicing of finance			
Income from fixed asset investments in portfolio		13,845	4,238
Total income from fixed asset investments		13,845	4,238
Other interest received	Note 6	8,590	273
Interest payable on loans		--	(8,828)
		22,435	(4,317)
Financing			
Repayments of loan capital			(461,747)
		--	(461,747)
Sale and purchase of fixed assets			
Purchase of tangible fixed assets		(341,597)	(97,590)
Sale proceeds of other fixed assets		288,300	13,567
Purchase of fixed asset investments		(584,842)	(184,571)
Proceeds of sale of fixed asset investments		435,927	314,118
		(202,212)	45,524

NOTE ii TO THE CASH FLOW STATEMENT - Reconciliation of Net Cash Flow to Movement in Net Funds

Net cash inflow	1,016,224	1,693,228
Change in net funds in the year	1,016,224	1,693,228
Net funds at 1 April	4,164,580	2,471,352
Net funds at 31 March	**5,180,804**	**4,164,580**

NOTE iii TO THE CASH FLOW STATEMENT - Analysis of changes in net funds

	As at 1 April 2022	Cash Flows	As at 31 March 2023
Cash in hand and at bank	4,019,486	1,157,326	5,176,812
Cash in fixed asset investments	145,094	(141,102)	3,992
TOTAL	**4,164,580**	**1,016,224**	**5,180,804**

NOTE iv TO THE CASH FLOW STATEMENT - Analysis of Changes in Net Debt

	As at 1 April 2022	Cash Flows	As at 31 March 2023
Cash at hand and in bank	4,019,486	1,157,326	5,176,812
Debt due within 1 year	--	--	--
Debt due after 1 year	--	--	--
Cash in investments	145,094	(141,102)	3,992
TOTAL	**4,164,580**	**1,016,224**	**5,180,804**

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

Katharine House Hospice meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared by the Trustees to give a 'true and fair' view and on a going concern basis under the historical cost convention as modified by the revaluation of investments. The financial statements are prepared in sterling which is the functional currency of the Charity and rounded to the nearest pound. The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

b) Going Concern

The Charity reported a consolidated cash inflow of £1,016,224 for the year and has cash reserves of £5,176,812.

In March the Board approved a deficit budget for the period 2023/24 to 2025/26, these budgets have taken account that investments in services will be taken from the surpluses made in the last 3 years. Trustees consider that the levels of reserves are sufficient to ensure that the Hospice is a going concern in the middle term.

c) Branch Accounting

There exist a small number of support groups within the community, raising awareness about and funds to support the work of Katharine House Hospice. Under the SORP, Trustees consider these to be branches of Katharine House Hospice but consider the expense involved in accounting for these Groups on a full accruals basis and auditing these accounts to be unwarranted in relation to the size of the funds generated.

d) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably. The Charity receives income from different sources: -

i) Fundraising Income

Fundraising income is income received as a result of time taken by fundraisers in organising fundraising events, soliciting donations and arranging for donations to be made to the Charity. Unsolicited gifts are classed as voluntary donations and are included in this section. Further details to this income are shown in note 3.

ii) Legacy Income

Legacies are treated as voluntary donations. Entitlement to legacy income is taken as the earlier of receipt or notification that a distribution will be made by the executor. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution.

1. ACCOUNTING POLICIES (Cont.)

d) Income (cont.)

iii) Other Trading Income

A breakdown of income is shown in note 4.

KH Promotions is a subsidiary company operating a society lottery, the operation of this lottery was transferred over to Local Hospice Lottery Ltd at the end of June 2022.

Historically KHH Development provided a management consultancy services to other charities but was dormant during the financial year 2022/23.

Katharine House Retail sold donated goods through E-bay sales and the prison outlets and any new goods sold through the shops. The company also acted as an agent for the selling of donated goods that are gift aided to the Hospice. In addition the company operated a house clearance service. Donated goods refer to items donated to the Hospice for resale through the charity shops. The income from these items is recognised at the point of sale. Any stocks of donated goods held at the financial year end are not attributed a value as it is not practical or otherwise economical to do this.

iv) Charitable Activities

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred. Further details regarding statutory sector grant income received by the Charity are set out in note 5.

v) Donated Goods

Donated goods refer to items donated to the Hospice for resale through the charity shops. The income from these items is recognised at the point of sale. Any stocks of donated goods held at the financial year end is not attributed a value as it is not practical or otherwise economical to do this.

vi) Investment Income

Investment income includes dividends and interest on funds held on deposit. This income is included when receivable and the amount can be measured reliably by the Charity. Further details regarding investment income received by the Charity are set out in note 17.

vii) Fees and Other Income

The breakdown of this is shown in note 7. This includes the HMRC job retention scheme, business rates grants and miscellaneous (other income charges for use of facilities and services).

e) Donation of Assets

Gifts of tangible assets are included in these accounts at an estimated valuation which approximates to cost. Donations are included in the income and expenditure account as such, and in the balance sheet under the appropriate headings.

f) Expenditure and Irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

1. ACCOUNTING POLICIES (Cont.)

f) Expenditure and Irrecoverable VAT

i) Costs of generating income

These include the expenditure on operating the retail charity shops, fundraising to generate donations and to record and thank donors, the costs associated with managing the investment portfolio (including brokerage costs), and the costs involved in managing properties owned for investment purposes. The consolidated accounts detail the cost of carrying out subsidiary operations such as lotteries and additional retail activity, the surplus from these activities is donated to the Charity.

ii) Expenditure on charitable activities

Expenditure on charitable activities includes the expenditure incurred to operate the Hospice services, including the overheads of the Charity and the cost of governance.

iii) Irrecoverable VAT

Irrecoverable VAT is written off in the year it is recognised as such.

g) Basis for the Allocation of Costs

i) Direct costs

Where possible costs are charged directly to one of the primary services of the charity.

ii) Support costs

Support costs are those deemed to be essential to the operation of the Charity's primary purposes, for example catering and laundry, and are allocated on the basis of usage. These also include costs that cannot be charged directly to one primary service as they support all primary services, these are allocated either on the basis of usage where this can be easily determined or otherwise apportioned on the basis of total costs of services.

iii) Overhead costs

Overhead costs are those that support not only the primary services of the Charity but also other functions, including those of the subsidiary companies. These are allocated on the basis of fair usage of the relevant overhead or otherwise apportioned on the basis of cost. Overheads are allocated directly to primary services, governance, fundraising and subsidiary companies rather than allocating or apportioning costs to other support and overhead functions.

h) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Capital items in excess of £5,000 are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over their expected useful lives on the following bases:-

Charity leasehold buildings	2%	straight line basis
Subsidiaries leasehold buildings	10-33%	straight line basis
Equipment, furniture and vehicles	20%	straight line basis
General IT equipment	20-50%	straight line basis

i) Investments

Fixed asset investment in quoted shares, traded bonds and similar investments are valued initially at cost and subsequently at fair value (their market value) at year end. The same treatment is applied to unlisted investments unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

1. ACCOUNTING POLICIES (Cont.)

j) Stock

Stock is the value of Christmas card stocks held for sale stated at the lower of cost and net realisable value.

k) Debtors

Trade and other debtors are recognised at the settlement amount due after trade discounts have been applied. Subsequently they are measured at the cash or other consideration expected to be received. Prepayments are valued at the proportionate amount pre-paid relating to future accounting periods at the balance sheet date.

l) Cash

Cash at bank and cash in hand includes all operating cash held and immediately available for the Charity's use. In addition to this there is cash sitting within the investment portfolio.

m) Creditors

Creditors are recognised where the Charity has a present obligation arising from a past event that will probably result in a transfer of funds to a third party and the amount to be transferred can be reliably determined.

n) Payments on Account

Payments on account is income received but at the balance sheet date the Charity has no legal entitlement to the funds, in particular donor's money held by the retail company, which donors are yet to confirm may be donated to the Charity and lottery players who have paid in advance of future draws.

o) Deferred Income

Other grants are credited to the statement of financial activities as the related expenditure is incurred. Income received prior to an event which would be returnable if the event does not occur is deferred until the event has occurred.

p) Pensions

The Charity operates a number of employee pension schemes. Further details regarding the schemes operated are set out in note 15 of these accounts. Contributions payable for the year are charged in the income and expenditure account.

q) Fund Accounting

General Funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity. Designated funds are unrestricted funds of the Charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be used solely for particular areas of the Charity's work. Note 22 provides further explanation behind the restricted and designated funds.

r) Method of Consolidation

The financial statements consolidate the accounts of Katharine House Hospice and all its subsidiary undertakings using the acquisition method.

s) Deferred Taxation

Deferred tax is provided in full on timing differences which represents 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 or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax is now provided on timing differences arising from accelerated capital allowances as in accordance with SORP (FRS 102). Deferred tax assets and liabilities are not discounted.

t) Operating Leases

Rental applicable to operating leases where substantially all of the benefit and risks of ownership remain with the lessor are charged to the income and expenditure account as incurred.

u) Volunteers

The Charity benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in the annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

2. LEGAL STATUS OF THE CHARITY

The Charity is registered with the Charity Commission in England and Wales (registered number 1011712) and is incorporated in England and Wales as a Company Limited by Guarantee and does not have share capital. Each member of the company has undertaken to contribute to the assets of the company in the event of it being wound up while s/he is a member, or within one year after s/he ceases to be a member, for payment of the debts and liabilities of the company contracted before s/he ceases to be a member such amount as may be required not exceeding £1. Each member pays a subscription fee annually. Income from membership is the annual subscription.

3. DONATIONS AND LEGACIES INCOME

Hospice & Group	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Income Sources						
Donations from society lottery	236,805	--	236,805			--
Other Donations	543,502	32,835	576,337	595,004	10,679	605,683
Trusts and grant giving bodies	48,480	87,066	135,546	70,525	77,779	148,304
Gift aid on donations	73,147	--	73,147	63,854	--	63,854
Legacies	898,506	50,000	948,506	918,533	50,776	969,309
Other sources	900	--	900	866	22	888
	1,801,340	**169,901**	**1,971,241**	**1,648,782**	**139,256**	**1,788,038**

The Hospice recognises the residual benefit of three estates as at 31.03.23, which the value outstanding has been approximately valued at £407k. The residual payment of two of these estates are expected within 2 years. The third estate consisted of two trusts which had a life interest, one of which was realised in 2021, the date of realisation of the other fund is not known. In addition to the three estates there is approximately £911k of legacies which have been notified to the Charity before 31/03/23 but have not been recognised as income in the year as they do not meet the Hospice's income recognition criteria.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Hospice						
KH Promotions Ltd	65,005	--	65,005	253,216	--	253,216
KH Retail Ltd	87,433	--	87,433	74,654	--	74,654
Sale of Donated Goods	4,289,306	--	4,289,306	3,656,801	--	3,656,801
Gift Aid on Sale of Goods	286,090	--	286,090	236,044	--	236,044
Fundraising Events	51,540	--	51,540	79,613	--	79,613
	4,779,374	**--**	**4,779,374**	**4,300,328**	**--**	**4,300,328**
Group						
KH Promotions Ltd	112,320	--	112,320	459,413	--	459,413
KH Retail Ltd	264,836	--	264,836	237,521	--	237,521
Sale of Donated Goods	4,289,306	--	4,289,306	3,656,801	--	3,656,801
Gift Aid on Sale of Goods	286,090	--	286,090	236,044	--	236,044
Fundraising Events	51,540	--	51,540	79,613	--	79,613
	5,004,092	**--**	**5,004,092**	**4,669,392**	**--**	**4,669,392**

5. INCOME FROM CHARITABLE ACTIVITIES

Income from charitable activities incorporates receipts of income from statutory agencies, whether as grants or contracts and fees received for the provision of the Charity's services. Trustees are pleased to report that the Integrated Care Board have continued commitments to fund the Hospice's work.

Hospice		Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Integrated Care Board (replaced Local Clinical Commissioning Groups)							
Grants	(a)	1,176,458	--	1,176,458	1,176,458	--	1,176,458
Contracts	(b)	--	47,797	47,797	--	47,797	47,797
Pension Rebate	(c)	--	26,591	26,591	--	26,594	26,594
NHS England							
Capacity Grant	(d)	--	915	915	--	804,334	804,334
Prison Services Contract	(e)	--	8,860	8,860	--	8,680	8,680
Stafford Borough Council	(f)	3,500	--	3,500	3,500	--	3,500
Other Fee Income	(g)	--	6,240	6,240	--	2,470	2,470
Income from Charitable Activities		**1,179,958**	**90,403**	**1,270,361**	**1,179,958**	**889,875**	**2,069,833**
Group							
Hospice - as above		1,179,958	90,403	1,270,361	1,179,958	889,875	2,069,833
Embrace Quality Care		332,196	--	332,196	281,937	--	281,937
Group Income from Charitable Activities		**1,512,154**	**90,403**	**1,602,557**	**1,461,895**	**889,875**	**2,351,770**

5. INCOME FROM CHARITABLE ACTIVITIES (Cont.)

(a) A one year recurring conditional grant the value of which is derived annually.

(b) A one year recurring restricted grant.

(c) The Hospice is in receipt of an annual rebate from the Department of Health, paid through the Integrated Care Board (ICB), to cover the increased costs to the employer of the NHS pension scheme.

(d) The NHSE awarded funding to allow the Hospice to make available bed capacity and community support from December 2021 to March 2022 to provide support to people with complex needs in the context of the COVID-19 situation. In 2022/23 this was an adjustment to a previous year's accrual.

(e) A contract with NHS England for the provision of in reach services to HMP Stafford and HMP YOI Drake Hall for prisoners at end of life.

(f) A one year recurring service level agreement.

(g) The main object of the Charity is to provide home care, day care and inpatient care to people in mid-Staffordshire in need of specialist palliative care. The Charity makes no charge for the provision of these services. A subsidiary object is to provide training, education and other resources for those involved in the provision of specialist palliative care services. To this end medical and nursing students from universities have paid placements at the Hospice.

In addition, the Hospice has received non-recurring grants from local councils for specific objectives, as described below.

	2023 £	2022 £
Cannock Wood Parish Council for IPU service	500	--
Eccleshall Wood Parish Council for Therapy & Wellbeing Centre	200	--
Gnosall Parish Council for Therapy & Wellbeing Centre	200	--
SCC local community fund for Therapy & Wellbeing Centre	2,625	--
Rugeley Town Council for IPU service	--	500

6. INVESTMENT INCOME

All investment income is unrestricted and comprises:

	Company		Group	
	2023 £	2022 £	2023 £	2022 £
Bank interest	8,576	268	8,590	273
Interest from investments	5	--	5	--
Dividends	13,840	4,238	13,840	4,238
	22,421	**4,506**	**22,435**	**4,511**

7. OTHER INCOME

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Hospice						
HMRC Job Retention Scheme	--	--	--	19,468	--	19,468
Business Rates Grants	--	--	--	58,001	--	58,001
Miscellaneous	19,874	90	19,964	19,003	--	19,003
	19,874	**90**	**19,964**	**96,472**	**--**	**96,472**
Group						
HMRC Job Retention Scheme (a)	--	--	--	21,931	--	21,931
Business Rates Grants	--	--	--	58,001	--	58,001
Miscellaneous (b)	19,874	90	19,964	19,952	--	19,952
	19,874	**90**	**19,964**	**99,884**	**--**	**99,884**
(a) HMRC Job Retention Scheme						
Katharine House Hospice	--	--	--	19,468	--	19,468
KH Promotions Ltd	--	--	--	2,463	--	2,463
	--	**--**	**--**	**21,931**	**--**	**21,931**
(b) Miscellaneous						
Katharine House Hospice	19,874	--	19,874	19,003	--	19,003
Embrace Quality Care Ltd	--	--	--	949	--	949
	19,874	**--**	**19,874**	**19,952**	**--**	**19,952**

8. EXPENSE ANALYSIS

	Note	Direct Staff £	Other Costs Direct £	Deprec-iation £	Allocated Support Costs £	2023 Total £	Direct Staff £	Other Costs Direct £	Deprec-iation £	Allocated Support Costs £	2022 Total £
COSTS OF RAISING FUNDS											
Hospice											
Fundraising		191,126	18,881	1,562	63,776	275,345	167,283	32,602	1,719	46,784	248,388
Other trading activities		1,798,673	1,039,012	55,239	269,361	3,162,285	1,653,978	912,544	40,022	181,449	2,787,993
Investment management fees		--	6,023	--	--	6,023	--	8,551	--	--	8,551
	(a)	**1,989,799**	**1,063,916**	**56,801**	**333,137**	**3,443,653**	**1,821,261**	**953,697**	**41,741**	**228,233**	**3,044,932**
Group											
Fundraising		191,126	18,881	1,562	63,776	275,345	167,283	32,602	1,719	46,784	248,388
Other trading activities		1,876,493	1,222,333	63,039	229,577	3,391,442	1,747,805	1,219,699	56,493	144,222	3,168,219
Investment management fees		--	6,023	--	--	6,023	--	8,551	--	--	8,551
	(a)	**2,067,619**	**1,247,237**	**64,601**	**293,353**	**3,672,810**	**1,915,088**	**1,260,852**	**58,212**	**191,006**	**3,425,158**
COSTS OF CHARITABLE ACTIVITIES											
Hospice											
Patient care	(b)	2,296,511	472,174	61,212	353,754	3,183,651	2,000,949	465,698	70,270	248,673	2,785,590
Governance	(a)	78,621	18,302	--	41,975	138,898	76,063	16,205	--	32,004	124,272
		2,375,132	**490,476**	**61,212**	**395,729**	**3,322,549**	**2,077,012**	**481,903**	**70,270**	**280,677**	**2,909,862**
Group											
Patient care	(b)	2,597,714	509,504	61,212	353,754	3,522,184	2,256,738	501,509	70,270	248,673	3,077,190
Governance	(a)	78,621	18,302	--	41,975	138,898	76,063	16,205	--	32,004	124,272
		2,676,335	**527,806**	**61,212**	**395,729**	**3,661,082**	**2,332,801**	**517,714**	**70,270**	**280,677**	**3,201,462**

ANALYSIS OF EXPENSES BETWEEN FUNDS

(a) All expenses incurred in raising funds and governance are taken from unrestricted or designated funds

(b) Patient care expenses are analysed between unrestricted/designated funds and restricted funds as follows:

	Hospice		Group	
	2023 £	2022 £	2023 £	2022 £
Unrestricted/designated	3,017,281	1,957,816	3,355,814	2,249,416
Restricted	305,268	952,046	305,268	952,046
	3,322,549	**2,909,862**	**3,661,082**	**3,201,462**

9. ALLOCATED SUPPORT COST EXPENSE ANALYSIS

	Staff Costs £	Other Costs £	Deprec-iation £	2023 Total £	Staff Costs £	Other Costs £	Deprec-iation £	2022 Total £
Support functions	432,094	289,161	7,611	**728,866**	339,581	163,773	5,556	**508,910**
	432,094	**289,161**	**7,611**	**728,866**	**339,581**	**163,773**	**5,556**	**508,910**

Allocations to:		
Patient Care	353,754	248,673
Governance	41,975	32,004
Fundraising	63,776	46,784
Sale of donated goods	269,361	181,449
Embrace Quality Care Ltd	0	0
	728,866	**508,910**

10. NET INCOME

Net income is stated after charging the following items to the Income and Expenditure Account.

	Hospice		Group	
	2023 £	2022 £	2023 £	2022 £
Auditor's remuneration	17,300	14,290	18,560	16,398
Depreciation of tangible fixed assets	125,622	117,565	133,422	134,036
Loss/(profit) on disposal of fixed assets	23,697	(8,638)	22,696	(9,805)
Operating lease rentals	342,617	350,125	342,617	350,125
Payments to Trustees	--	--	--	--
Trustee indemnity insurance	1,642	1,915	1,642	1,915

11. TRADING SUBSIDIARIES

Katharine House has 4 subsidiary trading companies

KH Promotions Limited 03295776 runs a society lottery on behalf of the Charity. This lottery operation was transferred in June 2022 to a third party - Local Hospice Lottery. The Local Hospice Lottery splits out the funds to various charities in the form of donations of which are received within the Hospice's accounts

Katharine House Retail Limited 03949314 carries out trading activity, including eBay, house clearances, collection and delivery services

Embrace Quality Care Limited 08050417 is a care agency meeting the core objectives of the Charity, but charging for its services.

KHH Development Limited 08120430 provided administrative and financial support to other charities. This became dormant at the beginning of 2021/22.

A summary of the results of the subsidiary companies of the Charity are set out in this note. Accounts have been approved by the directors of these companies and will be filed with the Registrar of Companies.

11. TRADING SUBSIDIARIES (Cont.)

	KH Promotions Ltd		KH Retail Ltd	
	2023	2022	2023	2022
	£	£	£	£
Turnover (including HMRC Job Retention Scheme)	112,320	461,876	264,836	237,521
Direct operating costs	(47,329)	(208,665)	(221,612)	(199,685)
Net recharges to/(from) Katharine House Hospice	--	--	39,784	28,124
Gross Profit	**64,991**	**253,211**	**83,008**	**65,960**
Interest receivable	14	5	--	--
Taxation	--	--	4,425	(1,045)
Net profit before Gift Aid	**65,005**	**253,216**	**87,433**	**64,915**
Distribution under Gift Aid to Katharine House	(65,005)	(253,216)	(87,433)	(74,654)
Retained in subsidiary undertaking	--	--	--	**(9,739)**
Retained earnings brought forward	--	--	--	9,739
Retained earnings carried forward	--	--	--	--
The aggregate of the assets, liabilities and funds at 31 March was:				
Fixed assets	--	--	--	7,800
Current assets	65,579	153,931	325,490	307,358
Current liabilities	(65,479)	(153,831)	(325,488)	(315,156)
Total Assets	**100**	**100**	**2**	**2**
Share capital	100	100	2	2
Funds	**100**	**100**	**2**	**2**

	Embrace Quality Care Ltd		KHH Development Ltd	
	2023	2022	2023	2022
	£	£	£	£
Turnover (including HMRC JRS & Misc Income)	332,196	282,886	--	--
Direct operating costs	(338,533)	(291,600)	--	--
Retained in subsidiary undertaking	**(6,337)**	**(8,714)**	--	--
Retained earnings brought forward	(311,632)	(302,918)	--	--
Retained earnings carried forward	**(317,969)**	**(311,632)**	--	--
The aggregate of the assets, liabilities and funds at 31 March was:				
Current assets	48,269	42,994	500	500
Current liabilities	(361,238)	(349,626)	--	--
Total Assets	**(312,969)**	**(306,632)**	**500**	**500**
Share capital	5,000	5,000	500	500
Retained earnings	(317,969)	(311,632)	--	--
Funds	**(312,969)**	**(306,632)**	**500**	**500**

12. EMPLOYEE NUMBERS AND COSTS

The number of staff and whole time equivalents employed by the Charity, analysed by function was:

Company	2023		2022	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Care services	71	50.64	67	46.39
Support and overheads	36	24.72	32	24.09
Income generation	117	73.39	120	70.61
	224	**148.75**	**219**	**141.09**

Group	2023		2022	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Care services	88	65.70	85	59.52
Support and overheads	36	24.72	32	24.09
Income generation	122	78.71	126	76.37
	246	**169.13**	**243**	**159.98**

The costs of employment were:

	Company		Group	
	2023 £	2022 £	2023 £	2022 £
Salary	4,235,713	3,793,626	4,584,055	4,117,330
National Insurance	337,922	273,166	359,638	291,239
Pension	223,390	171,063	232,354	179,314
	4,797,025	**4,237,855**	**5,176,047**	**4,587,883**
Bought-in staff	149,743	145,563	149,743	145,563
	4,946,768	**4,383,418**	**5,325,790**	**4,733,446**

13. REDUNDANCY COSTS

The Group made statutory redundancy payments amounting to £Nil (2022: £4,102) with respect to no cases (2022: 1 individual case).

14. EMOLUMENTS

The number of staff whose emoluments during the year exceeded £60,000 was:

	Company		Group	
	2023	2022	2023	2022
£60,001 - £70,000	1	0	0	0
£70,001 - £80,000	0	0	0	0
£80,001 - £90,000	1	1	1	1

The gross cost of the Executive Team responsible for running the group of companies (including all emoluments, employer's national insurance contributions, and employer's pension contributions but less re-imbursement of 20% of costs for a shared post) was £389,478 (2022: £366,298). There were 5 employees and 1 non-employee on the team until the end of January and 4 employees and 1 non-employee thereafter (2022: 5 employees and 1 non-employee).

15. PENSIONS

The Hospice makes provision for employees' pensions in accordance with the Memorandum of Association and its legal obligations. The Hospice does not operate its own pension scheme, but contributes to schemes as follows:

a) NHS Defined Benefit Scheme

Employees who are members of the NHS pension scheme, if eligible, may continue to contribute to this scheme. Employer contributions are 14.38%. Employee contributions range from 5% to 13.5% dependent upon the level of their notional full-time pensionable pay. This scheme is an unfunded defined benefit scheme that covers NHS employees, General Practitioners and other bodies allowed under the direction of the Secretary of State in England and Wales. The scheme is managed in a manner that does not make it practical for the Hospice to ascertain its share of the assets and liabilities under the scheme and the scheme is therefore treated in the accounts as if it were a defined contribution scheme, with the cost being taken as the contributions payable during the accounting period.

b) Standard Life Group/Stakeholder Pension Scheme

The Charity, in response to the Stakeholder Pension Schemes Regulations 2000, opened a scheme in the year 2000 for eligible employees to join the Standard Life Group Pension Scheme. The Charity matches employee contributions up to 7%. From 1 April 2015 Standard Life closed this scheme and it is not available to new employees. This scheme is a defined contribution scheme.

c) National Employment Savings Trust (NEST)

Eligible employees who are not in either of the two schemes above are automatically enrolled into the NEST scheme. The automatic enrolment is done at the statutory minimum (at present 5% for employers) but employees can increase their contributions and the Charity will match these up to 7%. This is a defined contribution scheme.

Numbers of staff and contributions to the different schemes are:

	2023		2022	
Company	Average Number	Employer Contribution £	Average Number	Employer Contribution £
NHS	21	87,540	21	83,228
Standard Life	13	38,206	14	41,969
NEST	158	97,644	138	81,862
	192	**223,390**	**173**	**207,059**
Group				
NHS	21	87,540	21	83,228
Standard Life	13	38,206	14	41,969
NEST	177	106,608	152	87,723
	211	**232,354**	**187**	**212,920**

16. TANGIBLE FIXED ASSETS

COMPANY	Long Leasehold Land and Buildings £	Equipment, Furniture and Fixtures £	IT Equipment and Software £	Motor Vehicles £	Total £
Cost					
At 1 April 2022	2,748,707	476,201	184,837	103,093	3,512,838
Additions	258,576	45,258	37,763	--	341,597
Disposals	(422,950)	(111,301)	(35,304)	--	(569,555)
At 31 March 2023	**2,584,333**	**410,158**	**187,296**	**103,093**	**3,284,880**
Depreciation					
At 1 April 2022	911,684	403,520	166,578	12,965	1,494,747
Charge for the year	57,371	33,324	15,407	19,520	125,622
Disposals	(114,241)	(109,014)	(35,304)	--	(258,559)
At 31 March 2023	**854,814**	**327,830**	**146,681**	**32,485**	**1,361,810**
Net Book Value					
At 31 March 2023	1,729,519	82,328	40,615	70,608	1,923,070
At 1 April 2022	1,837,023	72,681	18,259	90,128	2,018,091
GROUP					
Cost					
At 1 April 2022	2,802,629	476,201	184,837	216,398	3,680,065
Additions	258,576	45,258	37,763	--	341,597
Disposals	(422,950)	(111,301)	(35,304)	(15,210)	(584,765)
At 31 March 2023	**2,638,255**	**410,158**	**187,296**	**201,188**	**3,436,897**
Depreciation					
At 1 April 2022	965,606	403,520	166,578	118,470	1,654,174
Charge for the year	57,371	33,324	15,407	27,320	133,422
Disposals	(114,241)	(109,014)	(35,304)	(15,210)	(273,769)
At 31 March 2023	**908,736**	**327,830**	**146,681**	**130,580**	**1,513,827**
Net Book Value					
At 31 March 2023	1,729,519	82,328	40,615	70,608	1,923,070
At 1 April 2022	1,837,023	72,681	18,259	97,928	2,025,891

17. FIXED ASSETS INVESTMENT – Company and Group

	2023 £	2022 £
At 31 March investments were held as:		
Perspective portfolio	--	455,877
abrdn balanced bridge fund	571,019	--
Total invested funds	**571,019**	**455,877**
Cash held for investment	3,992	145,094
Total funds in Investment portfolio	**575,011**	**600,971**

	2023 £	2022 £
Listed investments		
Market value at 5 April	455,877	564,237
Less Disposals at opening book value (proceeds £435,927)	(454,977)	(310,532)
Add acquisitions at cost	584,842	184,571
Net gain/(loss) on revaluation at 31 March	(14,723)	17,601
Market value at 31 March of listed investments	**571,019**	**455,877**
Historical cost at 31 March	584,842	454,260

All investments are held in unrestricted funds. The net gains and losses on revaluation are based on the market value of investment provided by abrdn who manage the fund on behalf of the Trustees.

FIXED ASSET INVESTMENT - Company

The Company's investments at the balance sheet date in the share capital of unlisted companies which are registered in the UK comprising:

	Company registration no.	% of shareholding held by KH Hospice	2023 £	2022 £
KH Promotions Limited	03295776	100%	100	100
Katharine House Retail Limited	03949314	100%	2	2
Embrace Quality Care Limited	08050417	100%	5,000	5,000
KHH Development Limited	08120430	100%	500	500
			5,602	5,602

Results for the year are shown in note 11 and are included in the consolidated accounts.

18. DEBTORS

	Company		Group	
	2023	2022	2023	2022
	£	£	£	£
Intercompany accounts	353,612	663,744	--	--
Trade debtors	669,518	556,962	713,763	588,149
NHS pharmaceutical supplies	11,080	3,874	11,080	3,874
HMRC - tax and social security	210,528	160,664	210,528	160,664
Other debtors	6,869	1,184	34,404	33,519
Accrued legacy income	248,091	62,572	248,091	62,572
Prepayments	150,982	142,955	150,982	142,955
Deposits provided	3,875	3,875	3,875	3,875
	1,654,555	**1,595,830**	**1,372,723**	**995,608**

The intercompany accounts are the balance of funds to be transferred to the Hospice in respect of Gift Aid payments for the year. The balances are payable on demand. In view of the nature of the balances, interest is not charged by the Hospice on the outstanding amounts, nor has it taken security for the balances.

19. STOCK

	Company		Group	
	2023	2022	2023	2022
	£	£	£	£
Bought in goods	--	--	3,196	205

20. CREDITORS

Amounts due in under one year

		Company		Group	
		2023	2022	2023	2022
	Note	£	£	£	£
Payments on account		--	--	53,552	120,107
Trade creditors		229,173	202,669	255,158	232,206
HMRC		144,896	76,053	145,676	76,053
Accruals		201,430	123,588	204,863	126,999
Deferred income	(21)	40,519	17,301	40,519	17,301
Other creditors		35,723	6,083	38,066	9,141
		651,741	**425,694**	**737,834**	**581,807**

Amounts due after one year

	Company		Group	
	2023	2022	2023	2022
	£	£	£	£
Bank loans	--	--	--	--
	---	---	---	---

21. DEFERRED INCOME

Income deferred in accordance with FRS 102 and included in accruals and deferred income was:

For 2023	Balance at 1 April £	Released £	Deferred £	Balance at 31 March £
Refundable event income	12,301	12,301	40,519	40,519
Marketing Income	5,000	5,000	--	--
	17,301	**17,301**	**40,519**	**40,519**

For 2022	Balance at 1 April £	Released £	Deferred £	Balance at 31 March £
Refundable event income	11,913	11,913	12,301	12,301
Marketing Income	--	--	5,000	5,000
	11,913	**11,913**	**17,301**	**17,301**

22. FUNDS

Unrestricted Funds - Designated and General Funds

General funds are freely available for the Trustees to apply for its charitable purposes, but include fixed assets that are not expendable. The Trustees have established ten designated reserves from within the free and unrestricted funds available. The primary purpose of these funds is to assist the Charity in managing its reserves and financial risks, particularly in the light of known future commitments, unexpected failure of income and larger one off items of expenditure.

The refurbishment of the Therapy and Wellbeing Centre was work in progress as at 31.03.23 and was completed in the first quarter of 2023-24 alongside the renovation of one of the retail properties. Both properties are owned by the Hospice.

The refurbishment fund allows is relating to a small number of retail shops requiring refurbishment during 2023-24.

It is recognised there is a liability for dilapidations costs relating to retail premises.

The acquisition of a retail premises is to acquire and refurbish a retail premises that is currently leased.

The IT renewal fund has been reduced due to the replacement of two servers during the current year.

The training and development fund ensures that existing commitments to staff development can be funded. This has been increased due to an additional need for clinical training and also learning and development support being out-sourced.

There are plans in place to replace the current clinical system and the telephone system due to their impending obsolescence.

The legacy equalisation fund helps Trustees manage the unpredictability of legacy income and use these funds in the event of a shortfall in legacy income against the annual budget. There has been increase in this designated fund to bring it in the line with the increase in the budgeted amount reflecting an increase in legacy income over the last few years.

22. FUNDS (Cont.)

COMPANY

For the Year Ended 31 March 2023

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	**5,613,926**	**6,904,461**	**(6,142,875)**	**(33,773)**	**537,447**	**6,879,186**
Designated Funds						
Renovation/Refurbishment Therapy Centre	250,000	--	(194,744)	--	(256)	55,000
Norton Bridge Renovation	70,000	--	(63,832)	--	(6,168)	--
Refurbishment of retail premises	--	--	--	--	75,000	75,000
Provn for dilapidations retail premises	--	--	--	--	100,000	100,000
Acquistion & Refurbishment of Property	1,100,000	--	--	--	200,000	1,300,000
Renewal of IT	65,000	--	(47,597)	--	12,597	30,000
Training and Development	10,000	--	(11,886)	--	67,886	66,000
Replacement of clinical system	--	--	--	--	25,000	25,000
Replacement of telephone system	--	--	--	--	7,000	7,000
Legacy Equalisation	120,000	898,506	--	--	(1,018,506)	--
	1,615,000	**898,506**	**(318,059)**	**--**	**(537,447)**	**1,658,000**
Restricted Funds						
Capital and Equipment Funds	102,542	145,792	(193,291)	--	--	55,043
NHSE Capacity Funding	--	915	(915)	--	--	--
Service Funds	14,012	105,222	(105,429)	--	--	13,805
Other Restricted Funds	28,050	8,465	(5,633)	--	--	30,882
	144,604	**260,394**	**(305,268)**	**--**	**--**	**99,730**
	7,373,530	**8,063,361**	**(6,766,202)**	**(33,773)**	**--**	**8,636,916**

For the Year Ended 31 March 2022

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	**3,519,655**	**6,311,513**	**(4,513,722)**	**21,185**	**275,295**	**5,613,926**
Designated Funds						
Repairs and Renewals	100,000	--	(22,379)	--	(77,621)	--
Renovation/Refurbishment Therapy	--	--	--	--	250,000	250,000
Norton Bridge Renovation	--	--	--	--	70,000	70,000
Acquistion & Refurbishment of Property	--	--	--	--	1,100,000	1,100,000
Renewal of IT	100,000	--	--	--	(35,000)	65,000
Training and Development	7,978	--	(9,127)	--	11,149	10,000
Legacy Equalisation	120,000	918,533	--	--	(918,533)	120,000
Loan Repayments	467,328	--	(466,348)	--	(980)	--
Emergency Campaign	674,310	--	--	--	(674,310)	--
	1,469,616	**918,533**	**(497,854)**	**--**	**(275,295)**	**1,615,000**
Restricted Funds						
Capital and Equipment Funds	28,927	96,589	(22,974)	--	--	102,542
NHSE Capacity Funding	--	804,334	(804,334)	--	--	--
Service Funds	14,883	116,806	(117,677)	--	--	14,012
Other Restricted Funds	23,709	11,402	(7,061)	--	--	28,050
	67,519	**1,029,131**	**(952,046)**	**--**	**--**	**144,604**
	5,056,790	**8,259,177**	**(5,963,622)**	**21,185**	**--**	**7,373,530**

22. FUNDS (Cont.)

Restricted Funds

The capital and equipment funds are primarily for the purchase of items of equipment or refurbishments. Some have small cash balances which are used in the maintenance of the asset.

The service funds are to operate specified services and are expected to be spent within 12 months. Expenditure against these funds is only for direct costs of running the services, not for recharges or overheads.

The other restricted funds are for use in the provision of aspects of services or for provisions not specific to a service, for example: patient comfort funds, funds for the upkeep of the garden and other areas and funds to provide training and development for staff.

GROUP

For the Year Ended 31 March 2023

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) and Provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	5,302,294	7,461,389	(6,710,565)	(29,348)	537,447	6,561,217
Designated Funds	1,615,000	898,506	(318,059)	--	(537,447)	1,658,000
Restricted Funds	144,604	260,394	(305,268)	--	--	99,730
	7,061,898	8,620,289	(7,333,892)	(29,348)	--	8,318,947

For the Year Ended 31 March 2022

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) and Provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	3,226,476	6,965,931	(5,185,548)	20,140	275,295	5,302,294
Designated Funds	1,469,616	918,533	(497,854)	--	(275,295)	1,615,000
Restricted Funds	67,519	1,029,131	(952,046)	--	--	144,604
	4,763,611	8,913,595	(6,635,448)	20,140	--	7,061,898

23. FINANCIAL COMMITMENTS

Capital Commitments - Company and Group

The Charity has capital commitments at 31 March 2023 of approximately £55k relating to the Therapy and Wellbeing Centre (2022: Nil).

Operating Lease Commitments

The Company and Group hold leases for retail outlets and office equipment. The future outstanding commitments broken down by time periods are shown below with prior year comparatives:

	<1 year	2-5 years	+5 years
	£	£	£
Company & Group as at 31.03.23	276,813	345,157	25,557
Company & Group as at 31.03.22	300,970	494,604	90,557

The total operating lease commitments (this includes leases that are out of lease calculated at 6 months' liability) are:

	Total Cost of Lease
	£
Company & Group as at 31.03.23	647,526
Company & Group as at 31.03.22	865,671

There were no other operating lease commitments at 31 March 2023 that exceeded one year.

24. RELATED PARTY TRANSACTIONS

During the year some of the Trustees, senior managers, and employees of all Group entities made donations to the Charity, played the lottery run by KH Promotions Ltd up to the end of June 2022, and bought and donated goods to the Charity. All these transactions were conducted on an arm's length basis in support of the Charity. All donations made by the Trustees were unrestricted.

Access to the Hospice's care services is based on the assessment of clinical need and the availability of provision. It is possible that relatives of Trustees, senior managers, and employees of all Group entities may have accessed the Charity's services, but this is not separately identifiable and therefore not disclosed.

Specific related party transactions are:

	2023	2022
	£	£
Allison Cape (Trustee of Katharine House Hospice)		
Midlands Partnership Foundation Trust (MPFT) (relationship: Employee)		
Retrospective credit relating to supply of district nurses	--	(8,750)
Outstanding Creditor Balance as at 31st March	--	--
Caroline Bruckner Holt (Medical Director of Katharine House Hospice), Zia Din (Trustee of Katharine House Hospice), Richard Hughes (Trustee of Katharine House Hospice) & Jenny Clarke (Trustee of Katharine House Hospice)		
County Hospital and University Hospitals of the North Midlands (formerly Mid Staffordshire Hospitals NHS Trust) (relationship: Employees)		
Provision of pharmacy services and drug supplies	63,754	58,875
Provision of palliative medical consultant sessions	120,155	114,332
Contract for the provision of occupational and physiotherapy services	20,179	33,310
Provision of I-Portal	10,019	
Provison of training courses	600	
Outstanding Creditor Balance as at 31st March	52,881	46,337
Jennifer Woodyard (Trustee of Katharine House Hospice)		
Hand Morgan & Owen Solicitors (relationship: Employee)		
Provision of legal services connected with property transactions	--	--
Outstanding Creditor Balance as at 31st March	--	--

24. RELATED PARTY TRANSACTIONS (Cont.)

	2023	2022
	£	£
Stephen Paul Kirwan (Trustee of Katharine House Hospice)		
Nowell Mellor Solictors (relationship: Employee)		
Provision of legal services connected with property transactions	2,584	--
Outstanding Creditor Balance as at 31st March	--	--
Richard Soulsby (CEO of Katharine House Hospice)		
AL Services (relationship: Spouse is proprietor)		
Spot purchasing of counselling services	1,990	1,463
Outstanding Creditor Balance as at 31st March	--	--

25. POST BALANCE SHEET EVENTS

Katharine House Hospice has been served a section 25 notice by the new landlords of the warehouse retail premises. Katharine House Hospice's offer to purchase the warehouse retail premises has been provisionally accepted by the landlord and negotiations are still ongoing.

The Trustees have decided to withdraw financial support for Embrace Quality Care from 1 April 2024. This will result in Embrace Quality Care ceasing to trade.

KATHARINE HOUSE HOSPICE

England & Wales - Charity number 1011712

Accounts

katharine house hospice

embracing life and living

"Our thanks to the generosity of the people of mid-Staffordshire and for the dedication of our staff."

OUR DIRECTORS' AND TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

A Company Limited by Guarantee not having share capital

Registered company number 02700516 (England and Wales)

Registered charity number 1011712

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Chairman's Statement



Just like for the other members of our community, the pandemic continued to disrupt all of our activities for another year. It was another uncertain period and there were many challenges including for care services, income generation and volunteering. We were extremely fortunate that, due to the incredible response to our emergency fundraising campaign the year before, we could continue to help local families whilst we rebuilt our retail and fundraising income streams. We will remain ever grateful for this support at a time when we needed it the most.

Gradually, and in line with guidance, the different areas of our organisation emerged from their various stages of lockdown. We have started to welcome back an increasing number of former day patients for face to face appointments, we've held fundraising events again, and our shops are once again open for business. The Board of Trustees are thankful for the flexibility and willingness of our teams during many difficult months. One of the greatest impacts was on our retail teams. Staff and volunteers were faced with volumes of donations that were difficult to process at times, and then endured a period where, due to Covid-related absences and difficulties recruiting staff, it was difficult to keep some stores open. Our sincere thanks to all those who helped us through this period. Another challenge was the need to cease accepting admissions for new patients due to care staff testing positive for Covid-19. This happened twice last year (once for in-patients and once for patients at home and in the community). Both instances were brief and we were able to reduce the impact on families to the minimum.

Despite the many challenges we faced because of the pandemic, during the year we developed a new strategy for our care services. We engaged with a wide array of healthcare professionals, patients and families, supporters, staff, volunteers and members of the public. The outcome is a new vision that people live well and die with dignity in a place of their choice, alongside a clear plan for how we can best support local families.

The biggest change to services has seen our former day therapies evolve into more bespoke and specialist outpatient services. These services will be in the form of clinic appointments in the newly named Katharine House Therapy & Wellbeing Centre. Telephone support will continue to be offered where it's more appropriate for the patient.

Whilst our strategy has brought some changes in how we might deliver care, we remain committed to helping local adults with complex, progressive illnesses from diagnosis to the end of life, and we continue to support those close to them. Our priority remains delivering free, high quality, specialist palliative care, advice and guidance.

As Neil Grannon stepped down as our Director of Care we were delighted to welcome Dave Fletcher into the role. Neil was pivotal in helping us to navigate how to continue to care for patients during the pandemic and we were very appreciative of his input. Dave joins us as we look to the future, and he will lead on the implementation of our new strategy.

Last year was challenging from an operational perspective, with recruitment and retention proving particularly difficult and leading to a high level of vacancies, but financially the year was extremely positive. Fundraising and retail income both outperformed our budget expectations, whilst vacancies led to unintended cost savings. The year also saw over £500k of one-off additional funding from the NHS and an extraordinarily high level of income from gifts in wills which totalled £1m. This has led to the highest surplus since the Charity began at £2.3m. The Trustees have decided that this needs to be reinvested in reconfiguring, developing, and improving the Hospice's services and have therefore set a deficit budget for the following financial year, and planned deficits for the two years after that.

A number of our volunteers returned to their roles last year, but many of those in patient-facing roles were asked to remain at home. We hope to begin to invite more of them back in the coming weeks and months. In 2022 we were finally able to hold our Volunteers' Thank You Evening for the first time since 2019. It was wonderful to see so many familiar faces, and to have the opportunity to thank volunteers for their continued loyalty and support. The event included three awards acknowledging an incredible 30 years of service from Joan Horton, Maureen Caveney and Jim Strafford, we are very grateful to them for their tireless and continued support.

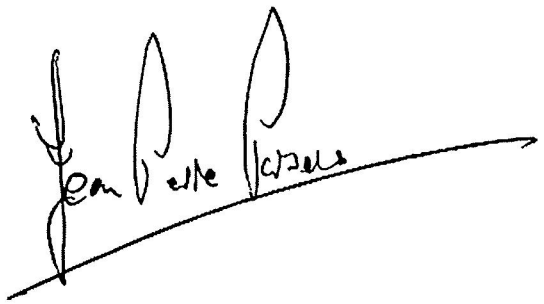
Our Board and Committee meetings have evolved into a hybrid of face to face and virtual attendance and at the time of writing we are organising our first face to face Board meeting since January 2019. This will be very welcome indeed. No new Trustees joined the Board during the year but Sue Milakovic and Mark Evans both stepped down. The Board is grateful for their contributions. Kate Sallah and Rosie Musson joined the Board of Embrace Quality Care as Independent Directors and have already made an impact since their arrival, and Kate now chairs this Board.

It is with deep sadness that I must share the loss of our Honorary Treasurer Ian Starkie who died suddenly and unexpectedly earlier this year. A Board member for 9 years, Ian was respected by his fellow trustees and managers and all the staff he came into contact with. He was universally well-regarded and contributed a great deal to the running and governance of the Charity as well as helping to raise funds.

We also lost two valuable members of our retail & transport team this year. The unrelated deaths of drivers Jim Hall and Gerry McCloskey shocked and saddened us all. They were well-liked by their colleagues and customers and are greatly missed.

As always we remain indebted to our community and I would like to thank everyone who has supported us this year, it is only thanks to you that we are able to go on supporting local families facing the challenges of a life-limiting condition.

I would like to end with a personal note of thanks. It is my intention to step down as Chairman in November 2022 and so this will be my final Chairman's Statement. After 12 years serving on the Board I feel that the time is right to make way for new ideas and fresher thinking. It has been a privilege to work alongside some super Trustees, managers, staff and volunteers and I would like to thank them all. I wish everyone connected with Katharine House Hospice future success as teams continue to adapt to meet the growing and changing needs of our community.



Jean-Pierre Parsons
Chairman


Our Vision...
"People live well and die with dignity in a place of their choice"
katharine house hospice
embracing life and living



Our Mission...

"We help local adults with complex, progressive illnesses from diagnosis to the end of life through free, high quality, specialist palliative care, advice and guidance, and we support those close to them."

katharine
house
hospice

embracing life and living

Annetta's story

Annetta's parents, Ann and Harry, were cared for by our Embrace team and Annetta was also supported by our counselling team after their deaths.

She says ... 'Because it was so close, mum with motor neurone disease and dad 18 months later, which was unexpected, I needed some help with my mental health and they were here. The counsellor was so nice, she put me at my ease and just sat and listened to me go on about good times, bad times all the horrible bits that you go through when you see your parents in such a situation. She was just really nice. We are very lucky to have such super people here, the bereavement service has helped me to cope.'

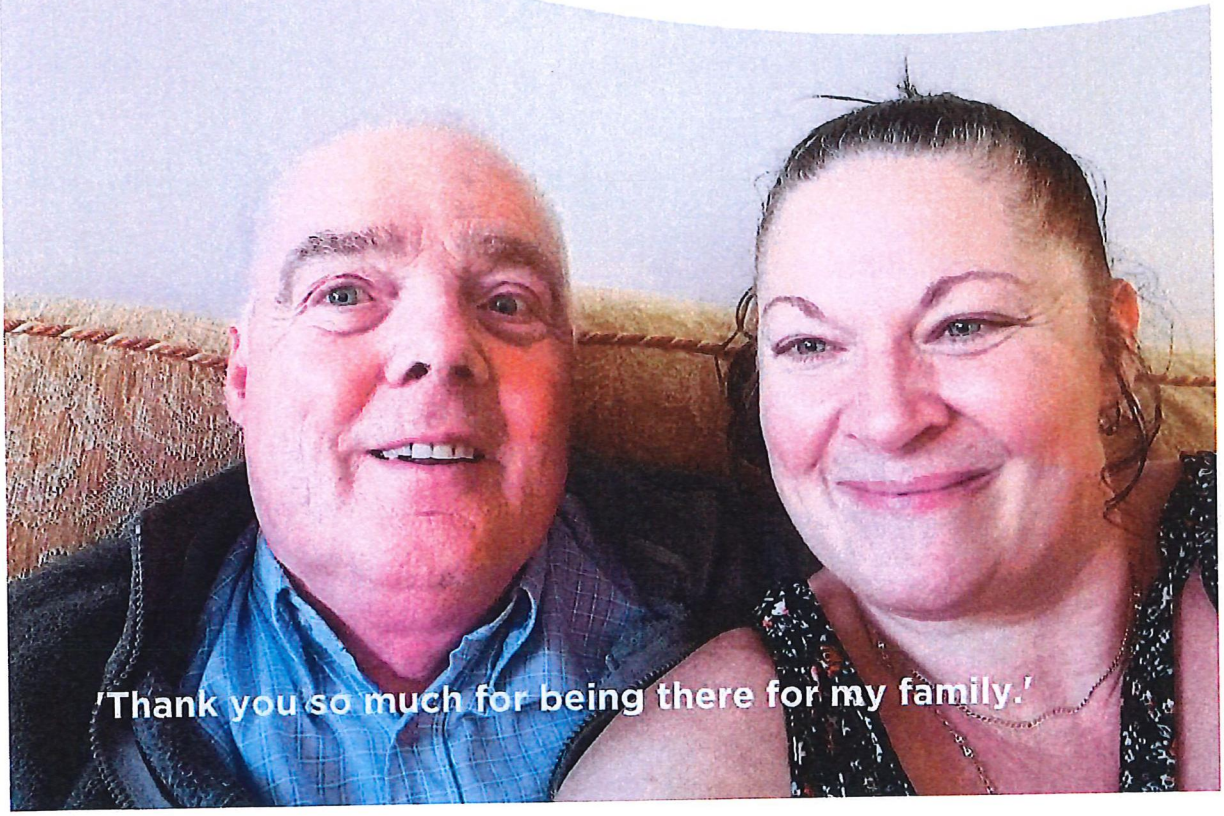


Tracey's story

Tracey's dad Royston suffered from three brain tumours and was eventually given 18 months to live. He was supported by Katharine House at the end of his life.

Tracey says ... 'I cannot fault any of the team, they were so caring and helpful. It was very hard watching my father get weaker and weaker every day, but the team were very supportive.'

'They went above and beyond to make sure my father was comfortable. KHH was more than I could have imagined. The knowledge and experience of all the staff from the carers to top management is priceless and without the KHH team I don't think we would have got through the situation as calmly and with as much understanding as we did.'



'Thank you so much for being there for my family.'

TRUSTEES' AND DIRECTORS' ANNUAL REPORT 2022

INTRODUCTORY INFORMATION

1. Introduction

The directors of the charitable company Katharine House Hospice (the Charity) are its Trustees for the purpose of charity law and are pleased to present their annual report together with the consolidated financial statements of the Charity and its subsidiaries for the year ended 31 March 2022, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

As the company now meets the requirements to prepare a 'strategic report', this is included within the annual report and comprises sections 5 to 7 inclusive.

In summary, the year has been challenging for our operations, with difficulties recruiting for retail and healthcare assistants in the community and the lack of availability of specialist builders hampering the Charity's ability to deliver its strategic aims. Outbreaks of Covid within our staff teams as social restrictions were eased caused two of our services to be closed for admissions at different times for periods of 2 and 3 weeks.

Financially the year has seen the highest level of legacy receipts at £969k since the Charity was formed. Additional NHS funding, a strong performance in retail, and sound fundraising and lottery performances have seen our income increase from £8.3m to £8.9m. Whilst the problems with recruitment have caused operational issues, it has meant lower than anticipated expenditure. This has left the Charity with a surplus of £2.3m and free reserves of £4.89m.

Services have not yet returned to pre-pandemic levels, although the number of patients and families we supported increased from 1,131 to 1,215.

2. How we make a difference

2.1 Legal Purpose

Our Memorandum of Association defines the objects of the Charity as **to promote the relief of sickness and suffering**, in particular:

a) by the establishment of day or domiciliary care and to establish, maintain and manage a Hospice Hospital or Residential Home;

b) To promote the teaching or training of doctors, nurses, and other persons;

c) To provide counselling or spiritual help.

2.2 Our Mission

Our mission is:

"We help local adults with complex, progressive illnesses from diagnosis to the end of life through free, high quality, specialist palliative care, advice and guidance, and we support those close to them".

2.3 Our Services

In fulfilling its purpose Katharine House Hospice focuses on the provision of specialist palliative and end of life care. These services are free of charge and support people and their families affected by any progressive, life-limiting conditions. The nature of these services are described below.

Community Services

Services provided in the community include: a specialist nursing service providing advice to healthcare professionals in primary care; a healthcare assistant led, rapid response, hospice at home service providing hands on care and support to patients and families; a respite sitting service to support carers; and a care agency – Embrace Quality Care.

Embrace Quality Care Limited was established in April 2012, to provide home care services reflecting the quality of care of the Charity, but charging for its services. The Trustees take the view that there are a number of additional benefits including increased donations to the Charity, improved integration of our community services enabling better use of the charitably funded hospice at home service, and improved recruitment of healthcare assistants. The work of Embrace falls fully within the charitable objects of Katharine House Hospice, so Trustees are willing to subsidise these. Whilst Embrace Quality Care Limited is expected to break even, in practice the costs of this service are underwritten by the Charity.

Well Being Programmes

6 week programmes of advice, education, and support for up to 15 patients once a week. The programme is designed for patients earlier in the disease to learn about different aspects of their condition and improve self-management. This is now relaunched as a virtual programme. A service recommenced on site, but increased levels of Covid meant we closed the on-premises support to reduce risks to patients.

Inpatient Care

24 hour specialist inpatient care providing symptom control, terminal care or respite care is provided in the Hospice's inpatient unit for up to 8 patients, whilst the Hospice's consultant medical team support 10 dedicated palliative care beds at County Hospital in Stafford.

Lymphoedema Services

A specialist lymphoedema service provided to outpatients. At present this is a mixture of a telephone or teleconferencing service and face-to-face assessments and treatments.

Other Services

Other services include family support, which includes counselling and bereavement support, and complementary therapies. This service also runs support groups for carers. Counselling and bereavement support is currently being offered remotely. We also provide a volunteer transport service for patients which is currently suspended.

3. The impact of Covid-19

Covid-19 continued to affect the work and operation of the Charity. The main implications have been:

- As the country returned to increased levels of socialisation, so did members of our staff teams who subsequently contracted Covid. Within our care services these are reported to the UK Health Security Agency, which has asked us at separate times to close the inpatient unit and the hospice at home services to new admissions. Whilst we supported existing patients, for short periods we could not admit new patients to these services.
- We have experienced difficulties in recruiting to healthcare assistant positions in our community teams and to all positions within our retail operations.
- Our vacancy factor has been high, running between 7.9% and 13.2%, but at times in retail the vacancies have been 17% of our establishment.

4. Charitable Income Generation

To ensure our services can be delivered at no charge the Charity carries out income generation activities to raise funds to support the work of the Charity, most notably fundraising, lottery, and retailing.

4.1 Approach to Fundraising

The Charity's fundraising activities are carried out by members of our community, volunteers, and paid members of our staff. Fundraising activities are monitored by our Income Generation Committee, which ensures we meet the requirements of the Fundraising Regulator.

On occasion we will employ the services of professional fundraisers where we do not have the in-house skills to carry out the work and in 2021/22 we worked with a company to increase the membership of our lottery. Their activities were monitored by our Head of Fundraising through regular contact with the Sales Manager of the company, monitoring any adverse comments or complaints, and through a weekly in-house monitoring report.

4.1.1 Fundraising Regulator

All charities with fundraising costs of £100,000 or more have been asked to pay an annual voluntary contribution to fund the Fundraising Regulator. Trustees are unable to ascertain the value of this expenditure to this organisation and have chosen not to do this.

We receive a weekly e-mail advising us of requests under the Fundraising Preference Service to no longer contact donors. In the last year we have received no such requests (2021: 0).

4.1.2 Fundraising Standards

The Charity conducts its fundraising in accordance with the best practice guidelines available, for example from the Fundraising Regulator's Codes of Practice and guidance

from the Institute of Fundraising. We take a relationship-based approach to our fundraising and think about the needs of our supporters (and our beneficiaries) when undertaking all of our fundraising activities.

4.1.3 Fundraising Complaints

Fundraising complaints are considered by two Trustee Committees. In 2021/22 in relation to our fundraising activities the Charity received 4 complaints and 5 adverse comments, (2020/21: 2 complaints, 9 adverse comments), of which 7 related to the lottery. 2 were upheld in full, 2 partially upheld and 5 were not upheld. None of the complaints related to breaches of the Fundraising Code of Conduct. All were followed up swiftly, and concluded within the Charity's complaints policy.

4.1.4 Vulnerable People

By working within the Fundraising Regulator's Codes of Practice and maintaining a relationship-based approach to our fundraising activities we endeavour to protect vulnerable members of our community. We have a policy in place regarding liaison with supporters who may be vulnerable.

STRATEGIC REPORT

5. Achievements and Performance

5.1 Summary of Main Achievements

The Hospice has strengthened its financial position, restored its main services excepting Day Therapies, begun to increase patients supported, restored the retail operation to surplus, and begun to repair major operational damage caused by the pandemic. These are detailed more extensively in the sections that follow.

5.2 Progress with 2021/22 Objectives

The principal objectives for 2021/22 revolved around the need to stabilise the organisation following the pandemic and to build a new care strategy for the post pandemic era.

5.2.1 Service Restoration

The inpatient unit beds have been reduced permanently to 8 to reflect the need for more space in the 2 3-bedded bays in the light of the pandemic. The unit maintained its provision throughout the year, although the UK Health Security Agency required us to cease admissions for 10 days due to 3 staff members contracting Covid. A subsequent attempt to close the unit due to increasing infection rates in the staff team was resisted as there was no evidence to indicate the infections were arising due to cross infection at work. Although occupied bed days increased, admissions were at the same level as 2021.

The Day Therapies service has not and will not return in its pre-pandemic form. During the year the team provided telephone support and home visits for patients on this caseload.

Hospice at Home and Embrace Quality Care continued to deliver services throughout the pandemic, although the UK Health Security Agency asked us to stop accepting referrals for two weeks. We complied with this request, but as with the inpatient unit, we will be less inclined to do so in the future unless we can trace infections occurring within the team.

Lymphoedema and the community Palliative Care Nurse Specialist team provided services throughout the year. There was a shift towards a return to more face-to-face visits – either at home or in the clinic, which resulted in a drop in telephone and video contacts.

5.2.2 Care Strategy

During the second half of 2021, a significant engagement exercise was carried out with the public, donors and supporters, clinicians from other providers from a range of specialties, General Practitioners, commissioners, other health care providers, and our own staff and volunteers. The purpose was to elicit views about the future direction of Katharine House's care services. In January 2022, we launched our new strategy, the key points being:

1. To cease providing Day Therapies and replace this service with an outpatient model.
2. Explore the development of a social provision of services through Compassionate Communities via our family support services.
3. To enhance the specialist nursing support to the community, specifically including the introduction of an advice line.
4. To continue providing all other services including: inpatient, hospice at home, lymphoedema, wellbeing, medical services in support of County Hospital's 10-bedded palliative care unit, and Embrace Quality Care.

The decision around Day Therapies arose from learning during the pandemic. We found that some people were better able to access, or felt more comfortable accessing, services virtually. The Day Therapies service allowed people to socialise more, but we were limited to 15 patients per day, and some patients found 5 to 6 hours out of the home too tiring. We had high levels of cancellations as patients did not feel able to attend, or were too ill or in hospital. We feel an outpatient model will allow a wider variety of patients to access shorter and more focussed sessions tailored to their personal needs.

5.2.3 Retail Operations

It was a very difficult year operationally for retail. Staff shortages were caused by difficulties in recruiting and retaining staff and high levels of staff absence, caused mainly by Covid, meant we had to occasionally close two of the smaller units in order to resource the larger ones. We also had to surrender a lease on one of our larger shops. Despite these setbacks the retail managers, staff and volunteers did a tremendous job of restoring the retail operations to profit – exceeding the 2021/22 budget and increasing the amount and percentage of sales that were gift aided to the Hospice, which gives us an additional 25% income from HMRC.

5.2.4 Lottery Operations

A review of our lottery operations, meant we explored the option of outsourcing the lottery and following a tender process we outsourced our lottery to Local Hospice Lottery in July 2022.

5.2.5 Other Operations

We have had a range of issues to address within our support functions. During the year some of the smaller departments struggled due to absence and then vacancies. Most of these issues were resolved during the year or just after the year end.

We have outsourced our payroll services to Compton Hospice in anticipation of our payroll supervisor retiring.

We have explored the possibility of outsourcing our IT services, but have maintained an in-house team and are exploring support from a Managed Services Provider with a new IT Manager who started in July 2022.

5.3 How We Measured Performance and Success

The main measurements for success relate to increasing our provision of services – see section 5.4. Additional items routinely reported to Trustees include:

- Qualitative aspects of care services such as: patient falls, medication errors, pressure ulcers
- Compliance with Care Quality Commission standards
- Health and safety data on accidents and incidents
- Data breaches
- Complaints and outcome of complaints
- Staffing levels against establishment, absence rates, turnover
- Compliance with Fundraising Regulator guidance

Financial information compares each department's performance against budget, in particular retail income and surplus, fundraising surplus, lottery surplus, statutory sector income, and net expenditure on care, support services and overheads.

5.4 2021/22 Charitable Activities

During 2021/22 the activities as we usually measure them continued to be severely disrupted due to the pandemic. The number of individual patients we supported increased from 1,131 to 1,215. A summary of some of the key metrics for our main services is set out in the following table – with some patients accessing services more than once and accessing multiple services.

Year ended	2022	2021	2020	2019	2018
Inpatient bed days	2,214	1,717	2,269	2,454	2,388
Inpatient admissions	125	125	143	176	180
Day therapy attendances	Closed	Closed	1,853	2,053	1,791
Specialist nurse visits	1,286	486	1,071	242	-
Community care contacts	5,998	6,376	6,521	6,806	4,974
Lymphoedema treatments	1,404	514	1,685	1,593	1,778
Telephone/video calls	12,964	15,992	6,760	4,820	3,861

The year saw a shift from remote support for patients to more face-to-face activities, with an increase in occupied bed days, specialist nurse visits, and lymphoedema treatments.

5.5 Summary of Main Operational Challenges

There continue to be changes within the local health economy. Given the dependence of our services on the referral pathways through the NHS, each time there are major changes it disrupts the referrals into our services. Major changes are being implemented within the NHS at present with the introduction of the Integrated Care Boards. At the time of writing it remains very unclear how the new arrangements will work locally in regard to hospices and palliative and end of life care.

Public misconceptions about death and dying, the nature of our services, and the work of hospices continue to create a barrier to patients accessing our services.

Increasing demands from government on a range of compliance issues has meant efficiency and innovation has been stifled as senior management time is diverted to addressing legal requirements rather than improving internal efficiency.

5.6 Summary of Key Objectives for 2022/23

The organisation's major objectives for 2022/23 are:

1. Introduce an outpatient model of service provision to replace the Day Therapies model.
2. Refurbish the Day Therapies building (retitled the Wellbeing and Therapy Centre) to make it fit for the delivery of the outpatient service model.
3. Increase the specialist advice line from 5 days to 7 days a week.
4. Explore collaborative arrangements with other providers, in particular with community and primary care services.
5. Explore the opportunities for developing the Hospice's engagement with Compassionate Communities.
6. Outsource the lottery operation.
7. Replace our current IT servers and upgrade our software.
8. Develop another major retail store.

6. Financial review

6.1 Factors Affecting Financial Performance

6.1.1 Review of Factors Affecting Performance

The major factors within the control of the Charity are managed effectively, enabling the Trustees to move the Charity forward. There are sound systems for reviewing the quality and safety of patient care, financial management, staff management and staff representation, staff and volunteer recruitment and induction, and the management of health and safety.

There are a wide range of factors lying outside the direct control of the Charity, of which the pandemic has had and continues to have the greatest impact.

6.1.2 The Relationship with the Clinical Commissioning Groups (CCGs).

£1.25m of the £3.20m needed to fund and operate our services comes from CCGs: (39.1%). The Trustees are pleased to see that end of life care is a high priority with the local NHS, but are concerned to see another reorganisation of commissioning arrangements. Whilst relationships are strong, the local NHS is under extraordinary financial pressures and has been unable to uplift our main grant for the last five years. Although additional support has been made available on a short-term, non-recurrent basis.

6.1.3 Cost Pressures

We continue to see unavoidable costs imposed on the Charity: pension auto-enrolment from April 2014 and the increases in employer contributions from April 2018 and 2019; a 0.5% Apprenticeship Levy from 2017; a 1.25% Health and Social Care Levy in April 2022; a 42% increase in the national minimum wage since January 2016 have all created cost burdens that have hampered the Charity's ability to take our services forward. There are also very considerable increases in the internal costs of compliance, for example, with new fundraising and data protection legislation and gender pay gap reporting.

6.1.4 Recruitment

The ongoing low levels of unemployment in the local area continue to make it difficult to recruit to certain positions – in particular community healthcare assistants and retail assistants.

6.1.5 Competition

The external conditions for all income generation have become increasingly competitive, particularly in retail where more charity shops are competing for donations and customers, whilst commercial companies will pay former potential donors for goods they might otherwise have donated or persuade them to sell their items on-line.

6.1.6 Regulatory Burden

The regulatory burdens on the Charity are extensive, burdensome, and costly, both financially and in staff time. Compliance with the Office for National Statistics requirements to provide data, Anti-Money Laundering requirements, and HMRC requirements on making tax digital are a few examples.

6.2 Charitable Income Generation

6.2.1 Performance and Proportion of Income Raised Spent on Raising Funds

In addition to raising funds, fundraising costs include managing the receipt, counting, banking of all donations, thanking all supporters, reclaiming Gift Aid on relevant donations, as well as supporting others to raise funds on our behalf. We received 14,739 donations (2021: 15,988) the smallest of which was 13 pence and the largest was £91,677. Fundraising raised £898,342 gross (2021: £1,310,690).

23 people left a gift in their will (2021: 13) and donated £969,309 (2021: £245,807) this will fund the care for 1 in 4 of our patients in the coming year.

Lottery players paid £459,413 (2021: £437,761) to play the lottery and contributed £253,216 (2021: £255,387) to the Hospice.

Income Source	Gross income	Costs	Net contribution	% FR costs
Fundraising (Excl legacies)	898,342	306,880	591,462	34.2%
Lottery	461,881	208,665	253,216	45.2%

6.2.2 Retail Performance

Following a very poor year in 2020/21 the retail operation returned to profit. Comparative figures for the last two years are provided below.

Year ended	2022	2021	2020
Katharine House Retail Ltd			
Trading income	237,521	165,871	312,155
Job Retention Scheme	--	4,582	3,138
Net Expenses	(172,606)	(117,229)	(238,021)
Net revenues	64,915	53,224	77,272

Year ended	2022	2021	2020
Katharine House Hospice – Charity Shops			
Sale of donated goods	3,656,801	1,064,765	4,394,811
Business rate grants	58,001	587,001	0
Job Retention Scheme	19,468	778,189	33,851
Expenses	(2,729,934)	(2,794,472)	(3,558,057)
Net revenues	1,004,336	(364,517)	870,605
Total Surplus / (Deficit)	**1,069,251**	**(311,293)**	**947,877**

6.3 Review of the Financial Accounts

The accounts for 2021/22 are prepared in accordance with the requirements of the Charities Statement of Recommended Practice (2015) (FRS 102).

6.3.1 Review of the Financial Position

The overall financial performance for the year has been distorted by the pandemic. The picture is so unbalanced that meaningful comparisons are not possible. Retail operations returned a strong financial performance, whilst legacy income was the highest it has ever been.

Key financial aspects of performance are:

1. Legacy income increased by £723,502 to £969,309
2. Revenues from the statutory sector decreased by £933,713 – due to the reduction in NHS England's non-recurrent funding. The funding for 2021/22 allowed the Charity to make available bed capacity and community support to people with complex needs in the context of Covid-19 from December 2021 to March 2022.
3. Fundraised income fell to £898,342 (2021: £1,310,690, which included an emergency appeal).
4. The lottery contribution decreased by £2,171 to £253,216 (see note 11), principally due to the increase in canvassing costs which will support future revenue streams.
5. In 2021 the retail operations were devastated by Covid-19, but 2022 saw a return to significant profit. Despite losing two full weeks of trading at the start of the year due to a lockdown, retail returned a strong financial performance making a surplus of £1,069,251 (2021: £311,293 loss).
6. The charitable costs reduced by £27,187 to £3,201,462 (2021: £3,228,649).
7. Investments showed a net gain of £21,185 (2021: £83,128)
8. The Charity's group recorded an increase in total funds of £2.3m (2021: increase of £1.5m).

6.3.2 *Sources of Funding*

The Charity's primary sources of funding derive from its retail trading activities, from the statutory sector, from fundraising (including a lottery) and from legacies and unsolicited donations. Usual operating income for 2020/21 had been severely disrupted by Covid and comparative performance data has little meaning. Considerable additional income from government support has been received over the last three years:

	2022	2021	2020
NHS England Hospice Capacity Funding	804,334	1,705,391	0
Coronavirus Job Retention Scheme	21,931	890,125	42,265
Business Rate Grants	58,001	587,001	0

This represents 10% of total income (2021: 38%).

Before the pandemic retail revenues were already under pressure from declining high streets as shoppers move to out of town retail parks (where charity retail units are harder to obtain) and onto the internet. We have closed 6 retail units over the last two years. Fundraising and lottery are mature income streams and continued growth is hard to achieve however we plan to outsource the lottery, which we believe will create greater efficiencies that will yield a significantly higher return per player to support the Hospice's charitable work.

The local Clinical Commissioners have agreed to maintain the Charity's grant without reduction for 2022/23.

6.3.3 *Reserves Policy*

The free reserve funds of the Charity are calculated from the consolidated balance sheet as total unrestricted net assets less fixed assets, creditors over one year, and provisions.

The Trustees have established six designated funds. Details of funds are contained in note 22 to the accounts.

The Trustees' reserves policy is that in order to fulfil the Charity's obligations to the communities it serves it is desirable for there to be unrestricted and designated funds (or free reserves) available as current assets, or investments, equivalent to six months' running costs of the Charity and the services of Embrace Quality Care and the minimum reserves should be two months' running costs of the same. The free reserves stand at £4,889,859 (2021: £3,007,351) equating to 9 months operating costs for the Charity and for the services of Embrace Quality Care. Trustees are satisfied that the Charity has sufficient liquidity within the reserves to maintain the Charity's current operations over a medium term of three years in a normal operating environment.

Embrace Quality Care, a trading subsidiary of Katharine House Hospice, made a loss of £8,714 and has retained losses of £311,632 (2021: Loss £28,187, retained losses: £302,918). The Trustees of the Charity have agreed to continue funding Embrace Quality Care as its prime purposes are in accordance with the objects of the Charity. This decision is reviewed annually; it is expected to make a loss in 2022/23.

Details of the funds held by the Charity are provided in note 22.

6.3.4 *Going Concern*

When setting the 2022/23 budget the Trustees look at a further two year forecast and the implications on the Charity's reserves. At the time of setting the budget a very significant surplus was predicted for 2021/22. The Trustees were therefore willing to allow an unusually high deficit in the budget to facilitate the recovery of the Charity. Deficits forecasted are:

£'000s	2022/23 Budget	2023/24 Forecast	2024/25 Forecast
Deficit	646	739	837

The forecasts do not include planned increases in revenues from opening new shops, outsourcing the lottery operations, and further recovery of income streams. The Hospice is investing its reserves in maintaining and re-organising its current services.

Part way through the 2022/23 financial year we are already predicting a £300k improvement on this budget, with unanticipated income of £60k, continued growth in retail income at over £100k, and reductions in costs due to vacancy factors of £80k at the end of quarter 1.

6.3.5 *Investment Policy*

The Memorandum of Association empowers the Trustees to invest the monies of the Charity not immediately required for its purposes in or upon such investments, securities or property as may be thought fit. Perspective (Midlands and Cheshire) Limited ("Perspective") provide advice and formal reports to the Finance and Remuneration Committee every six months, or more frequently as requested by the Committee. The assets held are disclosed in note 17.

The primary objective of the investment portfolio is to provide capital growth over the medium term. Perspective took an active approach to the management of the portfolio, seeking to take defensive positions in times of volatility. The pandemic has had a significant impact on the portfolio, initial losses partly recovered in 2020/21 and the recovery continued in 2021/22.

No funds have been added to or withdrawn from the investments for the last six years. Performance over this time is set out in the table below based on the portfolio market valuation at the relevant tax year end for the last 6 years.

Year ending	2022	2021	2020	2019	2018	2017
Value (£000's)	601	584	499	609	618	628
Annual Growth %	2.9	17.0	-18.0	-1.5	-1.6	9.5

The compound annual growth rate over the last 7 and 3 years as at year ends 2017-2022 are:

Years	2022	2021	2020	2019	2018	2017
Over 7 years	0.08%	0.79%	-0.54%	3.92%	2.95%	4.51%
Over 3 years	-0.41%	-1.84%	-7.36%	1.98%	1.10%	4.32%

During the year the Trustees carried out a tender process for the management of the investment portfolio. During April 2022 abrdn plc took on the management of the portfolio.

7. Principal Risks and Uncertainties

The Trustees have drawn up a detailed assessment of key risks that they feel are important to consider in the management of the Charity. Risks come under one of six domains (Welfare, Compliance, Finances, Governance & Management, Operational, and Environmental & External). A structured methodology is in place for the assessment and management of risk. This is usually reviewed annually, although this was not done during the pandemic. A formal review of these risks was last done in spring 2022.

The principal risks and uncertainties faced by the Charity are:

- Difficulties in recruiting retail staff and healthcare assistants in the community
- Lack of clarity about the implications of current NHS reforms and the impact of Integrated Care Boards
- A lack of personnel cover for some critical management and administrative functions
- The need to increase revenues to cover inflationary costs over the medium term
- Over-reliance on out-dated paper-based processes that need to be computerised

ADDITIONAL DISCLOSURES

8. Structure, Governance and Management

8.1 How the Charity is Constituted

Katharine House Hospice is a charity and company limited by guarantee. Its governing document is the Memorandum and Articles of Association of the company, which may be altered by a simple majority of voting members at an annual or extraordinary general meeting. This document was last amended on 26th November 2019.

8.2 Organisational Structure

Katharine House Hospice has four wholly owned subsidiaries.

1. Katharine House Retail Limited (Registered company number 03949314), operates eBay, house clearances, sales in prisons, new goods, and merchandising activities.
2. KH Promotions Limited (Registered company number 03295776), operates the Charity's own society lottery.
3. Embrace Quality Care Limited (Registered company number 08050417), operates a care agency.
4. KHH Development Limited (Registered company number 08120430), is at present dormant.

Each subsidiary company of the Charity gift aids any profits it makes to the Charity.

Note 11 to the financial accounts summarises the performance of these companies; their accounts will be filed at Companies House.

8.3 Decision-making Processes

8.3.1 Board of Trustees

The Trustees (who are also directors of the company) act as a corporate entity through the Board of Trustees, which meets six times in each year. Additional meetings may be called from time to time. The Board oversees all strategic, tactical, and governance aspects of the Charity's operation and its future direction.

The Board delegates most of its functions to five committees, each with their own terms of reference. Governance is undertaken by each Trustee committee in their areas of responsibility, monitored by the Nominations & Governance Committee and the Board of Trustees. These committees are:

1. Clinical
2. Income Generation
3. Finance and Remuneration
4. Staffing and Support Services
5. Nominations and Governance

8.3.2 Management

The day-to-day operation of the Charity is delegated through the annual budget setting and operational planning process to the Chief Executive and through him to the management teams. 6 senior executives form the Executive Team.

8.4 Trustees Appointment, Induction, and Support

Recruitment of Trustees is overseen by the Nominations and Governance Committee. Consideration is given to the knowledge and skills desired of new trustees in relation to the current skills and attributes of existing Trustees, the skills that are deficient on the Board, and the need to plan for succession of Trustees who are due to stand down.

Following a shortlisting process candidates are invited to attend a meeting with two current Trustees. The full Board must approve any initial appointment. At the AGM immediately after appointment Trustees are formerly elected and can serve for up to six years. Thereafter Trustees may stand for two further elections each for two year terms, but then must stand down for a period of 11 months.

New Trustees meet with senior staff, tour the services, and receive an induction folder together with relevant company information. New Trustees have a Trustee mentor who acts as a confidential advisor on Trustee issues. They have the option to spend time in key areas, for example, care and retail.

Training for Trustees is provided on an ad hoc basis. Safeguarding training had to be deferred from March to May 2022.

Every three years appraisals take place for Trustees and for the full Board.

9. Other Relevant or Required Disclosures

9.1 Vital Volunteer Support

Katharine House Hospice simply would not exist without the volunteers who were so heavily involved in the Charity's inaugural steering committee and we would not be able to provide the quality and variety of services we do without the ongoing passion, time and commitment of this amazing group of people who have continued to support the Charity.

The pandemic has had a major impact on the levels of volunteering. Factors include: the closure of retail shops; the need to reduce non-essential travel to work; and the age profile of our volunteers. We are seeing more volunteers returning to support us, but sadly some have died and some have decided to retire.

At 31 March 2022 we had a total of 485 volunteers supporting the Charity (2021: 580). During the year 129 volunteers stopped volunteering, with many choosing not to return after the pandemic. Volunteering hours have been considerably reduced due to the impact of Covid and the desire to reduce footfall at the Charity and minimise face-to-face contact.

Our volunteers, who vary in age from 14 years old to over 90, bring with them a diverse set of life experience, passion and enthusiasm. We are immensely proud and appreciative

of all of our volunteers and have large numbers who have completed and have been recognised for long service (in excess of 5 years). During 2021/22 41 of our volunteers were acknowledged for long service (2021: 59): 5 for 20 years and 6 for 15 years of service.

9.2 Charity Governance Code

The Trustees are aware of the new guidance issued by the Charity Commission and during the year have commenced a review of this guidance to identify appropriate actions to improve the governance of the Charity.

9.3 Relationships with Other Organisations

Katharine House Hospice is an independent charity, but is affiliated to or has connections with a number of organisations. These are: the local council for voluntary services – Support Staffordshire; the National Association of Hospice Fundraisers; and Katharine House Hospice is a member of Hospice UK.

In March 2022 Katharine House Hospice decided to resign its Corporate Trusteeship of Stafford District Bereavement and Loss Support Service, which took effect on 4 July 2022.

Katharine House Hospice's and Embrace Quality Care Limited's care services are regulated by and registered with the Care Quality Commission.

Katharine House has a number of shared posts with the University Hospitals of North Midlands NHS Trust.

Katharine House collaborates to deliver enhanced local services, including offering support in Uttoxeter through a supportive care centre with St Giles' Hospice and the Hermitage Centre.

The Charity is also funded by the NHS to provide in-reach services to two local prisons and to support local care homes in the delivery of palliative and end of life care.

The Charity seeks to develop further relationships in the furtherance of its objectives with other providers and charities.

9.4 Related Parties

None of our Trustees receive remuneration or other benefit from their work with the Charity. There are a number of connected entities associated with Trustees and executives and these are disclosed in full in note 24 to the accounts.

Katharine House jointly funds posts with the University Hospitals of North Midlands Trust. Decisions in relation to these posts either pre-date the appointment of the Trustee or the Trustee has declared an interest in the decision and been absent when any such decision has taken place. The relevant Trustees have taken no part in the contract negotiations.

9.5 Pay Policy for Senior Staff

The Trustees, and the Executive Team comprise the key management personnel of the Charity responsible for directing, controlling, and operating the Charity on a day-to-day

basis. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in note 10 to the accounts and were nil (2021: Nil).

The pay of all staff is reviewed annually by the Finance and Remuneration Committee comprising Trustees and the Chief Executive and on an ad hoc basis as and when it is felt appropriate to adjust salaries. The Committee seeks to balance fairness and equity in the pay of staff for the roles performed, against affordability for the Charity. For positions where recruitment is more difficult higher wages may be offered. Certain groups of staff – in particular nursing and care staff – have structured pay scales that are broadly commensurate with similar roles in the NHS Agenda for Change pay scale.

The Chief Executive's pay is determined by Trustees at a full Board meeting.

The Remuneration Committee is empowered to award discretionary payments to staff for exceptional performance; however this is rare. No awards (excepting acting up allowances) were made in the year under review (2021: 0). Senior officers are not on bonus schemes.

Staffing levels, redundancy costs, pensions and emoluments are detailed in notes 12, 13 14, and 15 to the accounts.

9.6 Employment Policy

Katharine House seeks to be an equal opportunities employer. The nature of some of the tasks required to be done in retail and care (the two largest employment sectors of the Charity) make it difficult to employ people with significant physical disabilities. All positions are open to people with a range of mental health issues. We do not record and maintain comprehensive data on employees with disabilities. Only when the organisation has a need to know do we keep such records, for example where we have a duty of care as an employer. We are therefore only able to report on the minimum numbers of people with disabilities known to us.

We provide a free and confidential advice line to all employees, but as this is confidential we have no data on levels of access.

We have a Mental Health Champion, who engages with staff, managers, and volunteers.

The Charity is required to report its pay arrangements under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The following table provides a summary.

As at:	**April 2022**	**April 2021**	**April 2020**	**April 2019**	**April 2018**
Mean gender pay gap	- 0.14	- 3.78	- 12.17	- 13.46	- 7.87
Median gender pay gap	- 4.19	- 12.2	- 3.45	- 10.13	- 9.62

The mean gender pay gap is negligible meaning women and men are on average paid the same amount. The median gender pay gap is negative, showing the median pay for women is over 4% higher than for men.

10. Public Benefit Statement

All services provided by Katharine House Hospice are provided free of charge to patients and families; Trustees consider that all this activity is, in its entirety, charitable. In providing access to these services, the Trustees have sought to ensure that the only considerations are: the appropriateness of meeting the needs of each patient; the capacity to meet this need; and the safety and welfare of all patients.

All services provided by Embrace Quality Care Ltd are deemed by the Trustees to be charitable in nature, but these services are provided for a fee, whether paid by the individual or by statutory authorities.

In making decisions in relation to the delivery of current services, the proposed development of new services, and the use of the Charity's funds, the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

11. Reference and Administrative Details

Charity Name:	Katharine House Hospice
Charity Registration:	1011712
Incorporation:	Company Limited by Guarantee
Company Number:	02700516
Date of incorporation:	25th March 1992
Registered Office:	Weston Road, Stafford, ST16 3SB The Registered Office is also the principal address of the Charity

Trustees and Directors and Key Management Personnel:

The Directors of the Charity are its Trustees for the purpose of charity law. The Trustees and Officers serving during the year and since the year end were as follows:

Trustees:	Mr J-P Parsons	Chairman
	Mr I D Starkie	Treasurer (deceased 6 April 2022)
	Mr B W J Phillips	Treasurer (appointed 24 May 2022)
	Dr M Bland	
	Mrs A J Cape	
	Mr P R Catchpole	
	Dr Z Din	
	Mr M G Evans	(resigned 16 March 2022)
	Mr F A Gaffney	
	Mrs S J Harris	
	Dr R G M Hughes	
	Mr A P Jeffries	
	Mrs S F Milakovic	(resigned 23 November 2021)
	Mrs T Mingay	
	Ms J Woodyard	

Company Secretary:	Cllr P M M Farrington	
Registered Manager:	Mr N Grannon	(resigned 30 June 2022)
Officers:		
Director of Care:	Mr N Grannon	(resigned 30 June 2022)
	Mr D Fletcher	(from 1 July 2022)
Medical Director:	Dr C Bruckner-Holt	
Chief Executive:	Dr R T Soulsby	
Deputy Chief Executive:	Miss L M Taylor	
Retail General Manager:	Mr S Dodd	
Head of Human Resources:	Mrs B Wheat	

Auditors / Accountants:	**Crowe U.K. LLP** Black Country House, Rounds Green Road, Oldbury, West Midlands B69 2DG
Investment Brokers:	**Perspective (Midlands and Cheshire) Ltd** Whitehall House, Sandy Lane, Newcastle-Under-Lyme, Staffordshire, ST5 0LZ
	abrdn plc Bow Bells House, 1 Bread Street, London, EC4M 9HH
Bankers:	**Lloyds Bank Plc** Market Square, Stafford, ST16 2JL

12. Responsibilities in Relation to the Financial Statements

The Board of Trustees is required to prepare financial statements which give a true and fair view of the state of affairs of the Charity and Group at the end of the financial year and of the income and expenditure of the Charity and Group for the year ending on that date. In preparing those financial statements, the Board of Trustees is required to:

1. Select suitable accounting policies and apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Trustees is also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act 2006. Trustees are also responsible for safeguarding the assets of the Charity and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in

accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015).

13. Statement as to Disclosure to our Auditors

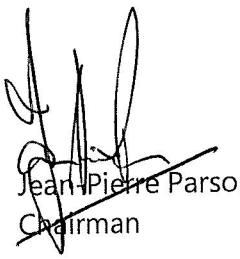
The Directors will recommend to members the re-appointment of our present auditors Crowe U.K. LLP.

In so far as the Trustees are aware at the time of approving our Trustees' annual report and Directors' Strategic Report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the Group's auditor is unaware, and
- The Trustees, having made enquiries of fellow Trustees and the Group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a Director and Trustee in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

14. Approval

The Board of Trustees formally approved their Annual Report and, as Company Directors, approved the Strategic Report contained therein on 27th September 2022.



Jean-Pierre Parsons
Chairman

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KATHARINE HOUSE HOSPICE

Opinion

We have audited the financial statements of Katharine House Hospice (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 of the parent charitable company's affairs as at 31 March 2022 and of the 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 the 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 Annual Report other than the financial statements and our Auditors' 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- the Group and charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group and charitable company 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 Trustees' responsibilities statement, 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 Group's and the 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 the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the group and charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102) and the Companies Act. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Group and charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Group and charitable company for fraud. The key laws and regulations we considered in this context were CQC regulations, Gambling Commission legislation, General Data Protection Regulation, health and safety legislation and employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and completeness of income recognition and the override of controls by management.

Our audit procedures to respond to these risks included enquiries of management and the Finance and Remuneration Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, income testing on a sample basis, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Auditors' 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Kerry Brown (Senior statutory auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 02 December 2022

KATHARINE HOUSE HOSPICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 March 2022

	Note	Unrestricted £	Restricted £	2022 Totals £	Unrestricted £	Restricted £	2021 Totals £
INCOME							
Donations and legacies	(3)	1,648,782	139,256	1,788,038	1,389,257	106,601	1,495,858
Other trading activities	(4)	4,669,392	--	4,669,392	2,006,141	--	2,006,141
Charitable activities	(5)	1,461,895	889,875	2,351,770	1,500,395	1,823,101	3,323,496
Investments	(6)	4,511	--	4,511	9,433	--	9,433
Other income	(7)	99,884	--	99,884	1,503,524	16	1,503,540
Total Income		**7,884,464**	**1,029,131**	**8,913,595**	**6,408,750**	**1,929,718**	**8,338,468**
EXPENDITURE							
Raising funds	(8)	3,425,158	--	3,425,158	3,677,510	--	3,677,510
Charitable activities	(8)	2,249,416	952,046	3,201,462	1,292,692	1,935,957	3,228,649
Interest payable		8,828	--	8,828	14,699	--	14,699
Total Expenditure		**5,683,402**	**952,046**	**6,635,448**	**4,984,901**	**1,935,957**	**6,920,858**
Net gains/(losses) on investment assets		21,185	--	21,185	83,128	--	83,128
Net income / (expenses) before provisions		**2,222,247**	**77,085**	**2,299,332**	**1,506,977**	**(6,239)**	**1,500,738**
Provision for deferred tax liabilities		(1,045)	--	(1,045)	3,341	--	3,341
Net Movement in Funds		**2,221,202**	**77,085**	**2,298,287**	**1,510,318**	**(6,239)**	**1,504,079**
RECONCILIATION OF FUNDS							
Fund balances brought forward		4,696,092	67,519	4,763,611	3,185,774	73,758	3,259,532
Fund Balances Carried Forward	(22)	**6,917,294**	**144,604**	**7,061,898**	**4,696,092**	**67,519**	**4,763,611**

The consolidated statement of financial activities includes all gains and losses recognised in the year. All income and expenditure is derived from continuing activities.

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

KATHARINE HOUSE HOSPICE
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 March 2022

	Note	Unrestricted £	Restricted £	2022 Totals £	Unrestricted £	Restricted £	2021 Totals £
INCOME							
Donations and Legacies	(3)	1,648,782	139,256	1,788,038	1,389,257	106,601	1,495,858
Other trading activities	(4)	4,300,328	--	4,300,328	1,710,735	--	1,710,735
Charitable activities	(5)	1,179,958	889,875	2,069,833	1,180,445	1,823,101	3,003,546
Investments	(6)	4,506	--	4,506	9,424	--	9,424
Other income	(7)	96,472	--	96,472	1,480,571	16	1,480,587
Total Income		**7,230,046**	**1,029,131**	**8,259,177**	**5,770,432**	**1,929,718**	**7,700,150**
EXPENDITURE							
Raising funds	(8)	3,044,932	--	3,044,932	3,365,269	--	3,365,269
Charitable activities	(8)	1,957,816	952,046	2,909,862	935,195	1,935,957	2,871,152
Interest payable		8,828	--	8,828	14,591	--	14,591
Total Expenditure		**5,011,576**	**952,046**	**5,963,622**	**4,315,055**	**1,935,957**	**6,251,012**
Net gains/(losses) on investment		21,185	--	21,185	83,128	--	83,128
Net income / (expenses)		**2,239,655**	**77,085**	**2,316,740**	**1,538,505**	**(6,239)**	**1,532,266**
Net Movement in Funds		**2,239,655**	**77,085**	**2,316,740**	**1,538,505**	**(6,239)**	**1,532,266**
RECONCILIATION OF FUNDS							
Fund balances brought forward		4,989,271	67,519	5,056,790	3,450,766	73,758	3,524,524
Fund Balances Carried Forward	(22)	**7,228,926**	**144,604**	**7,373,530**	**4,989,271**	**67,519**	**5,056,790**

KATHARINE HOUSE HOSPICE
CONSOLIDATED BALANCE SHEET
AT 31 March 2022

	Note	Unrestricted Funds £	Restricted Funds £	2022 Total Funds £	Unrestricted Funds £	Restricted Funds £	2021 Total Funds £
FIXED ASSETS							
Tangible assets	(16)	2,025,891	--	2,025,891	2,066,099	--	2,066,099
Investments	(17)	600,971	--	600,971	584,106	--	584,106
		2,626,862	--	2,626,862	2,650,205	--	2,650,205
CURRENT ASSETS							
Debtors	(18)	995,608	--	995,608	521,676	--	521,676
Stock	(19)	205	--	205	811	--	811
Cash at bank and in hand		3,874,882	144,604	4,019,486	2,383,966	67,519	2,451,485
		4,870,695	144,604	5,015,299	2,906,453	67,519	2,973,972
CREDITORS Amounts falling due within one year	(20)	(581,807)	--	(581,807)	(483,208)	--	(483,208)
NET CURRENT ASSETS		4,288,888	144,604	4,433,492	2,423,245	67,519	2,490,764
TOTAL ASSETS LESS CURRENT LIABILITIES		6,915,750	144,604	7,060,354	5,073,450	67,519	5,140,969
CREDITORS Amounts falling due after one year	(20)	--	--	--	(379,947)	--	(379,947)
PROVISIONS Deferred tax liabilities		1,544	--	1,544	2,589	--	2,589
TOTAL NET ASSETS		6,917,294	144,604	7,061,898	4,696,092	67,519	4,763,611
REPRESENTED BY:							
Restricted funds	(22)	--	144,604	144,604	--	67,519	67,519
Designated funds	(22)	1,615,000	--	1,615,000	1,469,616	--	1,469,616
Unrestricted funds	(22)	5,613,926	--	5,613,926	3,519,655	--	3,519,655
Subsidiary retained losses		(311,632)	--	(311,632)	(293,179)	--	(293,179)
		6,917,294	144,604	7,061,898	4,696,092	67,519	4,763,611

The Trustees acknowledge their responsibilities for complying with the requirements of the Charities Act with respect to accounting records and preparation of financial statements.

Approved by the Board of Trustees meeting on 27 September 2022 and signed on its behalf by:-

B W J Phillips
Treasurer

J P Parsons
Chairman

KATHARINE HOUSE HOSPICE

BALANCE SHEET

AT 31 March 2022

	Note	Unrestricted Funds £	Restricted Funds £	2022 Total Funds £	Unrestricted Funds £	Restricted Funds £	2021 Total Funds £
FIXED ASSETS							
Tangible assets	(16)	2,018,091	--	2,018,091	2,041,828	--	2,041,828
Investments	(17)	600,971	--	600,971	584,106	--	584,106
Investment in Group	(17)	5,602	--	5,602	5,602	--	5,602
		2,624,664	--	2,624,664	2,631,536	--	2,631,536
CURRENT ASSETS							
Debtors	(18)	1,595,830	--	1,595,830	2,564,622	--	2,564,622
Cash at bank and in hand		3,434,126	144,604	3,578,730	531,112	67,519	598,631
		5,029,956	144,604	5,174,560	3,095,734	67,519	3,163,253
CREDITORS Amounts falling due within one year	(20)	(425,694)	--	(425,694)	(358,052)	--	(358,052)
NET CURRENT ASSETS		4,604,262	144,604	4,748,866	2,737,682	67,519	2,805,201
TOTAL ASSETS LESS CURRENT LIABILITIES		7,228,926	144,604	7,373,530	5,369,218	67,519	5,436,737
CREDITORS Amounts falling due after one year.	(20)	--	--	--	(379,947)	--	(379,947)
TOTAL NET ASSETS		7,228,926	144,604	7,373,530	4,989,271	67,519	5,056,790
REPRESENTED BY:							
Restricted funds	(22)	--	144,604	144,604	--	67,519	67,519
Designated funds	(22)	1,615,000	--	1,615,000	1,469,616	--	1,469,616
Unrestricted funds	(22)	5,613,926	--	5,613,926	3,519,655	--	3,519,655
		7,228,926	144,604	7,373,530	4,989,271	67,519	5,056,790

The Trustees acknowledge their responsibilities for complying with the requirements of the Charities Act with respect to accounting records and preparation of financial statements.

Approved by the Board of Trustees meeting on 27 September 2022 and signed on its behalf by:-

B W J Phillips
Treasurer

I P Parsons
Chairman

KATHARINE HOUSE HOSPICE

CONSOLIDATED STATEMENT OF CASH FLOWS

AT 31 March 2022

RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS		2022 £	2021 £
Net movement in funds		2,298,287	1,504,079
Deferred taxation		1,045	(3,341)
Depreciation		134,036	158,709
Gains on investment assets		(21,185)	(83,128)
Income from fixed asset investment	Note i	(4,238)	(9,376)
Interest received	Note i	(273)	(57)
Interest payable on loans	Note i	8,828	14,699
(Gain) / loss on disposal of fixed assets		(9,805)	1,208
(Increase) / decrease in debtors		(473,932)	140,381
Decrease in stock		606	866
Increase / (decrease) in creditors		180,399	(74,199)
Net cash inflow from operating activities		**2,113,768**	**1,649,841**

CASH FLOW STATEMENT

Net cash provided by operating activities		2,113,768	1,649,841
Returns on investments and servicing of finance	Note i	(4,317)	(5,266)
		2,109,451	1,644,575
Sale / (purchase) of fixed assets	Note i	45,524	(141,394)
Financing	Note i	(461,747)	(78,339)
Increase in cash		**1,693,228**	**1,424,842**

KATHARINE HOUSE HOSPICE

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

AT 31 March 2022

NOTE i TO THE CASH FLOW STATEMENT

		2022	2021
		£	£
Returns on investments and servicing of finance			
Income from fixed asset investments in portfolio		4,238	9,376
Total income from fixed asset investments		4,238	9,376
Other interest received	Note 6	273	57
Interest payable on loans		(8,828)	(14,699)
		(4,317)	(5,266)
Financing			
Repayments of loan capital		(461,747)	(78,339)
		(461,747)	(78,339)
Sale and purchase of fixed assets			
Purchase of tangible fixed assets		(97,590)	(41,668)
Sale proceeds of other fixed assets		13,567	250
Capital payment on HP		--	(8,887)
Purchase of fixed asset investments		(184,571)	(905,072)
Proceeds of sale of fixed asset investments		314,118	813,983
		45,524	(141,394)

NOTE ii TO THE CASH FLOW STATEMENT - Reconciliation of Net Cash Flow to Movement in Net Funds

Net cash inflow	1,693,228	1,424,842
Change in net funds in the year	1,693,228	1,424,842
Net funds at 1 April	2,471,352	1,046,510
Net funds at 31 March	**4,164,580**	**2,471,352**

NOTE iii TO THE CASH FLOW STATEMENT - Analysis of changes in net funds

	As at 1 April 2021	Cash Flows	As at 31 March 2022
Cash in hand and at bank	2,451,483	1,568,003	4,019,486
Cash in fixed asset investments	19,869	125,225	145,094
TOTAL	**2,471,352**	**1,693,228**	**4,164,580**

NOTE iv TO THE CASH FLOW STATEMENT - Analysis of Changes in Net Debt

	As at 1 April 2021	Cash Flows	As at 31 March 2022
Cash at hand and in bank	2,451,483	1,568,003	4,019,486
Debt due within 1 year	(81,800)	81,800	--
Debt due after 1 year	(379,947)	379,947	--
Cash in investments	19,869	125,225	145,094
TOTAL	**2,009,605**	**2,154,975**	**4,164,580**

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

Katharine House Hospice meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared by the Trustees to give a 'true and fair' view and on a going concern basis under the historical cost convention as modified by the revaluation of investments. The financial statements are prepared in sterling which is the functional currency of the Charity and rounded to the nearest pound. The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

b) Going Concern

The Charity reported a consolidated cash inflow of £1,693,228 for the year and has cash reserves of £4,019,486. The Trustees have repaid all long-term debt during the financial year, but have no plans to restructure the investments of the Charity.

In March the Board approved a deficit budget for the period 2022/23 to 2025/26, these budgets have taken into account that investments in services will be taken from the surpluses made in the last 2 years. Trustees consider that the levels of reserves are sufficient to ensure that the Hospice is a going concern in the medium term.

c) Branch Accounting

There exist a small number of support groups within the community, raising awareness about and funds to support the work of Katharine House Hospice. Under the SORP, Trustees consider these to be branches of Katharine House Hospice but consider the expense involved in accounting for these Groups on a full accruals basis and auditing these accounts to be unwarranted in relation to the size of the funds generated.

d) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. The Charity receives income from different sources: -

i) Fundraising Income

Fundraising income is income received as a result of time taken by fundraisers in organising fundraising events, soliciting donations and arranging for donations to be made to the Charity. Unsolicited gifts are classed as voluntary donations and are included in this section. Further details to this income are shown in note 3.

ii) Legacy Income

Legacies are treated as voluntary donations. Entitlement to legacy income is taken as the earlier of receipt or notification that a distribution will be made by the executor. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution.

1. ACCOUNTING POLICIES (Cont.)

d) Income (cont.)

iii) Other Trading Income

A breakdown of income is shown in note 4. KH Promotions is a subsidiary company operating a society lottery. Historically KHH Development provided a management consultancy services to other charities but was dormant during the financial year 2021/22. Katharine House Retail sold donated goods through Ebay sales and the prison outlets and any new goods sold through the shops. The company also acted as an agent for the selling of donated goods that are gift aided to the Hospice. In addition the company operated a house clearance service. Donated goods refer to items donated to the Hospice for resale through the charity shops. The income from these items is recognised at the point of sale. Any stocks of donated goods held at the financial year end are not attributed a value as it is not practical or otherwise economical to do this.

iv) Charitable activities

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred. Further details regarding statutory sector grant income received by the Charity are set out in note 5.

v) Donated goods

Donated goods refer to items donated to the Hospice for resale through the charity shops. The income from these items is recognised at the point of sale. Any stocks of donated goods held at the financial year end is not attributed a value as it is not practical or otherwise economical to do this.

vi) Investment Income

Investment income includes dividends and interest on funds held on deposit. This income is included when receivable and the amount can be measured reliably by the Charity. Further details regarding investment income received by the Charity are set out in note 17.

vii) Fees and Other Income

The breakdown of this is shown in note 7. This includes the HMRC job retention scheme, business rates grants and miscellaneous (other income charges for use of facilities and services).

e) Donation of Assets

Gifts of tangible assets are included in these accounts at an estimated valuation which approximates to cost. Donations are included in the income and expenditure account as such, and in the balance sheet under the appropriate headings.

f) Expenditure and Irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

i) Costs of generating income

These include the expenditure on operating the retail charity shops, fundraising to generate donations and to record and thank donors, the costs associated with managing the investment portfolio (including brokerage costs), and the costs involved in managing properties owned for investment purposes. The consolidated accounts detail the cost of carrying out subsidiary operations such as lotteries and additional retail activity, the surplus from these activities is donated to the Charity.

1. ACCOUNTING POLICIES (Cont.)

f) Expenditure and Irrecoverable VAT (cont.)

ii) Expenditure on charitable activities

Expenditure on charitable activities includes the expenditure incurred to operate the Hospice services, including the overheads of the Charity and the cost of governance.

iii) Irrecoverable VAT

Irrecoverable VAT is written off in the year it is recognised as such.

g) Basis for the Allocation of Costs

i) Direct costs

Where possible costs are charged directly to one of the primary services of the Charity.

ii) Support costs

Support costs are those deemed to be essential to the operation of the Charity's primary purposes, for example catering and laundry, and are allocated on the basis of usage. These also include costs that cannot be charged directly to one primary service as they support all primary services, these are allocated either on the basis of usage where this can be easily determined or otherwise apportioned on the basis of total costs of services.

iii) Overhead costs

Overhead costs are those that support not only the primary services of the Charity but also other functions, including those of the subsidiary companies. These are allocated on the basis of fair usage of the relevant overhead or otherwise apportioned on the basis of cost. Overheads are allocated directly to primary services, governance, fundraising and subsidiary companies rather than allocating or apportioning costs to other support and overhead functions.

h) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Capital items in excess of £5,000 are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over their expected useful lives on the following bases:-

Charity leasehold buildings	2%	straight line basis
Subsidiaries leasehold buildings	10-33%	straight line basis
Equipment, furniture and vehicles	20%	straight line basis
General IT equipment	20-50%	straight line basis

i) Investments

Fixed asset investment in quoted shares, traded bonds and similar investments are valued initially at cost and subsequently at fair value (their market value) at year end. The same treatment is applied to unlisted investments unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

j) Stock

Stock is the value of Christmas card stocks held for sale stated at the lower of cost and net realisable value.

k) Debtors

Trade and other debtors are recognised at the settlement amount due after trade discounts have been applied. Subsequently they are measured at the cash or other consideration expected to be received. Prepayments are valued at the proportionate amount pre-paid relating to future accounting periods at the balance sheet date.

1. ACCOUNTING POLICIES (Cont.)

l) Cash

Cash at bank and cash in hand includes all operating cash held and immediately available for the Charity's use. In addition to this there is cash sitting within the investment portfolio.

m) Creditors

Creditors are recognised where the Charity has a present obligation arising from a past event that will probably result in a transfer of funds to a third party and the amount to be transferred can be reliably determined.

n) Payments on Account

Payments on account is income received but at the balance sheet date the Charity has no legal entitlement to the funds, in particular donor's money held by the retail company, which donors are yet to confirm may be donated to the Charity and lottery players who have paid in advance of future draws.

o) Deferred Income

Other grants are credited to the statement of financial activities as the related expenditure is incurred. Income received prior to an event which would be returnable if the event does not occur is deferred until the event has occurred.

p) Pensions

The Charity operates a number of employee pension schemes. Further details regarding the schemes operated are set out in note 15 of these accounts. Contributions payable for the year are charged in the income and expenditure account.

q) Fund Accounting

General Funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity. Designated funds are unrestricted funds of the Charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be used solely for particular areas of the Charity's work. Note 22 provides further explanation behind the restricted and designated funds.

r) Method of Consolidation

The financial statements consolidate the accounts of Katharine House Hospice and all its subsidiary undertakings using the acquisition method.

s) Deferred Taxation

Deferred tax is provided in full on timing differences which represents 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 or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax is now provided on timing differences arising from accelerated capital allowances as in accordance with SORP (FRS 102). Deferred tax assets and liabilities are not discounted.

t) Operating Leases

Rental applicable to operating leases where substantially all of the benefit and risks of ownership remain with the lessor are charged to the income and expenditure account as incurred.

u) Volunteers

The Charity benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in the annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

2. LEGAL STATUS OF THE CHARITY

The Charity is registered with the Charity Commission in England and Wales (registered number 1011712) and is incorporated in England and Wales as a Company Limited by Guarantee and does not have share capital. Each member of the company has undertaken to contribute to the assets of the company in the event of it being wound up while s/he is a member, or within one year after s/he ceases to be a member, for payment of the debts and liabilities of the company contracted before s/he ceases to be a member such amount as may be required not exceeding £1. Each member pays a subscription fee annually. Income from membership is the annual subscription.

3. DONATIONS AND LEGACIES INCOME

Hospice & Group	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Income Sources						
Donations	595,004	10,679	605,683	942,665	6,717	949,382
Trusts and grant giving bodies	70,525	77,779	148,304	87,306	99,884	187,190
Gift aid on donations	63,854	--	63,854	111,515	--	111,515
Legacies	918,533	50,776	969,309	245,807	--	245,807
Other sources	866	22	888	1,964	--	1,964
	1,648,782	**139,256**	**1,788,038**	**1,389,257**	**106,601**	**1,495,858**

The Hospice recognises the residual benefit of three estates as at 31.03.22, which the value outstanding has been approximately valued at £407k. The residual payment of two of these estates are expected in 1-2 years' time. The third estate consisted of two trusts which had a life interest, one of which was realised in 2021 and is included in the income as at 31.03.22, the date of realisation of the other fund is not known. In addtion to the three estates there is approximately £402k legacies which have been notified to the charity before 31/03/22, but have not been recognised as income in the year as they do not reach the Hospice's income recognition criteria.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Hospice						
KH Promotions Ltd	253,216	--	253,216	255,387	--	255,387
KHH Development Ltd	--	--	--	3,485	--	3,485
KH Retail Ltd	74,654	--	74,654	53,224	--	53,224
Sale of Donated Goods	3,656,801	--	3,656,801	1,064,765	--	1,064,765
Gift Aid on Sale of Goods	236,044	--	236,044	273,235	--	273,235
Fundraising Events	79,613	--	79,613	60,639	--	60,639
	4,300,328	**--**	**4,300,328**	**1,710,735**	**--**	**1,710,735**
Group						
KH Promotions Ltd	459,413	--	459,413	437,761	--	437,761
KHH Development Ltd	--	--	--	3,868	--	3,868
KH Retail Ltd	237,521	--	237,521	165,873	--	165,873
Sale of Donated Goods	3,656,801	--	3,656,801	1,064,765	--	1,064,765
Gift Aid on Sale of Goods	236,044	--	236,044	273,235	--	273,235
Fundraising Events	79,613	--	79,613	60,639	--	60,639
	4,669,392	**--**	**4,669,392**	**2,006,141**	**--**	**2,006,141**

5. INCOME FROM CHARITABLE ACTIVITIES

Income from charitable activities incorporates receipts of income from statutory agencies, whether as grants or contracts and fees received for the provision of the Charity's services. Trustees are pleased to report that the four local Clinical Commissioning Groups (Stafford and Surrounds, Cannock Chase, East Staffordshire, and Seisdon and South Staffordshire) have continued commitments to fund the Hospice's work.

Hospice		Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Local Clinical Commissioning Groups							
Grants	(a)	1,176,458	--	1,176,458	1,176,457	--	1,176,457
Contracts	(b)	--	47,797	47,797	--	80,556	80,556
Pension Rebate	(c)	--	26,594	26,594	--	26,594	26,594
NHS England							
Capacity Grant	(d)	--	804,334	804,334	--	1,705,391	1,705,391
Prison Services Contract	(e)	--	8,680	8,680	--	8,860	8,860
Stafford Borough Council	(f)	3,500	--	3,500	3,500	--	3,500
Other Fee Income	(g)	--	2,470	2,470	488	1,700	2,188
Income from Charitable Activities		**1,179,958**	**889,875**	**2,069,833**	**1,180,445**	**1,823,101**	**3,003,546**
Group							
Hospice - as above		1,179,958	889,875	2,069,833	1,180,445	1,823,101	3,003,546
Embrace Quality Care		281,937	--	281,937	319,950	--	319,950
Group Income from Charitable Activities		**1,461,895**	**889,875**	**2,351,770**	**1,500,395**	**1,823,101**	**3,323,496**

(a) A one year recurring conditional grant the value of which is derived annually.

(b) Spot purchasing of care services for individually named patients.

(c) The Hospice is in receipt of an annual rebate from the Department of Health, paid through Stafford & Surrounds and Cannock Chase CCGs, to cover the increased costs to the employer of the NHS pension scheme.

(d) The NHSE awarded funding to allow the Hospice to make available bed capacity and community support from December 2021 to March 2022 to provide support to people with complex needs in the context of the COVID-19 situation.

(e) A contract with NHS England for the provision of in reach services to HMP Stafford and HMP YOI Drake Hall for prisoners at end of life.

(f) A one year recurring service level agreement.

(g) The main object of the Charity is to provide home care, day care and inpatient care to people in mid-Staffordshire in need of specialist palliative care. The Charity makes no charge for the provision of these services. A subsidiary object is to provide training, education and other resources for those involved in the provision of specialist palliative care services. To this end medical and nursing students from universities have paid placements at the Hospice.

(h) There has been a correction to the prior year income where the prison income was included in the grant income for the year in last year's accounts, this has now been moved to the prison service contract income.

In addition the Hospice has received non-recurring grants from local councils for specific objectives, as described below.

	2022 £	2021 £
Hednesford Town Council for IT equipment	--	351
Uttoxeter Town Council for At Home Team Service	--	300
Rugeley Town Council for IPU service	500	--

6. INVESTMENT INCOME

All investment income is unrestricted and comprises:

	Company		Group	
	2022	2021	2022	2021
	£	£	£	£
Bank interest	268	48	273	57
Dividends	4,238	9,376	4,238	9,376
	4,506	**9,424**	**4,511**	**9,433**

7. OTHER INCOME

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Hospice						
HMRC Job Retention Scheme	19,468	--	19,468	871,374	--	871,374
Business Rates Grants	58,001	--	58,001	587,001	--	587,001
Miscellaneous	19,003	--	19,003	22,196	16	22,212
	96,472	**--**	**96,472**	**1,480,571**	**16**	**1,480,587**
Group						
HMRC Job Retention Scheme (a)	21,931	--	21,931	890,125	--	890,125
Business Rates Grants	58,001	--	58,001	587,001	--	587,001
Miscellaneous (b)	19,952	--	19,952	26,398	16	26,414
	99,884	**--**	**99,884**	**1,503,524**	**16**	**1,503,540**
(a) HMRC Job Retention Scheme						
Katharine House Hospice	19,468	--	19,468	871,374	--	871,374
KH Promotions Ltd	2,463	--	2,463	9,011	--	9,011
KH Retail Ltd	--	--	--	4,582	--	4,582
Embrace Quality Care Ltd	--	--	--	5,158	--	5,158
	21,931	**--**	**21,931**	**890,125**	**--**	**890,125**
(b) Miscellaneous						
Katharine House Hospice	19,003	--	19,003	22,196	16	22,212
KH Promotions Ltd	--	--	--	--	--	--
KH Retail Ltd	--	--	--	--	--	--
Embrace Quality Care Ltd	949	--	949	4,202	--	4,202
	19,952	**--**	**19,952**	**26,398**	**16**	**26,414**

8. EXPENSE ANALYSIS

	Note	Direct Staff £	Other Costs Direct £	Deprec-iation £	Allocated Support Costs £	2022 Total £	Direct Staff £	Other Costs Direct £	Deprec-iation £	Allocated Support Costs £	2021 Total £
COSTS OF RAISING FUNDS											
Hospice											
Fundraising		167,283	32,602	1,719	46,784	248,388	186,754	22,511	1,877	69,844	280,986
Other trading activities		1,653,978	912,544	40,022	181,449	2,787,993	2,083,160	708,461	48,122	236,864	3,076,607
Investment management fees		--	8,551	--	--	8,551	--	7,676	--	--	7,676
	(a)	**1,821,261**	**953,697**	**41,741**	**228,233**	**3,044,932**	**2,269,914**	**738,648**	**49,999**	**306,708**	**3,365,269**
Group											
Fundraising		167,283	32,602	1,719	46,784	248,388	186,754	22,511	1,877	69,844	280,986
Other trading activities		1,747,805	1,219,699	56,493	144,222	3,168,219	2,152,181	922,509	74,332	239,826	3,388,848
Investment management fees		--	8,551	--	--	8,551	--	7,676	--	--	7,676
	(a)	**1,915,088**	**1,260,852**	**58,212**	**191,006**	**3,425,158**	**2,338,935**	**952,696**	**76,209**	**309,670**	**3,677,510**
COSTS OF CHARITABLE ACTIVITIES											
Hospice											
Patient care	(b)	2,000,949	465,698	70,270	248,673	2,785,590	1,671,201	259,293	63,085	745,585	2,739,164
Governance	(a)	76,063	16,205	--	32,004	124,272	80,166	12,020	--	39,802	131,988
		2,077,012	**481,903**	**70,270**	**280,677**	**2,909,862**	**1,751,367**	**271,313**	**63,085**	**785,387**	**2,871,152**
Group											
Patient care	(b)	2,256,738	501,509	70,270	248,673	3,077,190	1,964,339	300,156	63,085	769,081	3,096,661
Governance	(a)	76,063	16,205	--	32,004	124,272	80,166	12,020	--	39,802	131,988
		2,332,801	**517,714**	**70,270**	**280,677**	**3,201,462**	**2,044,505**	**312,176**	**63,085**	**808,883**	**3,228,649**

ANALYSIS OF EXPENSES BETWEEN FUNDS

(a) All expenses incurred in raising funds and governance are taken from unrestricted or designated funds

(b) Patient care expenses are analysed between unrestricted/designated funds and restricted funds as follows:

* There has been a reclassification between direct costs and allocated support costs in the current year to bring the accounts inline with the SORP recommendations

	Hospice		Group	
	2022 £	2021 £	2022 £	2021 £
Unrestricted/designated	1,957,816	935,195	2,249,416	1,292,692
Restricted	952,046	1,935,957	952,046	1,935,957
	2,909,862	**2,871,152**	**3,201,462**	**3,228,649**

9. ALLOCATED SUPPORT COST EXPENSE ANALYSIS

	Staff Costs £	Other Costs £	Deprec-iation £	2022 Total £	Staff Costs £	Other Costs £	Deprec-iation £	2021 Total £
Support functions	339,581	163,773	5,556	**508,910**	791,587	337,666	19,415	**1,148,668**
	339,581	**163,773**	**5,556**	**508,910**	**791,587**	**337,666**	**19,415**	**1,148,668**

Allocations to:		
Patient Care	248,673	745,585
Governance	32,004	39,802
Fundraising	46,784	69,844
KH Promotions Ltd	0	24,410
KH Retail Ltd	0	8,667
Sale of donated goods	181,449	236,864
Embrace Quality Care Ltd	0	23,496
	508,910	**1,148,668**

* There has been a reclassification between direct costs and allocated support costs in the current year to bring the accounts inline with the SORP recommendations

10. NET INCOME

Net income is stated after charging the following items to the Income and Expenditure Account.

	Hospice		Group	
	2022 £	2021 £	2022 £	2021 £
Auditor's remuneration	14,290	13,255	16,398	13,255
Depreciation of tangible fixed assets	117,565	132,499	134,036	158,709
(Profit)/loss on disposal of fixed assets	(8,638)	1,455	(9,805)	1,205
Operating lease rentals	350,125	366,578	350,125	366,578
Payments to directors/Trustees	--	--	--	--
Trustee indemnity insurance	1,915	1,235	1,915	1,235

11. TRADING SUBSIDIARIES

Katharine House has 4 subsidiary trading companies

KH Promotions Limited 03295776 runs a society lottery on behalf of the Charity

Katharine House Retail Limited 03949314 carries out trading activity, including ebay, house clearances, collection and delivery services

Embrace Quality Care Limited 08050417 is a care agency meeting the core objectives of the Charity, but charging for its services.

KHH Development Limited 08120430 provided administrative and financial support to other charities. This became dormant at the beginning of 2021/22.

A summary of the results of the subsidiary companies of the Charity are set out in this note. Accounts have been approved by the directors of these companies and will be filed with the Registrar of Companies.

11. TRADING SUBSIDIARIES (Cont.)

	KH Promotions Ltd		KH Retail Ltd	
	2022	2021	2022	2021
	£	£	£	£
Turnover (including HMRC Job Retention Scheme)	461,876	446,772	237,521	170,453
Direct operating costs	(208,665)	(166,592)	(199,685)	(146,145)
Net recharges to/(from) Katharine House Hospice	--	(24,802)	28,124	25,683
Gross Profit	**253,211**	**255,378**	**65,960**	**49,991**
Interest payable	--	--	--	(108)
Interest receivable	5	9	--	--
Taxation	--	--	(1,045)	3,341
Net profit before Gift Aid	**253,216**	**255,387**	**64,915**	**53,224**
Distribution under Gift Aid to Katharine House	(253,216)	(255,387)	(74,654)	(53,224)
Retained in subsidiary undertaking	--	--	**(9,739)**	--
Retained earnings brought forward	--	--	9,739	9,739
Retained earnings carried forward	--	--	--	**9,739**
The aggregate of the assets, liabilities and funds at 31 March was:				
Fixed assets	--	--	7,800	24,271
Current assets	153,931	340,116	307,358	1,433,132
Current liabilities	(153,831)	(340,016)	(315,156)	(1,447,662)
Total Assets	**100**	**100**	**2**	**9,741**
Share capital	100	100	2	2
Retained earnings	--	--	--	9,739
Funds	**100**	**100**	**2**	**9,741**

	Embrace Quality Care Ltd		KHH Development Ltd	
	2022	2021	2022	2021
	£	£	£	£
Turnover (including HMRC JRS & Misc Income)	282,886	329,310	--	3,868
Direct operating costs	(291,600)	(334,001)	--	(383)
Net recharges to/(from) Katharine House Hospice	--	(23,496)	--	--
(Deficit) / net profit before Gift Aid	**(8,714)**	**(28,187)**	--	**3,485**
Distribution under Gift Aid to Katharine House	--	--	--	(3,485)
Retained in subsidiary undertaking	**(8,714)**	**(28,187)**	--	--
Retained earnings brought forward	(302,918)	(274,731)	--	--
Retained earnings carried forward	**(311,632)**	**(302,918)**	--	--
The aggregate of the assets, liabilities and funds at 31 March was:				
Current assets	42,994	117,535	500	20,499
Current liabilities	(349,626)	(415,453)	--	(19,999)
Total Assets	**(306,632)**	**(297,918)**	**500**	**500**
Share capital	5,000	5,000	500	500
Retained earnings	(311,632)	(302,918)	--	--
Funds	**(306,632)**	**(297,918)**	**500**	**500**

12. EMPLOYEE NUMBERS AND COSTS

The number of staff and whole time equivalents employed by the Charity, analysed by function was:

Company	2022		2021	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Care services	67	46.39	65	52.82
Support and overheads	32	24.09	28	19.99
Income generation	120	70.61	136	95.31
	219	**141.09**	**229**	**168.12**

Group	2022		2021	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Care services	85	59.52	84	67.23
Support and overheads	32	24.09	28	19.99
Income generation	126	76.37	143	101.74
	243	**159.98**	**255**	**188.96**

The costs of employment were:

	Company		Group	
	2022 £	**2021** £	**2022** £	**2021** £
Salary	3,793,626	4,252,153	4,117,330	4,586,657
National Insurance	273,166	295,785	291,239	314,389
Pension	171,063	264,931	179,314	273,981
	4,237,855	**4,812,869**	**4,587,883**	**5,175,027**
Bought-in staff	145,563	186,455	145,563	188,705
	4,383,418	**4,999,324**	**4,733,446**	**5,363,732**

13. REDUNDANCY COSTS

The Group made statutory redundancy payments amounting to £4,102 (2021: £53,806) with respect to 1 (2021: 18) individual case.

14. EMOLUMENTS

The number of staff whose actual emoluments during the year exceeded £60,000 was:

	Company		Group	
	2022	2021	2022	2021
£60,001 - £70,000	0	0	0	0
£70,001 - £80,000	0	0	0	0
£80,001 - £90,000	1	1	1	1

The number of staff whose emoluments would have exceeded £60,000 during the year had they worked full-time (37.5 hours) for a full year is assessed as:

	Company		Group	
	2022	2021	2022	2021
£60,001 - £70,000	0	0	0	0
£70,001 - £80,000	1	4	1	4
£80,001 - £90,000	1	1	1	1
£90,001 - £100,000	0	0	0	0
£100,001 - £110,000	1	1	1	1

The gross cost of the Executive Team responsible for running the group of companies (including all emoluments, employer's national insurance contributions, and employer's pension contributions) was £369,924 (2021: £420,511). There were 5 employees and 1 non-employee on the team throughhout the year (2021: 5 employees and 1 non-employee).

15. PENSIONS

The Hospice makes provision for employees' pensions in accordance with the Memorandum of Association and its legal obligations. The Hospice does not operate its own pension scheme, but contributes to schemes as follows:

a) NHS Defined Benefit Scheme

Employees who are members of the NHS pension scheme, if eligible, may continue to contribute to this scheme. Employer contributions are 14.38%. Employee contributions range from 5% to 13.5% dependent upon the level of their notional full-time pensionable pay. This scheme is an unfunded defined benefit scheme that covers NHS employees, General Practitioners and other bodies allowed under the direction of the Secretary of State in England and Wales. The scheme is managed in a manner that does not make it practical for the Hospice to ascertain its share of the assets and liabilities under the scheme and the scheme is therefore treated in the accounts as if it were a defined contribution scheme, with the cost being taken as the contributions payable during the accounting period.

b) Standard Life Group/Stakeholder Pension Scheme

The Charity, in response to the Stakeholder Pension Schemes Regulations 2000, opened a scheme in the year 2000 for eligible employees to join the Standard Life Group Pension Scheme. The Charity matches employee contributions up to 7%. From 1 April 2015 Standard Life closed this scheme and it is not available to new employees. This scheme is a defined contribution scheme.

c) National Employment Savings Trust (NEST)

Eligible employees who are not in either of the two schemes above are automatically enrolled into the NEST scheme. The automatic enrolment is done at the statutory minimum (at present 5% for employers) but employees can increase their contributions and the Charity will match these up to 7%. This is a defined contribution scheme.

Numbers of staff and contributions to the different schemes are:

	2022		2021	
Company	Average Number	Employer Contribution	Average Number	Employer Contribution
NHS	21	49,134	27	139,877
Standard Life	14	41,969	15	39,607
NEST	138	79,960	154	85,447
	173	**171,063**	**196**	**264,931**
Group				
NHS	21	49,134	27	139,877
Standard Life	14	41,969	15	39,607
NEST	152	88,211	170	94,497
	187	**179,314**	**212**	**273,981**

16. TANGIBLE FIXED ASSETS

COMPANY	Long Leasehold Land and Buildings £	Equipment, Furniture and Fixtures £	IT Equipment and Software £	Motor Vehicles £	Total £
Cost					
At 1 April 2021	2,748,707	470,709	184,837	43,238	3,447,491
Additions	--	5,492	--	92,098	97,590
Disposals	--	--	--	(32,243)	(32,243)
At 31 March 2022	**2,748,707**	**476,201**	**184,837**	**103,093**	**3,512,838**
Depreciation					
At 1 April 2021	853,070	368,637	153,689	30,267	1,405,663
Charge for the year	58,614	34,883	12,889	11,179	117,565
Disposals	--	--	--	(28,481)	(28,481)
At 31 March 2022	**911,684**	**403,520**	**166,578**	**12,965**	**1,494,747**
Net Book Value					
At 31 March 2022	1,837,023	72,681	18,259	90,128	2,018,091
At 1 April 2021	1,895,637	102,072	31,148	12,971	2,041,828

GROUP					
Cost					
At 1 April 2021	2,802,629	470,709	184,837	177,743	3,635,918
Additions	--	5,492	--	92,098	97,590
Disposals	--	--	--	(53,443)	(53,443)
At 31 March 2022	**2,802,629**	**476,201**	**184,837**	**216,398**	**3,680,065**
Depreciation					
At 1 April 2021	906,121	368,637	153,689	141,372	1,569,819
Charge for the year	59,485	34,883	12,889	26,779	134,036
Disposals	--	--	--	(49,681)	(49,681)
At 31 March 2022	**965,606**	**403,520**	**166,578**	**118,470**	**1,654,174**
Net Book Value					
At 31 March 2022	1,837,023	72,681	18,259	97,928	2,025,891
At 1 April 2021	1,896,508	102,072	31,148	36,371	2,066,099

17. FIXED ASSET INVESTMENT - Company and Group

	2022 £	%	2021 £	%
At 31 March investments were held as:				
Bonds	21,250	3.5	43,618	7.5
UK equities and funds	84,456	14.1	76,513	13.1
Overseas equities and funds	248,466	41.3	391,424	67.0
Other assets	101,705	16.9	52,682	9.0
Total invested funds	**455,877**	**75.9**	**564,237**	**96.6**
Cash held for investment	145,094	24.1	19,869	3.4
Total funds in Investment portfolio	**600,971**	**100.0**	**584,106**	**100.0**

	2022 £	2021 £
Listed investments		
Market value at 5 April	564,237	390,020
Less Disposals at opening book value (proceeds £314,118)	(310,532)	(748,423)
Add acquisitions at cost	184,571	905,072
Net gain/(loss) on revaluation at 5 April	17,601	17,568
Market value at 5 April of listed investments	**455,877**	**564,237**
Historical cost at 5 April	454,260	547,022

All investments are held in unrestricted funds. The net gains and losses on revaluation are based on the market value of investment provided by Perspective Managing Wealth who manage the fund on behalf of the Trustees.

FIXED ASSET INVESTMENT - Company

The Company's investments at the balance sheet date in the share capital of unlisted companies which are registered in the UK comprising:

	Company registration no.	% of shareholding held by KH Hospice	2022 £	2021 £
KH Promotions Limited	03295776	100%	100	100
Katharine House Retail Limited	03949314	100%	2	2
Embrace Quality Care Limited	08050417	100%	5,000	5,000
KHH Development Limited	08120430	100%	500	500
			5,602	**5,602**

Results for the year are shown in note 11 and are included in the consolidated accounts.

18. DEBTORS

	Company		Group	
	2022	2021	2022	2021
	£	£	£	£
Intercompany accounts	663,744	2,100,563	--	--
Trade debtors	556,962	162,152	588,149	199,545
NHS pharmaceutical supplies	3,874	16,748	3,874	16,748
HMRC - tax and social security	160,664	68,722	160,664	86,928
Other debtors	1,184	34,613	33,519	35,683
Accrued legacy income	62,572	53,508	62,572	53,508
Prepayments	142,955	124,066	142,955	125,014
Deposits provided	3,875	4,250	3,875	4,250
	1,595,830	**2,564,622**	**995,608**	**521,676**

The intercompany accounts are the balance of funds to be transferred to the Hospice in respect of Gift Aid payments for the year. The balances are payable on demand. In view of the nature of the balances, interest is not charged by the Hospice on the outstanding amounts, nor has it taken security for the balances.

19. STOCK

	Company		Group	
	2022	2021	2022	2021
	£	£	£	£
Bought in goods	--	--	205	811

20. CREDITORS

Amounts due in under one year

	Note	Company		Group	
		2022	2021	2022	2021
		£	£	£	£
Bank Loans		--	81,800	--	81,800
Payments on account		--	--	120,107	114,494
Trade creditors		202,669	158,779	232,206	161,259
HMRC		76,053	--	76,053	--
Accruals		123,588	100,255	126,999	101,186
Deferred income	(21)	17,301	11,913	17,301	11,913
Other creditors		6,083	5,305	9,141	12,556
		425,694	**358,052**	**581,807**	**483,208**

Amounts due after one year

	Company		Group	
	2022	2021	2022	2021
	£	£	£	£
Bank loans	--	379,947	--	379,947
	---	**379,947**	---	**379,947**

The bank loans were paid off during 2021/22

21. DEFERRED INCOME & CONTINGENT ASSETS

Income deferred in accordance with FRS 102 and included in accruals and deferred income was:

For 2022	Balance at 1 April	Released	Deferred	Balance at 31 March
	£	£	£	£
Refundable event income	11,913	11,913	12,301	12,301
Marketing Income	--	--	5,000	5,000
	11,913	**11,913**	**17,301**	**17,301**

For 2021	Balance at 1 April	Released	Deferred	Balance at 31 March
	£	£	£	£
Refundable event income	43,026	43,026	11,913	11,913
Nursing home project	23,899	23,899	--	--
	66,925	**66,925**	**11,913**	**11,913**

22. FUNDS

Unrestricted Funds - Designated and General Funds

General funds are freely available for the Trustees to apply for its charitable purposes, but include fixed assets that are not expendable. The Trustees have established six designated reserves from within the free and unrestricted funds available. The primary purpose of these funds is to assist the Charity in managing its reserves and financial risks, particularly in the light of known future commitments, unexpected failure of income and larger one off items of expenditure.

The general repairs and renewals fund has been replaced by two specific large projects which are the anticipated repair and refurbishment of the Day Therapy Centre and renovation of one of the retail properties. Both properties are owned by the Hospice.

There are also plans to purchase and renovate one of the existing retail properties which is at present leased.

The Renewal of IT Fund is to fund the replacement of the servers expected to occur in 2022/23.

The Training and Development Fund ensures that existing commitments to staff development can be funded.

The Legacy Equalisation Fund helps Trustees manage the unpredictability of legacy income and use these funds in the event of a shortfall in legacy income against the annual budget.

Restricted Funds

The Capital and Equipment Funds are primarily for the purchase of items of equipment or refurbishments. Some have small cash balances which are used in the maintenance of the asset.

The NHSE awarded funding to allow the Hospice to make available bed capacity and community support from December 2021 to March 2022 to provide support to people with complex needs in the context of the COVID-19 situation.

The Service Funds are to operate specified services and are expected to be spent within 12 months. Expenditure against these funds is only for direct costs of running the services, not for recharges or overheads.

The Other Restricted Funds are for use in the provision of aspects of services or for provisions not specific to a service, for example: patient comfort funds, funds for the upkeep of the garden and other areas and funds to provide training and development for staff.

22. FUNDS (Cont.)

COMPANY

For the Year Ended 31 March 2022

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	**3,519,655**	**6,311,513**	**(4,513,722)**	**21,185**	**275,295**	**5,613,926**
Designated Funds						
Repairs and Renewals	100,000	--	(22,379)	--	(77,621)	--
Renovation/Refurbishment Therapy Centre	--	--	--	--	250,000	250,000
Norton Bridge Renovation	--	--	--	--	70,000	70,000
Acquistion & Refurbishment of Property	--	--	--	--	1,100,000	1,100,000
Renewal of IT	100,000	--	--	--	(35,000)	65,000
Training and Development	7,978	--	(9,127)	--	11,149	10,000
Legacy Equalisation	120,000	918,533	--	--	(918,533)	120,000
Loan Repayments	467,328	--	(466,348)	--	(980)	--
Emergency Campaign	674,310	--	--	--	(674,310)	--
	1,469,616	**918,533**	**(497,854)**	**--**	**(275,295)**	**1,615,000**
Restricted Funds						
Capital and Equipment Funds	28,927	96,589	(22,974)	--	--	102,542
NHSE Capacity Funding	--	804,334	(804,334)	--	--	--
Service Funds	14,883	116,806	(117,677)	--	--	14,012
Other Restricted Funds	23,709	11,402	(7,061)	--	--	28,050
	67,519	**1,029,131**	**(952,046)**	**--**	**--**	**144,604**
	5,056,790	**8,259,177**	**(5,963,622)**	**21,185**	**--**	**7,373,530**

For the Year Ended 31 March 2021

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	**2,613,743**	**4,699,530**	**(4,139,320)**	**83,128**	**262,574**	**3,519,655**
Designated Funds						
Repairs and Renewals	60,000	--	(7,390)	--	47,390	100,000
Renewal of IT	100,000	--	--	--	--	100,000
Training and Development	11,000	--	(3,022)	--	--	7,978
Legacy Equalisation	120,000	245,807	--	--	(245,807)	120,000
Retail Vehicle	7,550	--	(108)	--	(7,442)	--
Loan Repayments	538,473	--	(14,430)	--	(56,715)	467,328
Emergency Campaign	--	825,095	(150,785)	--	--	674,310
	837,023	**1,070,902**	**(175,735)**	**--**	**(262,574)**	**1,469,616**
Restricted Funds						
Capital and Equipment Funds	33,709	27,808	(32,590)	--	--	28,927
NHSE Capacity Funding	--	1,714,251	(1,714,251)	--	--	--
Service Funds	14,434	180,576	(180,127)	--	--	14,883
Other Restricted Funds	25,615	7,083	(8,989)	--	--	23,709
	73,758	**1,929,718**	**(1,935,957)**	**--**	**--**	**67,519**
	3,524,524	**7,700,150**	**(6,251,012)**	**83,128**	**--**	**5,056,790**

22. FUNDS (Cont.)

GROUP

For the Year Ended 31 March 2022

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) and Provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	3,226,476	6,965,931	(5,185,548)	20,140	275,295	5,302,294
Designated Funds	1,469,616	918,533	(497,854)	--	(275,295)	1,615,000
Restricted Funds	67,519	1,029,131	(952,046)	--	--	144,604
	4,763,611	**8,913,595**	**(6,635,448)**	**20,140**	**--**	**7,061,898**

For the Year Ended 31 March 2021

Funds	Opening Fund Value £	Income £	Expenditure £	Investment Gains / (Losses) and Provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	2,348,753	5,337,846	(4,809,166)	86,469	262,574	3,226,476
Designated Funds	837,023	1,070,902	(175,735)	--	(262,574)	1,469,616
Restricted Funds	73,758	1,929,718	(1,935,957)	--	--	67,519
	3,259,534	**8,338,466**	**(6,920,858)**	**86,469**	**--**	**4,763,611**

23. FINANCIAL COMMITMENTS

Capital Commitments - Company and Group
The Charity has no capital commitments at 31 March 2022 (2021: Nil).

Operating Lease Commitments

The Company and Group hold leases for retail outlets and office equipment. The future outstanding commitments broken down by time periods are shown below with prior year comparatives:

	<1 year	2-5 years	+5 years
Company & Group as at 31.03.22	300,970	494,604	90,557
Company & Group as at 31.03.21	283,391	495,724	155,557

The total operating lease commitments (this includes leases that are out of lease calculated at 6 months' liability) are:

	Total Cost of Lease
Company & Group as at 31.03.22	865,671
Company & Group as at 31.03.21	934,672

There were no other operating lease commitments at 31 March 2022 that exceeded one year.

24. RELATED PARTY TRANSACTIONS

During the year some of the Trustees, senior managers, and employees of all Group entities made donations to the Charity, played the lottery run by KH Promotions Ltd, and bought and donated goods to the Charity. All these transactions were conducted on an arms length basis in support of the Charity. All donations made by the Trustees were unrestricted.

Access to the Hospice's care services is based on the assessment of clinical need and the availability of provision. It is possible that relatives of Trustees, senior managers, and employees of all Group entities may have accessed the Charity's services, but this is not separately identifiable and therefore not disclosed.

Specific related party transactions are:

	2022	2021
Allison Cape (Trustee of Katharine House Hospice)	£	£
Midlands Partnership Foundation Trust (MPFT) (relationship: Employee)		
(i) Retrospective credit relating to supply of district nurses	(8,750)	--
Outstanding Creditor Balance as at 31st March	--	--
Caroline Bruckner Holt (Medical Director of Katharine House Hospice), Zia Din (Trustee of Katharine House Hospice) & Richard Hughes (Trustee of Katharine House Hospice)		
County Hospital and University Hospitals of the North Midlands (formerly Mid Staffordshire Hospitals NHS Trust) (relationship: Employees)		
Provision of pharmacy services and drug supplies	58,875	46,414
Provision of palliative medical consultant sessions	114,332	107,783
Contract for the provision of occupational and physiotherapy services	33,310	26,886
Outstanding Creditor Balance as at 31st March	46,337	30,747
Richard Soulsby (CEO of Katharine House Hospice)		
AL Services (relationship: Spouse is proprietor)		
Spot purchasing of counselling services	1,463	2,652
Outstanding Creditor Balance as at 31st March	--	325
Jennifer Woodyard (Trustee of Katharine House Hospice)		
Hand Morgan & Owen Solicitors (relationship: Employee)		
Provision of legal services connected with property transactions	--	--
Outstanding Creditor Balance as at 31st March	--	--
Stafford and District Bereavement and Loss Support Service (company number 07288186)		
(Katharine House Hospice is a director of Stafford and District Breavement and Loss Support Service)		
Donation received	--	1,000

25. Post Balance Sheet Events

The property at 150 Weston Road is currently being marketed for sale at the time of preparing these accounts. The Trustees made the decision to sell this property as it is no longer required for its charitable purpose, whilst the cash raised will continue to support the free reserves of the Charity.

The Charity has outsourced its lottery operation to a third party - Local Hospice Lottery. It is expected that annual net revenues will increase by £50k which would be a 20% increase.

Katharine House Hospice resigned its corporate trusteeship of Stafford District Bereavement and Loss Support Service on 4th July 2022.

KATHARINE HOUSE HOSPICE

England & Wales - Charity number 1011712

Accounts

katharine house hospice

embracing life and living

"Our thanks to the generosity of the people of mid-Staffordshire and for the dedication of our staff."

OUR DIRECTORS' AND TRUSTEES' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

A Company Limited by Guarantee not having share capital

Registered company number 02700516 (England and Wales)

Registered charity number 1011712

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Introduction from the Chairman

Chairman's Statement 2020/21



Throughout the pandemic supporting our patients and their families remained our greatest priority, but this was coupled with a desire to help our community by supporting the NHS as needed. We did our utmost to ensure that support was available for patients when they needed it.

We adapted our services throughout the year to continue to respond to what patients needed and what restrictions allowed. We moved our day therapies, Lymphoedema support, counselling, and wellbeing day to virtual formats. We offered remote support to nursing and care homes and intended to redeploy our Registered Nurses to the Covid-19 Ward at County Hospital, Stafford but the need did not arise. We also launched a Covid bereavement helpline.

During the year, a patient and some of our nursing staff working in the In-Patient Unit tested positive for Covid-19 and we temporarily closed the unit. Due to the infection control measures we had introduced no other staff groups tested positive.

When restrictions allowed we began to offer face to face appointments to a small number of Lymphoedema patients and to those requiring counselling and who didn't wish to have virtual or telephone sessions.

We did manage to press ahead with one significant development in our provision. To ensure that all patients, wherever they may live in our locality, can be supported seven days a week by specialists in Palliative Care, we introduced a combined, single caseload for our Palliative Care Nurse Specialists and Advanced Nurse Practitioners. This specialist team, combined with the newly formed single point of access for all hospice referrals, has enabled the hospice to offer specialist support more flexibly to all patients.

The end of the year saw the retirement of our Director of Care, Sally Whitmore. Sally was a valuable member of the Executive Team and an extremely reliable senior manager during the pandemic. May I take this opportunity to thank Sally for all she did for the hospice during her time with us. In March we welcomed Neil Grannon as our new Director of Care and he will be involved in a strategic review of our care services in the coming months.

It has been a very challenging time for all of our teams. Our staff and volunteers adapted superbly to the many changes arising from the pandemic. Everyone played their part whether by working from home, being furloughed or still coming into work. The Board of Trustees is extremely grateful to the every member of our workforce for the role they played in helping us to navigate some very challenging times.

Many of our volunteers were asked to stay at home, but some, including those who help in our shops, continued to work when possible. Inevitably we had to cancel our annual Volunteers' Evening where we thank our volunteers and recognise long service. Nevertheless our Voluntary Services team has endeavoured to stay in touch with our volunteers and we look forward to welcoming them back to work as soon as possible.

Our Trustees met virtually, and much more regularly, to ensure sufficient levels of governance and support. Six new Trustees joined our board during the year filling a number of vacancies. Despite the limitations of a virtual induction and no face-to-face meetings, Sue Milakovic, Brett Phillips, Francis Gaffney, Peter Catchpole, Zia Din and Richard Hughes have all made an impact since their arrival.

This year we bade farewell to Chris Secker who was a member of the Board for seven years and was Chair of our Clinical Committee. I would like to thank Chris for his valuable contribution, particularly to our clinical service provision.

Our charitable income was significantly reduced with the closure of our charity shops, the cancellation of our fundraising events, and the curtailing of most of our other regular fundraising activities. The government's support through NHS England, furlough arrangements and business grants, was very welcome indeed.

When we did re-open our shops for the first time we were inundated with donated goods, but sales were much lower than expected and by the autumn our future finances began to look troubling. These donated items are now available for sale as we have re-opened our shops with the lifting of the Covid restrictions.

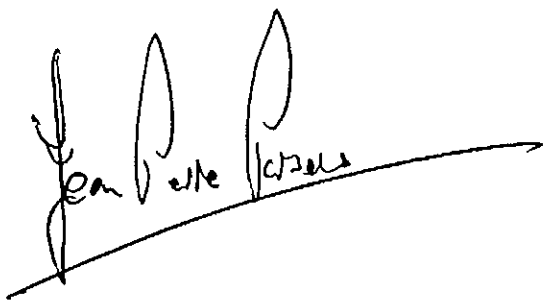
As our financial position continued to weaken, and in light of innumerable uncertainties, Trustees had no choice but to commence a cost reduction review. Regrettably there were a number of redundancies and shop closures needed to ensure our sustainability.

Due to our potentially perilous and extremely uncertain financial position, in the second half of the year we launched an emergency fundraising campaign. The generosity of our community in their response to this campaign was beyond our wildest expectations; we are extremely grateful to all those who donated so selflessly. £1 million was raised in just 6 months.

This enabled us to continue operating without needing to reduce services. It has also given us a fighting fund with which to tackle the post pandemic period which we believe will continue to be very challenging. We expect retail revenues to continue to be under significant pressure and fundraising and lottery revenues to be difficult to maintain. We are forecasting deficits totalling over £1 million over the next 3 years as we rebuild our revenue streams. We will be carrying out a comprehensive review of the services we provide and learning from the positive changes we made during the pandemic. We will continue to look for efficiencies in our cost base and endeavour to improve the services we offer to our loyal community.

We also received a second wave of support from the government during this time as well as financial and practical assistance from Staffordshire County Council and our Clinical Commissioning Group (CCG). Whilst some uncertainties remain, the hospice is now on a considerably more positive footing.

We are indebted to our community and will endeavour to continue to provide vital services to support those faced with the challenges of a life-limiting condition.



Jean-Pierre Parsons
Chairman

katharine house hospice
embracing life and living

A YEAR OF OUR CARE

Directors' and Trustees' Report 2020-2021





A year of crisis, compassion and community

In summary, the year has been challenging for our operations, which have managed to continue providing vital care and support to our community. It has also been a turbulent year financially, but large influxes of revenues in the second half of the year, accompanied by considerable cost reductions have left the hospice in a stronger financial position than at the start of the year.

In the last six months of the year, five retail units were earmarked for closure and their leases were not renewed. In excess of £1m annual cost savings were implemented, with over £500k being achieved within the financial year.

"The Emergency Fundraising Campaign proved to be a phenomenal success, raising over £1m. There can be no greater affirmation than this as to the value of Katharine House to our local community – their support has been invaluable."



As a charity it cost us £3.23M to provide our care

CORONAVIRUS IMPACT ON CARE

Day Therapies services were closed, with support moving on-line or through telephone support. This service has not yet re-opened in its pre-pandemic form, but is now offering virtual wellbeing support to patients.

Lymphoedema services initially closed for in-person appointments, moving these into a virtual environment. However, some patients need face-to-face assessments so some in-person sessions resumed during the year.

Inpatient services were reduced as 4 beds were closed due to the configuration of the two three bedded bays. These bays could only support one bed whilst maintaining social distancing for visitors and staff. At various times during the year as government guidance changed and as levels of infection decreased in the local population, two of the beds were re-opened. Due to an outbreak of Covid-19 and following Public Health England guidance the inpatient unit had to close for two weeks in November 2020. At present 8 of the 10 beds are open for admission

Community services, including Embrace Quality Care, continued almost unchanged, albeit with greater use of Personal Protective Equipment (PPE).

Our care during the pandemic



Phone and video calls

15,992

2020

6,790

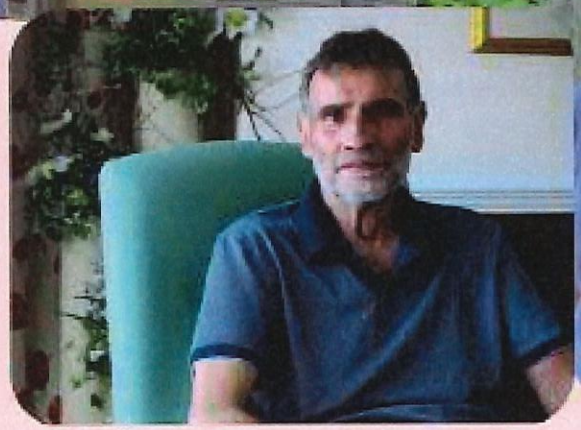




Lymphoedema Support

514 treatments

958 Telephone contacts





Community care contacts

6,376

Jeffery's Story

Jeffery Bennet (63) has motor neurone disease and he attends Katharine House once a week, when possible given the restrictions.

He says "You hope you never need them but if you do you'll be glad they are there".

Mr Bennett said he could not comprehend a world where the hospice no longer existed. Without it, he says, he would have nothing.

It's clear when Mr Bennett is asked what is so special about Katharine House that camaraderie is key - a feeling of being amongst others who are in the same boat, as well as being able to call on a dedicated team offering focused support.

"Some people just don't like talking to people who have got an illness. Here, there isn't a problem. You can talk to a wide range of people and you can get support.

You get to see people. I very rarely go out any more, because it's difficult"

He said: "If the hospice was to go I'd have nothing. Nothing at all. And that's sad. When you need the service the most it's not going to be there.

"You need someone to talk to you, spend some time with you, give you some guidance on how you overcome some of these things.

"It's like when you got to a football match. You don't necessarily go for the football, you go to meet your mates, have a chat and have a drink afterwards which is more important than the match. Same as here. Forget about the illness, look at the support you get while you're there."

We need to raise around **£6,500** every day to keep our services running

In-patient Care

1,717 days of care
125 admissions



Photograph courtesy of The Express and Star Stafford



Louise's Story

Louise Coronan (picture above with her Mum Mo) ran 50 miles in the month of January 2021 (despite being a terrible runner) to support our emergency appeal and she raised a fantastic £1,000. Louise shares why Katharine House means so much to her.

"My mum Mo sadly passed away very quickly from pancreatic cancer aged 60 and she spent her last 24 hours in Katharine House Hospice. She really was the most amazing mum anyone could ever wish for, very gentle and loving. We were all completely devastated as a family it was heart breaking.

"It has affected all of us and has shaped us a little differently. Life is different and difficult without having a loving mum."

Speaking about their time at the hospice, Louise added: "Mum went into Katharine House as she was in quite a lot of pain but didn't need to be in the hospital. The staff were kind and caring and the hospice was much more welcoming than a hospital. Not clinical at all.

"Mum wasn't there long but the short time that she was there was as pleasant as it could be. The difference between a hospital and Katharine House is HUGE.

"The rooms are lovely and bright and the staff are so friendly and welcoming and understanding of the situation.

"It's extremely difficult to lose a parent but the hospice environment helped ease things slightly. The staff make you, as family, feel important."

"I am fundraising in my mum's memory. She would give anything to anyone and was the kindest person ever. Therefore I want to make her proud and raise some money for this wonderful cause. They do such fantastic work and they rely on the support of the community"



486
Specialist nurse contacts

TRUSTEES' AND DIRECTORS' ANNUAL REPORT 2021

1. Introduction

The directors of the charitable company Katharine House Hospice (the Charity) are its Trustees for the purpose of charity law and are pleased to present their annual report together with the consolidated financial statements of the Charity and its subsidiaries for the year ending 31 March 2021, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The year has been dominated by the impact of the Covid-19 pandemic and its impact on the Charity and its implications for the future are reported in section 3.

In summary, the year has been challenging for our operations, which have managed to continue providing vital care and support to our community. It has also been a turbulent year financially, but large influxes of revenues in the second half of the year, accompanied by considerable cost reductions have left the Charity in a stronger financial position than at the start of the year.

2. How we make a difference

2.1 Legal purpose

Our Memorandum of Association defines the purpose of the Charity as **to promote the relief of sickness and suffering**, in particular:

a) by the establishment of day or domiciliary care and to establish, maintain and manage a Hospice Hospital or Residential Home;

b) To promote the teaching or training of doctors, nurses, and other persons;

c) To provide counselling or spiritual help.

2.2 Our services

In fulfilling its legal purpose Katharine House provides services free of charge to support people and their families affected by any progressive, life-limiting conditions. The nature of these services are described below.

Community Services

Services provided in the community include: a specialist nursing service providing advice to healthcare professionals in primary care; a healthcare assistant led, rapid response, hospice at home service providing hands on care and support to patients and families; a respite sitting service to support carers; and a care agency.

Embrace Quality Care Limited was established in April 2012, to provide home care services reflecting the quality of care of the Charity, but charging for its services. The Trustees take the view that there are a number of additional benefits including increased donations to the Charity, improved integration of our community services enabling better use of the

charitably funded hospice at home service, and improved recruitment of healthcare assistants. The work of Embrace falls fully within the charitable objects of Katharine House Hospice, so Trustees are willing to subsidise these. Whilst Embrace Quality Care Limited is expected to break even, in practice the costs of this service are underwritten by the Charity.

All these services have continued to function as normal during the pandemic with increased demand for service provision.

Day Therapies

12 week programmes of therapeutic support for up to 15 patients a day operating 4 days a week. This service has moved to a telephone and on line support service at present.

Well Being Programmes

6 week programmes of advice, education, and support for up to 15 patients once a week. The programme is designed for patients earlier in the disease to learn about different aspects of their condition and improve self-management. This is now relaunched as a virtual programme.

Inpatient Care

24 hour specialist in-patient care providing symptom control, terminal care or respite care for up to 10 patients.

Lymphoedema services

A specialist lymphoedema service provided to outpatients. At present this is a mixture of a telephone or teleconferencing service and face to face assessments and treatments.

Other services

Other services include family support, including counselling and bereavement support, and complementary therapies. This service also runs support groups for carers. Counselling and bereavement support is currently being offered remotely. We also provide a volunteer transport service for patients which is currently suspended.

3. The impact of the Covid-19 pandemic

There have been two broad implications from the pandemic: on our operations and on our finances.

3.1 Operational implications

The Trustees thank all the care and support staff who enabled the Charity to continue delivering services to our patients in very challenging circumstances.

At the outset of the pandemic service provision sought to eliminate unnecessary in-person contact and to implement measures to restrict the potential spread of the virus. This was not possible for all services, whilst maintaining service provision. Measures taken included:

- Day Therapies services were closed, with support moving on-line or through telephone support. This service has not yet re-opened in its pre-pandemic form, but is now offering virtual wellbeing support to patients.
- Lymphoedema services initially closed for in-person appointments, moving these into a virtual environment. However, some patients need face-to-face assessments so some in-person sessions resumed during the year.
- Inpatient services were reduced as 4 of the 10 beds were closed due to the configuration of the two three bedded bays. These bays could only support one bed whilst maintaining social distancing for visitors and staff. At various times during the year, as government guidance changed and as levels of infection decreased in the local population, two of the four beds were re-opened. Due to an outbreak of Covid-19 and following Public Health England guidance the inpatient unit had to close for two weeks in November 2020. At present 8 of the 10 beds are open for admission.
- Visiting was initially heavily restricted, but this restriction was eased during the year. There is more open visiting now, albeit visitors are required to take a lateral flow test prior to entering the unit.
- Community services, including Embrace Quality Care, continued almost unchanged, albeit with greater use of Personal Protective Equipment (PPE).

Many services were able to transfer online – In some areas enabling the Charity to provide increased levels of support.

Early in the pandemic, Katharine House prepared to use its clinical and care resources in support of the local health service. Doctors and Advanced Nurse Practitioners helped nursing and care homes to prepare advanced care plans for their residents, whilst senior nurses prepared to support wards at County Hospital, in whose grounds the main hospice building is located. In practice, the numbers of Covid-19 admissions were not as great as feared, whilst staff teams at County were able to continue to deliver services.

Later in the pandemic, the Charity focussed on maintaining its own services in the face of depleted staffing levels, and it is a great credit to care and clinical staff that services could be maintained.

Our services were supported admirably by Staffordshire County Council and NHS England through the regular supply of PPE, and despite concerns we were able to ensure staff were supplied with all necessary PPE.

3.2 Financial implications

From a financial perspective 2020/21 could broadly be divided into three parts. April to July saw NHS England provide specific funding to help hospices remain viable. This support alongside the Government's Business Rate Grants and the Coronavirus Job Retention Scheme, meant we were financially stable during this period.

From July to early September we were able to reopen our charity shops, but performance was extremely poor, with the department operating at a loss. Fundraising income was half the usual level as our events programme was cancelled for the year. At this stage ongoing

government support was very uncertain so by early September the Charity was facing a serious financial problem over the coming year. In response Trustees launched an emergency fundraising campaign and implemented a cost reduction programme.

In the last six months of the year, five retail units were earmarked for closure and their leases were not renewed. In excess of £1m annual cost savings were implemented, with over £500k being achieved within the financial year.

The Emergency Fundraising Campaign proved to be a phenomenal success, raising over £1m. There can be no greater affirmation than this as to the value of Katharine House to our local community – their support has been invaluable and the Trustees are extremely grateful for it.

In addition, we received considerable additional government support in the last five months of the year, although this was only confirmed in late January.

Late in the year the Charity received several legacies of substantial value, whilst the long-term investments increased significantly. The consequence has been that the Charity and its subsidiaries have generated a surplus of £1.52m. This surplus will be used to fund the deficits budgeted for the coming three years, which are projected to amount to over £1m.

4. Looking forward

4.1 Our mission

Our mission is:

"to offer the best care so that people in our community affected by progressive illnesses can live their lives to the full".

4.2 Strategic aims and short-term objectives

The Charity's strategic goals have been derailed as the short-term exigencies of the pandemic took priority. The coming year will be one in which the Trustees will review the future direction of the Charity whilst overseeing the restoration of its operations and its recovery from the consequences of Covid-19. The key short-term objectives are to:

1. Ensure the Charity remains a viable entity in the post-pandemic operating environment. The Charity will need to rebalance its expenditure to the income that can be generated in the future. At the time of writing there is too much uncertainty to enable a reasonable judgement of what this might look like.

2. Carry out a comprehensive review of the Charity's services, including engagement with the public, local NHS trusts, general practitioners, and community leaders.

3. Capture the positive changes arising from the pandemic and build these into long-term, sustainable models for reaching more patients. This is reflective of both a new normal for what patients and families expect and what staff will see as feasible.

4. Embed new working practices, such as remote working, and identify and implement staff and volunteer proposals made during the cost reduction programme, in particular looking at improving efficiencies in our administrative functions.

5. Review the estate requirements of the Charity.

The next twelve to twenty four months will be primarily geared to recovering from and learning from the pandemic and setting out a new vision for the Charity.

5. Achievements and Performance

5.1 Summary of main achievements

The Charity has remained viable during the pandemic, whilst continuing to deliver its essential services to people at the end of life. During the pandemic we have maintained and strengthened relationships with our clinical commissioners, local NHS providers, and other local hospices. We reorganised our support for many patients from in-person to on-line or telephone formats.

The Charity provides consultant medical cover for a 10 bed specialist palliative care unit at County Hospital, part of the University Hospitals of North Midlands NHS Trust, and this initiative continues to enable more patients to die under the care of specialist palliative care teams.

5.2 Progress with 2020/21 Objectives

There were two primary objectives: one to maintain services throughout the pandemic and the other to remain viable. Both these objectives were achieved as described in more detail in Section 3.

5.3 How We Measured Performance and Success

The provision of metrics to measure performance in the delivery of any health care service is made complex by the inter-relationship between resources, quality of provision, and the amount of care provided. The main sources for assessing the care that we provide are quantitative and qualitative.

1. Quantitative data

   - Measures of activity – such as number of occupied bed days, attendances, sessions held and treatments delivered
   - Monitoring and thematic review of safety incidents including medication errors, falls, pressure ulcers and infections to identify areas for improvement. Where possible these are benchmarked against national statistics

2. Qualitative data

- Patient and carer satisfaction surveys
- Minutes from Hospice User Group meetings
- Thematic review of compliments to identify areas of good practice
- Thematic review of complaints and adverse comments to identify areas for improvement.

The detail is provided to the Clinical Committee for scrutiny quarterly and to the local Clinical Commissioning Group Quality Review Meeting (although this was suspended during 2020/21). For further information on the qualitative aspects of our services readers can access the Charity's Quality Account, which are produced annually.

5.4 2020/21 Charitable Activities

During 2020/21 the activities as we usually measure them were severely disrupted due to the pandemic. The number of individual patients we supported decreased from 1,679 to 1,131. A summary of some of the key metrics for our main services is set out in the following table – with some patients accessing services more than once and accessing multiple services.

Year ended	2021	2020	2019	2018	2017
Inpatient bed days	1,717	2,269	2,454	2,388	2,455
Inpatient admissions	125	143	176	180	175
Day therapy attendances	Closed	1,853	2,053	1,791	2,000
Specialist nurse contacts	486	1,071	242	-	-
Community care contacts	6,376	6,521	6,806	4,974	5,248
Lymphoedema treatments	514	1,685	1,593	1,778	2,486
Telephone/video calls	15,992	6,760	4,820	3,861	3,554

5.5 Summary of Main Operational Challenges

The challenges of the pandemic are described in Section 3.

There continue to be changes within the local health economy. Given the dependence of our services on the referral pathways through the NHS, each time there are major changes it disrupts the referrals into our services. Major changes are being implemented within the NHS at present with the introduction of the Integrated Care System.

Public misconceptions about death and dying, the nature of our services, and the work of hospices continue to create a barrier to patients accessing our services.

Increasing demands from government on a range of compliance issues has meant efficiency and innovation has been stifled as senior management time is diverted to addressing legal requirements rather than improving internal efficiency.

6. Income Generation

To ensure our services can be delivered at no charge the Charity carries out income generation activities, most notably retail, fundraising and a lottery.

6.1 Approach to Fundraising

The Charity's fundraising activities are carried out by members of our community, volunteers, and paid members of our staff. Fundraising activities are monitored by our Income Generation Committee, including the requirements of the Fundraising Regulator.

On occasion we will employ the services of professional fundraisers where we do not have the in-house skills to carry out the work and in 2020/21 we worked with a company to increase the membership of our lottery, albeit this was heavily restricted by guidance on security during the pandemic. Their activities were monitored by our Head of Fundraising through regular contact with the Sales Manager of the company, by monitoring for any adverse comments or complaints, and through a weekly in-house monitoring report.

6.1.1 Fundraising Regulator

All charities with fundraising costs of £100,000 or more have been asked to pay an annual voluntary contribution to fund the Fundraising Regulator. Trustees are unable to ascertain the value of this expenditure to this organisation and have chosen not to do this.

6.1.2 Fundraising Standards

The Charity conducts its fundraising in accordance with the best practice guidelines available, for example from the Fundraising Regulator's Codes of Practice and guidance from the Institute of Fundraising. We take a relationship-based approach to our fundraising and think about the needs of our supporters (and our beneficiaries) when undertaking all of our fundraising activities.

6.1.3 Fundraising Complaints

Fundraising complaints are considered by two Committees. In 2020/21 in relation to our fundraising activities the Charity received 2 formal complaints and 9 adverse comments, which is higher than last year (2019/20: 0, 7). Of these 3 related to data processing and 7 to the lottery, with 1 other. 5 of the concerns raised related to Covid security – in particular wearing or not wearing masks. None of the complaints related to breaches of the Fundraising Code of Conduct. All were followed up swiftly, and concluded within the Charity's complaints policy.

6.1.4 Vulnerable People

By working within the Fundraising Regulator's Codes of Practice and maintaining a relationship based approach to our fundraising activities we endeavour to protect vulnerable members of our community. We have a policy in place regarding liaison with supporters who may be vulnerable.

6.1.5 Proportion of Income Spent on Raising Funds

In addition to raising funds, fundraising costs include managing the receipt, counting, banking of all donations, thanking all supporters, reclaiming Gift Aid on relevant donations, as well as supporting others to raise funds on our behalf. We received almost 15,988 donations last year the smallest of which was 13 pence and the largest was £91,677. Fundraising raised £1,250,051 gross (2020: £646,537), in large part, thanks to the terrific response of the public to our emergency fundraising campaign.

13 people left a gift in their will (2020: 14) and donated £245,807 (2020: £114,880) this will fund the care for 1 in 16 of our patients in the coming year.

There were 6,822 lucky winners of our Hospice Lottery and annual Snowball who received £91,100 in prize money (2020: £90,900). Players contributed £255,387 (2020: £221,644).

6.2 Retail Performance

There was a complete collapse in retail income during each lockdown. Although government support did help to mitigate the losses, the Charity expected £1.5m of net income from this source. A comparison of performance is shown below

Year ended	**2021**		**2020**	
Katharine House Retail Ltd				
Trading income	165,871		312,155	
Job Retention Scheme	4,582		3,138	
Expenses	(117,229)		(236,656)	
Net revenues		53,224		78,637
Katharine House Hospice				
Sale of donated goods	1,338,000		4,394,811	
Business rate grants	587,001		0	
Job Retention Scheme	778,189		33,851	
Expenses	(2,794,472)		(3,558,057)	
Net revenues		(91,282)		870,605
Total Surplus / (Deficit)		**(38,058)**		**949,242**

7. Financial review

7.1 Factors affecting financial performance

7.1.1 Review of Factors Affecting Performance

The major factors within the control of the Charity are managed effectively, enabling the Trustees to move the Charity forward. There are sound systems for reviewing the quality and safety of patient care, financial management, staff management and staff representation, staff and volunteer recruitment and induction, and the management of health and safety.

There are a wide range of factors lying outside the direct control of the Charity, of which the pandemic is having the greatest impact at present, as noted earlier.

7.1.2 The relationship with the Clinical Commissioning Groups (CCGs).

£1.284m of the £2.87m needed to fund and operate our services comes from CCGs: (44.7%). The Trustees are pleased to see that end of life care is a high priority with the local NHS, but are concerned to see another reorganisation of commissioning arrangements. Whilst relationships are strong, the local NHS is under extraordinary financial pressures and has been unable to uplift our main grant for the last five years. Although additional support has been made available for the short-term.

7.1.3 Cost pressures

We continue to see unavoidable costs imposed on the Charity: pension auto-enrolment from April 2014 and the increases in employer contributions from April 2018 and 2019, a 0.5% apprenticeship levy from 2017, a 30% increase in the national minimum wage since January 2016 have all created cost burdens that have hampered the Charity's ability to take our services forward. There are also very considerable increases in the internal costs of compliance, for example, with new fundraising and data protection legislation and gender pay gap reporting.

7.1.4 Recruitment

The ongoing low levels of unemployment in the local area continue to make it difficult to recruit to certain positions – in particular care agency workers and retail assistants.

7.1.5 Competition

The external conditions for all income generation have become increasingly competitive, particularly in retail where more charity shops are competing for donations and customers, whilst commercial companies will pay former potential donors for goods they might otherwise have donated.

7.1.6 Regulatory burden

The regulatory burdens on the Charity are extensive, burdensome and costly, both financially and in staff time. The next significant change will be compliance with HMRC requirements on making tax digital.

7.2 Review of the Financial Accounts

The accounts for 2020/21 are prepared in accordance with the requirements of the Charities Statement of Recommended Practice (2015) (FRS 102).

7.2.1 Review of the Financial Position

The overall financial performance for the year has been distorted by the pandemic. The picture is so unbalanced that meaningful comparisons are almost impossible.

Key financial aspects of performance are:

1. Legacy income increased by £130,927 to £245,807
2. Revenues from the statutory sector increased by £1,700,276 – this was due to NHS England's decision to award non-recurrent funding to allow the Charity to make available bed capacity and community support to provide support to people with complex needs in the context of Covid-19 from April to July 2020 and November 2020 to April 2021
3. Fundraising had an extraordinary year, with all face-to-face fundraising ceasing, to be replaced by a limited programme of virtual fundraising. However an emergency fundraising campaign launched in September saw fundraised income reach £1,250,051 (2020: 646,537).
4. The lottery contribution increased by £33,743 to £255,387 (see note 11), principally due to the reduction in canvassing costs. However, this will have an impact on future revenues as membership falls.
5. The retail operations were devastated by Covid-19. Including Business Rate Grants and the Coronavirus Job Retention Scheme, retail operations made a loss of £38,058 (2020: surplus £949k).
6. The charitable costs reduced by £155,977 to £3,228,649 (2020: £3,384,626).
7. Investments showed an increase of £83,128 (2020: reduction of £112,537)
8. The Charity's group recorded an increase in total funds of £1.50m (2020: reduction of £115,534).

7.2.2 Sources of Funding

The Charity's primary sources of funding derive from its retail trading activities, from the statutory sector, from fundraising (including a lottery) and from legacies and unsolicited donations. Usual operating income for 2020/21 has been severely disrupted by Covid and comparative performance data has little meaning. Considerable additional income from government support is shown overleaf:

	2021	2020
NHS England Hospice Capacity Funding	1,714,251	0
Coronavirus Job retention Scheme	903,469	42,265
Business Rate Grants	587,001	0

This represents over 38% of total income (2020: 0.54%).

Future revenues streams appear more stable since coming out from the latest lockdown. The local Clinical Commissioners have agreed to maintain the Charity's grant without reduction for 2021/22. Notwithstanding the very negative impact of the pandemic, retail revenues were already under pressure from declining high streets as shoppers move to out of town retail parks (where charity retail units are harder to obtain) and onto the internet. We have closed 5 retail units that seemed unlikely to return to profitability. Fundraising and lottery are mature income streams and continued growth is hard to achieve.

7.2.3 Reserves Policy

The reserve funds of the Charity are calculated from the consolidated balance sheet as total net assets less fixed assets, creditors over one year, and provisions. These are summarised below for the last five years.

At 31 March	2021	2020	2019	2018	2017
Restricted	67,519	73,758	93,268	83,254	87,523
Free	1,537,735	628,698	488,213	985,605	1,457,402
Designated:					
For income	120,000	120,000	120,000	120,000	147,156
For expenses	1,249,616	617,023	700,664	303,135	63,000
For capital spend	100,000	100,000	200,000	260,000	156,000
Total Liquid Funds	**3,074,870**	**1,539,479**	**1,602,145**	**1,751,994**	**1,911,081**
Total Group Assets	4,763,611	3,259,532	3,375,066	3,287,259	3,503,730
Capital assets	(2,066,099)	(2,184,598)	(2,325,277)	(1,745,643)	(1,811,349)
Creditors > 1 year	379,947	463,793	550,238	204,491	205,193
Provisions	(2,589)	752	2,118	5,887	13,507
Assets for Funds	**3,074,870**	**1,539,479**	**1,602,145**	**1,751,994**	**1,911,081**

The Trustees have established seven designated funds. Details of funds are contained in note 22 to the accounts.

The Trustees' reserves policy is that in order to fulfil the Charity's obligations to the communities it serves it is desirable for there to be unrestricted funds (or free reserves) available as current assets, or investments, equivalent to six months' running costs of the Charity and the services of Embrace Quality Care and the minimum reserves should be two months' running costs of the same. The free reserves stand at £1,593,735 (2020: £628,698) equating to 4.9 months operating costs for the Charity's and for the services of Embrace Quality Care. Whilst the reserves are below the desired level they are above the minimum. Trustees believe that maintaining existing services should be a higher priority than achieving the desired reserves position. Furthermore, Trustees were satisfied that the Charity has sufficient liquidity within the reserves to maintain the Charity's current operations over a medium term of three years in a normal operating environment.

Embrace Quality Care, a trading subsidiary of Katharine House Hospice, made a loss of £28,187, and has retained losses of £302,918. The Trustees of the Charity have agreed to continue funding Embrace Quality Care as its prime purposes are in accordance with the objects of the Charity. This decision is reviewed annually; it is expected to make a small loss in 2021/22.

Details of the funds held by the Charity are provided in note 22.

7.2.4 Going concern

When setting the 2021/22 budget the Trustees look at a further two year forecast and the implications on the Charity's reserves. At the time of setting the budget a significant surplus was predicted for 2020/21, much of which was generated by the local community. The Trustees were therefore willing to allow an unusually high deficit in the budget to facilitate the continuance of service provision by using the Emergency Fundraising Campaign donations to support the Charity over the medium term. Deficits forecasted are:

	2021/22 Budget	**2022/23 Forecast**	**2023/24 Forecast**
Deficit	613,270	251,734	167,835

Capital expenditure is expected to be offset by the disposal of a property.

7.2.5 Investment Policy

The Memorandum of Association empowers the Trustees to invest the monies of the Charity not immediately required for its purposes in or upon such investments, securities or property as may be thought fit. Perspective (Midlands and Cheshire) Limited ("Perspective") provide advice and formal reports to the Finance and Remuneration Committee every six months, or more frequently as requested by the Committee. The assets held are disclosed in note 17.

The primary objective of the investment portfolio is to provide capital growth over the medium term. Perspective take an active approach to the management of the portfolio, seeking to take defensive positions in times of volatility. The pandemic has had a

significant impact on the portfolio, initial losses have been partially recovered in 2020/21 with an increase of £83,128 in the value of the portfolio.

No funds have been added to or withdrawn from the investments for the last ten years. Performance over this time is set out in the table below based on the portfolio market valuation at the relevant year end.

Year ending	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Value (£000's)	584	499	609	618	628	574	598	553	519	465
Annual Growth %	17.0	-18.0	-1.5	-1.6	9.5	-4.0	8.1	6.6	11.6	-7.7

The compound annual growth rate over the last 9, 7, 5, and 3 years as at year ends 2017-2021 are:

Years	2021	2020	2019	2018	2017
Over 9 years	2.57%	-0.10%	3.13%	6.37%	--
Over 7 years	0.79%	-0.54%	3.92%	2.95%	4.51%
Over 5 years	0.36%	-3.53%	1.93%	3.55%	6.19%
Over 3 years	-1.84%	-7.36%	1.98%	1.10%	4.32%

8. Structure, Governance and Management

8.1 How the Charity is constituted

Katharine House Hospice is a charity and company limited by guarantee. Its governing document is the Memorandum and Articles of Association of the company, which may be altered by a simple majority of voting members at an annual or extraordinary general meeting. This document was last amended on 26th November 2019.

8.2 Organisational structure

Katharine House Hospice has four wholly owned subsidiaries.

1. Katharine House Retail Limited (Registered company number 03949314), operates eBay, house clearances, sales in prisons, new goods, and merchandising activities.
2. KH Promotions Limited (Registered company number 03295776), operates the Charity's own society lottery.
3. Embrace Quality Care Limited (Registered company number 08050417), operates a care agency.
4. KHH Development Limited (Registered company number 08120430), operates administrative services.

Each subsidiary company of the Charity gift aids any profits it makes to the Charity.

Note 11 to the financial accounts summarises the performance of these companies; their accounts will be filed at Companies House.

8.3 Decision-making processes

8.3.1 Board of Trustees

The Trustees (who are also directors of the company) act as a corporate entity through the Board of Trustees, which meets six times in each year. Additional meetings may be called from time to time, for example there have 11 meetings during 2020/21. The Board oversees all strategic, tactical, and governance aspects of the Charity's operation and its future direction.

The Board delegates most of its functions to five committees, each with their own terms of reference. Governance is undertaken by each Trustee committee in their areas of responsibility, monitored by the Nominations & Governance Committee and the Board of Trustees. These committees are:

1. Clinical
2. Income Generation
3. Finance and Remuneration
4. Staffing and Support Services
5. Nominations and Governance

8.3.2 Management

The day-to-day operation of the Charity is delegated through the annual budget setting and operational planning process to the Chief Executive and through him to the management teams. There are three management committees.

1. Executive Team
2. Operations Team
3. Staff Forum

8.4 Trustees appointment, induction, and support

Recruitment of trustees is overseen by the Nominations and Governance Committee. Consideration is given to the knowledge and skills desired of new trustees in relation to the current skills and attributes of existing Trustees, the skills that are deficient on the Board, and the need to plan for succession of Trustees who are due to stand down.

Following a shortlisting process candidates are invited to attend a meeting with two current Trustees. The full Board must approve any initial appointment. At the AGM immediately after appointment Trustees are formerly elected and can serve for up to six

years. Thereafter Trustees may stand for two further elections each for two year terms, but thereafter must stand down for a period of 11 months.

New Trustees meet with senior staff, tour the services, and receive an induction folder together with relevant company information. New Trustees have a Trustee mentor who acts as a confidential advisor on Trustee issues. They have the option to spend time in key areas, for example, care and retail.

Every three years appraisals take place for Trustees and for the full Board.

9. Other relevant or required disclosures

9.1 Principal Risks and Uncertainties

The Trustees have drawn up a detailed assessment of key risks that they feel are important to consider in the management of the Charity. Risks come under one of six domains (Welfare, Compliance, Finances, Governance & Management, Operational, and Environmental & External). A structured methodology is in place for the assessment and management of risk. This is reviewed annually and was under review when the pandemic interrupted normal operations. A formal review of these risks was last done in Spring 2019.

However, all risks have been subsumed under the existential threat to the Charity arising from the pandemic. The main issues of concern are:

1. Whether and how quickly retail and fundraising revenues will recover to enable the Charity to continue to fund its services.
2. The impact of the pandemic on the long-term welfare of our staff and volunteers and whether volunteering hours will recover.

9.2 Vital Volunteer Support

Katharine House Hospice simply would not exist without the volunteers who were so heavily involved in the Charity's inaugural steering committee and we would not be able to provide the quality and variety of services we do without the ongoing passion, time and commitment of this amazing group of people who have continued to support the Charity.

The pandemic has had a major impact on the levels of volunteering. Factors include: the closure of retail shops; the need to reduce non-essential travel to work; and the age profile of our volunteers.

At 31 March 2021 we had a total of 580 volunteers supporting the Charity (2020: 635). Volunteering hours have been considerably reduced due to the impact of Covid and the desire to reduce footfall at the Charity and minimise face to face contact.

Our volunteers, who vary in age from 14 years old to over 85, bring with them a diverse set of life experience, passion and enthusiasm. We are immensely proud and appreciative of all of our volunteers and have large numbers who have completed and have been recognised for long service (in excess of 5 years). During 2020/21 59 of our volunteers were acknowledged for long service: 5 for 20 years and 8 for 15 years of service.

9.3 Relationships with other organisations

Katharine House Hospice is an independent charity, but is affiliated to or has connections with a number of organisations. These are: the local council for voluntary services – Support Staffordshire; the National Association of Hospice Fundraisers; and Katharine House Hospice is a member of Hospice UK.

Katharine House Hospice is a Corporate Trustee of Stafford District Bereavement and Loss Support Service (SDBLSS), providing office accommodation and helping to raise funds. Should SDBLSS require financial support, Katharine House Hospice would consider doing this as the objects of SDBLSS fall wholly within the objects of Katharine House Hospice.

Katharine House Hospice's and Embrace Quality Care Limited's care services are regulated by and registered with the Care Quality Commission.

Katharine House has a number of shared posts with the University Hospitals of North Midlands NHS Trust.

Katharine House collaborates to deliver enhanced local services, including offering support in Uttoxeter through a supportive care centre with St Giles' Hospice and the Hermitage Centre.

The Charity is also funded by the NHS to provide in-reach services to two local prisons and to support local care homes in the delivery of palliative and end of life care.

The Charity seeks to develop further relationships in the furtherance of its objectives with other providers and charities.

9.4 Related Parties

None of our Trustees receive remuneration or other benefit from their work with the Charity. There are a number of connected entities associated with Trustees and executives and these are disclosed in full in note 24 to the accounts.

Katharine House jointly funds posts with the University Hospitals of North Midlands Trust. Decisions in relation to these posts either pre-date the appointment of the Trustee or the Trustee has declared an interest in the decision and been absent when any such decision has taken place. The relevant Trustees have taken no part in the contract negotiations. Hand Morgan and Owen are the Charity's solicitors, but commercial relations are handled directly with the relevant partner or through the company secretary. These mainly relate to property matters.

9.5 Pay Policy for Senior Staff

The Trustees, and the executive management team comprise the key management personnel of the Charity responsible for directing, controlling, and operating the Charity on a day-to-day basis. All directors give of their time freely and no director received remuneration in the year. Details of directors' expenses are disclosed in note 10 to the accounts and were nil (2020: Nil).

The pay of all staff is reviewed annually by the Finance and Remuneration Committee comprising Trustees and the Chief Executive and on an ad hoc basis as and when it is felt appropriate to adjust salaries. The Committee seeks to balance fairness and equity in the pay of staff for the roles performed, against affordability for the Charity. For positions where recruitment is more difficult higher wages may be offered. Certain groups of staff – in particular nursing and care staff – have structured pay grades that are broadly commensurate with similar roles in the NHS Agenda for Change pay scale.

The Chief Executive's pay is determined by Trustees at a full Board meeting.

The Remuneration Committee is empowered to award discretionary payments to staff for exceptional performance; however this is rare. No awards were made in the year under review (2020: 6). Senior officers are not on bonus schemes.

Staffing levels, pensions and emoluments are detailed in notes 12, 13 and 14 to the accounts.

9.6 Employment Policy

Katharine House seeks to be an equal opportunities employer. The nature of some of the tasks required to be done in retail and care (the two largest employment sectors of the Charity) make it difficult to employ people with significant physical disabilities. All positions are open to people with a range of mental health issues. We do not record and maintain comprehensive data on employees with disabilities. Only when the organisation has a need to know do we keep such records, for example where we have a duty of care as an employer. We are therefore only able to report on the minimum numbers of people with disabilities known to us.

We provide a free and confidential advice line to all employees, but as this is confidential we have no data on levels of access.

During the year we established the role of a Mental Health Champion, who has gathered considerable engagement from staff and managers. During the current pandemic her focus on mental health issues has been a key part of the Charity's response for our staff. It is expected that this role will become more and more visible within the Charity.

The Charity is required to report its pay arrangements under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The following table provides a summary.

As at:	April 2021	April 2020	April 2019	April 2018	April 2017
Mean gender pay gap	- 3.78	- 12.17	- 13.46	- 7.87	- 0.21
Median gender pay gap	- 12.2	- 3.45	- 10.13	- 9.62	- 9.32

The mean gender pay gap is negative meaning women are paid on average 13% more than men. This gap has consistently widened since 2017. The median gender pay gap is also negative, showing the median pay for women is over 10% higher than for men. There

are several relevant factors that may explain this difference. The business is care and retail orientated, which are attractive sectors for women. The highest number of professional roles are in care. There are a range of part-time roles which offer opportunities for family friendly hours which may also be more attractive for women than men.

10. Public Benefit Statement

All services provided by Katharine House Hospice are provided free of charge to patients and families; Trustees consider that all this activity is, in its entirety, charitable. In providing access to these services, the Trustees have sought to ensure that the only considerations are: the appropriateness of meeting the needs of each patient; the capacity to meet this need; and the safety and welfare of all patients.

All services provided by Embrace Quality Care Ltd are deemed by the Trustees to be charitable in nature, but these services are provided for a fee, whether paid by the individual or by statutory authorities.

In making decisions in relation to the delivery of current services, the proposed development of new services, and the use of the Charity's funds, the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

11. Reference and Administrative Details

Charity Name:	Katharine House Hospice
Charity Registration:	1011712
Incorporation:	Company Limited by Guarantee
Company Number:	02700516
Date of incorporation:	25th March 1992
Registered Office:	Weston Road, Stafford, ST16 3SB The Registered Office is also the principal address of the Charity

Trustees and Directors and Key Management Personnel:

The Directors of the Charity are its Trustees for the purpose of charity law. The Trustees and Officers serving during the year and since the year end were as follows:

Trustees:	Mr J-P Parsons	Chairman
	Mr I D Starkie	Treasurer
	Dr M Bland	
	Mrs A J Cape	
	Mr P R Catchpole	(appointed 27 October 2020)
	Dr Z Din	(appointed 26 January 2021)
	Mr M G Evans	

Trustees (cont.)	Mr F A Gaffney	(appointed 27 October 2020)
	Mrs S J Harris	
	Dr R G M Hughes	(appointed 26 January 2021)
	Mr A P Jeffries	
	Mrs S F Milakovic	
	Mrs T Mingay	
	Mr B W J Phillips	(appointed 27 October 2020)
	Ms J Woodyard	
Company Secretary:	Cllr P M M Farrington	
Registered Manager:	Mrs S Whitmore (to 15 March 2021)	
	Mr N Grannon (from 30 March 2021)	
Officers:		
Director of Care:	Mrs S Whitmore (to 15 March 2021)	
	Mr N Grannon (from 15 March 2021)	
Medical Director:	Dr C Bruckner-Holt	
Chief Executive:	Dr R T Soulsby	
Deputy Chief Executive:	Miss L M Taylor	
Retail General Manager:	Mr S Dodd	
Head of Human Resources:	Mrs B Wheat	

Auditors / Accountants:	**Dyke Yaxley Limited** 8 Hollinswood Court, Stafford Park 1, Telford. TF3 3DE
Investment Brokers:	**Perspective (Midlands and Cheshire) Ltd** Whitehall House, Sandy Lane, Newcastle-Under-Lyme, Staffordshire, ST5 0LZ
Fund Managers:	**Standard Life** Wrap Customer Centre, Dundas House, 20 Brandon Street, Edinburgh, EH3 5PP
Bankers:	**Lloyds Bank Plc** Market Square, Stafford, ST16 2JL
Solicitors:	**Hand Morgan & Owen** 17 Martin Street, Stafford ST16 2LF

12. Responsibilities in Relation to the Financial Statements

The Board of Trustees is required to prepare financial statements which give a true and fair view of the state of affairs of the Charity and Group at the end of the financial year and of the income and expenditure of the Charity and Group for the year ending on that date. In preparing those financial statements, the Board of Trustees is required to:

1. Select suitable accounting policies and apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Trustees is also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act 2006. Trustees are also responsible for safeguarding the assets of the Charity and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

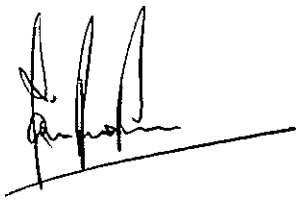
The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015).

13. Statement as to Disclosure to our Auditors

The Directors will recommend to members the re-appointment of our present auditors Dyke Yaxley Limited. In so far as the Trustees are aware at the time of approving our Trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the Group's auditor is unaware, and
- The Trustees, having made enquiries of fellow Directors and the Group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board on 28th September 2021 and signed on its behalf by Jean-Pierre Parsons, Chairman



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KATHARINE HOUSE HOSPICE

Opinion

We have audited the financial statements of Katharine House Hospice (the charitable company) for the year ended 31 March 2021 which comprise the Group and Parent Charity's Statement of Financial Activities, the Group and Parent Charity's Company Balance Sheets, the Consolidated Statement of Cash Flows and the 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 Parent Charity's and the Group's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Katharine House Hospice 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 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 Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report 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 our audit:

- the information given in the Trustees' report, which includes the Directors' 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 Director's report, included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report or the Directors' report included within the 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, 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 responsibilities, the Trustees, who are also the Directors of Katharine House Hospice for the purpose 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 Katharine House Hospice's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities including fraud

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity and the industry in which it operates, and considered the risk of acts by the charity that were contrary to applicable laws and regulations, including fraud.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

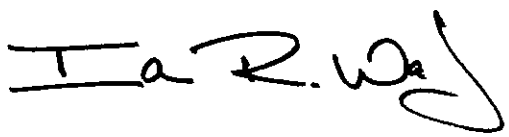
There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud.

As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Walsh (Senior Statutory Auditor)
For and on behalf of Dyke Yaxley Limited

Chartered Accountants
Statutory Auditor

20/11/21

1 Brassey Road
Old Potts Way
Shrewsbury
Shropshire
SY3 7FA

KATHARINE HOUSE HOSPICE

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 March 2021

	Note	Unrestricted / Designated £	Restricted £	2021 Totals £	Unrestricted / Designated £	Restricted £	Restated 2020 Totals £
INCOME							
Fundraised income	(3)	1,143,450	106,601	1,250,051	539,087	107,450	646,537
Legacies		245,807	--	245,807	114,880	--	114,880
Other trading income	(4)	1,710,735	--	1,710,735	4,919,176	8,091	4,927,267
Charitable activities	(5)	1,180,445	1,823,101	3,003,546	3,500	1,302,256	1,305,756
Investment income	(6)	9,424	--	9,424	12,378	--	12,378
Other income	(7)	1,480,571	16	1,480,587	46,246	--	46,246
Total Income		**5,770,432**	**1,929,718**	**7,700,150**	**5,635,267**	**1,417,797**	**7,053,064**
EXPENDITURE							
Costs of generating income	(8)	3,365,269	--	3,365,269	3,979,170	--	3,979,170
Charitable activities	(8)	935,195	1,935,957	2,871,152	1,598,726	1,437,307	3,036,033
Interest payable		14,591	--	14,591	18,944	--	18,944
Total Expenditure		**4,315,055**	**1,935,957**	**6,251,012**	**5,596,840**	**1,437,307**	**7,034,147**
Net gains/(losses) on investment assets		83,128	--	83,128	(112,537)	--	(112,537)
Net income / (expenses) before transfers		**1,538,505**	**(6,239)**	**1,532,266**	**(74,110)**	**(19,510)**	**(93,620)**
Gross transfers between funds	(22)	--	--	--	--	--	--
Net Movement in Funds		**1,538,505**	**(6,239)**	**1,532,266**	**(74,110)**	**(19,510)**	**(93,620)**
RECONCILIATION OF FUNDS							
Fund balances brought forward		3,450,766	73,758	3,524,524	3,524,876	93,268	3,618,144
Fund Balances Carried Forward	(22)	**4,989,271**	**67,519**	**5,056,790**	**3,450,766**	**73,758**	**3,524,524**

KATHARINE HOUSE HOSPICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 March 2021

	Note	Unrestricted / Designated £	Restricted £	2021 Totals £	Unrestricted / Designated £	Restricted £	Restated 2020 Totals £
INCOME							
Fundraised income	(3)	1,143,450	106,601	1,250,051	539,087	107,450	646,537
Legacies		245,807	--	245,807	114,880	--	114,880
Other trading income	(4)	2,006,141	--	2,006,141	5,375,247	8,091	5,383,338
Charitable activities	(5)	1,500,395	1,823,101	3,323,496	329,800	1,302,256	1,632,056
Investment income	(6)	9,433	--	9,433	12,402	--	12,402
Other income	(7)	1,503,524	16	1,503,540	50,000	--	50,000
Total Income		**6,408,750**	**1,929,718**	**8,338,468**	**6,421,416**	**1,417,797**	**7,839,213**
EXPENDITURE							
Costs of generating income	(8)	3,677,510	--	3,677,510	4,438,670	--	4,438,670
Charitable activities	(8)	1,292,692	1,935,957	3,228,649	1,947,319	1,437,307	3,384,626
Interest payable		14,699	--	14,699	20,280	--	20,280
Total Expenditure		**4,984,901**	**1,935,957**	**6,920,858**	**6,406,269**	**1,437,307**	**7,843,576**
Net gains/(losses) on investment assets		83,128	--	83,128	(112,537)	--	(112,537)
Net income / (expenses) before provisions and transfers		**1,506,977**	**(6,239)**	**1,500,738**	**(97,390)**	**(19,510)**	**(116,900)**
Provision for deferred tax liabilities		3,341	--	3,341	1,366	--	1,366
Gross transfers between funds	(22)	--	--	--	--	--	--
Net Movement in Funds		**1,510,318**	**(6,239)**	**1,504,079**	**(96,024)**	**(19,510)**	**(115,534)**
RECONCILIATION OF FUNDS							
Fund balances brought forward		3,185,774	73,758	3,259,532	3,281,798	93,268	3,375,066
Fund Balances Carried Forward	(22)	**4,696,092**	**67,519**	**4,763,611**	**3,185,774**	**73,758**	**3,259,532**

The consolidated statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derived from continuing activities.

The consolidated statement of financial activities also complies with the requirements for an income and expenditure account under the companies act 2006.

KATHARINE HOUSE HOSPICE
(Registered No. 02700516)

BALANCE SHEET

AT 31 March 2021

	Note	Unrestricted & Designated Funds £	Restricted Funds £	2021 Total Funds £	Unrestricted Funds £	Restricted Funds £	2020 Total Funds £
FIXED ASSETS							
Tangible assets	(16)	2,041,828	--	2,041,828	2,134,117	--	2,134,117
Investments	(17)	584,106	--	584,106	499,282	--	499,282
Investment in Group	(17)	5,602	--	5,602	5,602	--	5,602
		2,631,536	**--**	**2,631,536**	**2,639,001**	**--**	**2,639,001**
CURRENT ASSETS							
Debtors	(18)	2,564,622	--	2,564,622	1,253,620	--	1,253,620
Cash at bank and in hand		531,112	67,519	598,631	439,832	73,758	513,590
		3,095,734	**67,519**	**3,163,253**	**1,693,452**	**73,758**	**1,767,210**
CREDITORS amounts falling due within one year	(20)	(358,052)	--	(358,052)	(417,894)	--	(417,894)
NET CURRENT ASSETS		**2,737,682**	**67,519**	**2,805,201**	**1,275,558**	**73,758**	**1,349,316**
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,369,218**	**67,519**	**5,436,737**	**3,914,559**	**73,758**	**3,988,317**
CREDITORS amounts falling due after one year	(20)	(379,947)	--	(379,947)	(463,793)	--	(463,793)
TOTAL NET ASSETS		**4,989,271**	**67,519**	**5,056,790**	**3,450,766**	**73,758**	**3,524,524**
REPRESENTED BY:							
Restricted funds	(22)	--	67,519	67,519	--	73,758	73,758
Designated funds	(22)	1,469,616	--	1,469,616	837,023	--	837,023
Unrestricted funds	(22)	3,519,655	--	3,519,655	2,613,743	--	2,613,743
		4,989,271	**67,519**	**5,056,790**	**3,450,766**	**73,758**	**3,524,524**

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime under the Companies Act 2006.

Approved by the Board of Trustees meeting on 28 September 2021 and signed on its behalf by:-

I D Starkie
Treasurer

J P Parsons
Chairman

KATHARINE HOUSE HOSPICE
(Registered No. 02700516)
CONSOLIDATED BALANCE SHEET
AT 31 March 2021

	Note	Unrestricted & Designated Funds £	Restricted Funds £	2021 Total Funds £	Unrestricted Funds £	Restricted Funds £	2020 Total Funds £
FIXED ASSETS							
Tangible assets	(16)	2,066,099	--	2,066,099	2,184,598	--	2,184,598
Investments	(17)	584,106	--	584,106	499,282	--	499,282
		2,650,205	--	**2,650,205**	**2,683,880**	--	**2,683,880**
CURRENT ASSETS							
Debtors	(18)	521,676	--	521,676	662,057	--	662,057
Stock	(19)	811	--	811	1,679	--	1,679
Cash at bank and in hand		2,383,966	67,519	2,451,485	863,490	73,758	937,248
		2,906,453	**67,519**	**2,973,972**	**1,527,226**	**73,758**	**1,600,984**
CREDITORS amounts falling due within one year	(20)	(483,208)	--	(483,208)	(560,787)	--	(560,787)
NET CURRENT ASSETS		**2,423,245**	**67,519**	**2,490,764**	**966,439**	**73,758**	**1,040,197**
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,073,450**	**67,519**	**5,140,969**	**3,650,319**	**73,758**	**3,724,077**
CREDITORS amounts falling due after one year	(20)	(379,947)	--	(379,947)	(463,793)	--	(463,793)
PROVISIONS							
deferred tax liabilities		2,589	--	2,589	(752)	--	(752)
TOTAL NET ASSETS		**4,696,092**	**67,519**	**4,763,611**	**3,185,774**	**73,758**	**3,259,532**
REPRESENTED BY:							
Restricted funds	(22)	--	67,519	67,519	--	73,758	73,758
Designated funds	(22)	1,469,616	--	1,469,616	837,023	--	837,023
Unrestricted funds	(22)	3,519,655	--	3,519,655	2,613,743	--	2,613,743
Subsidiary retained losses		(293,179)	--	(293,179)	(264,992)	--	(264,992)
		4,696,092	**67,519**	**4,763,611**	**3,185,774**	**73,758**	**3,259,532**

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime under the Companies Act 2006.

Approved by the Board of Trustees meeting on 28 September 2021 and signed on its behalf by:-

I D Starkie
Treasurer

J P Parsons
Chairman

KATHARINE HOUSE HOSPICE

STATEMENT OF CASH FLOWS

AT 31 March 2021

RECONCILIATION OF OPERATING PROFIT TO OPERATING CASHFLOWS		2021 £	2020 £
Net movement in funds		1,504,079	(115,534)
Deferred taxation		(3,341)	(1,366)
Depreciation		158,709	182,209
(Gains) / losses on investment assets		(83,128)	112,537
Income from fixed asset investment	Note i	(9,376)	(12,275)
Interest received	Note i	(57)	(127)
Interest payable on loans	Note i	14,699	20,280
Loss / (gain) on disposal of fixed assets		1,208	(250)
Decrease / (increase) in debtors		140,381	(311,887)
Decrease / (increase) in stock		868	17,411
(Decrease) / increase in creditors		(74,199)	4,448
Net cash (outflow)/inflow from operating activities		**1,649,843**	**(104,554)**

CASHFLOW STATEMENT			
Net cash provided by/(used in) operating activities		1,649,843	(104,554)
Returns on investments and servicing of finance	Note i	(5,266)	(7,878)
		1,644,577	(112,432)
(Purchase) / sale of fixed assets	Note i	(141,394)	(60,857)
Financing	Note i	(78,339)	(75,045)
Increase / (decrease) in cash		**1,424,844**	**(248,334)**

KATHARINE HOUSE HOSPICE

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

AT 31 March 2021

NOTE I TO THE CASHFLOW STATEMENT

		2021 £	2020 £
Returns on investments and servicing of finance			
Income from fixed asset investments in portfolio		9,376	12,275
Total income from fixed asset investments		9,376	12,275
Other interest received	Note 6	57	127
Interest payable on loans		(14,699)	(20,280)
		(5,266)	(7,878)
Financing			
Repayments of loan capital		(78,339)	(75,045)
Bank Loan for purchase of fixed assets		--	
		(78,339)	(75,045)
Sale and purchase of fixed assets			
Purchase of tangible fixed assets		(41,668)	(41,529)
Sale proceeds of other fixed assets		250	250
Capital payment on HP		(8,887)	(34,536)
Purchase of fixed asset investments		(905,072)	(813,138)
Proceeds of sale of fixed asset investments		813,983	828,096
		(141,394)	(60,857)

NOTE ii TO THE CASHFLOW STATEMENT - Reconciliation of Net Cash Flow to Movement in Net Funds

Net cash inflow / (outflow)	1,424,844	(248,334)
Change in net funds in the year	1,424,844	(248,334)
Net funds at 1 April	1,046,510	1,278,607
Non-cash changes	--	16,237
Net funds at 31 March	**2,471,354**	**1,046,510**

NOTE iii TO THE CASHFLOW STATEMENT - Analysis of changes in net funds

	As at 1 April 2020	Cash Flows	Non cash Changes	As at 31 March 2021
Cash in hand and at bank	937,248	1,514,237	--	2,451,485
Cash in fixed asset investments	109,262	(89,393)	--	19,869
TOTAL	**1,046,510**	**1,424,844**	--	**2,471,354**

NOTE iv TO THE CASHFLOW STATEMENT - Analysis of Changes in Net Debt

	As at 1 April 2020	Cash Flows	Non cash Changes	As at 31 March 2021
Cash at hand and in bank	937,248	1,514,237	--	2,451,485
Debt due within 1 year	(85,180)	85,180	(81,800)	(81,800)
Debt due after 1 year	(463,793)	2,046	81,800	(379,947)
Cash in investments	109,262	(89,393)	--	19,869
TOTAL	**497,537**	**1,512,070**	--	**2,009,607**

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

Katharine House Hospice meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared by the Trustees to give a 'true and fair' view and on a going concern basis under the historical cost convention as modified by the revaluation of investments. The financial statements are prepared in sterling which is the functional currency of the Charity and rounded to the nearest pound. The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

b) Going Concern

The Charity reported a consolidated cash inflow of £1,424,844 for the year and has cash reserves of £2,451,485. The Trustees have repaid all long-term debt after the balance sheet date, but have no plans to restructure the investments of the Charity.
In March the Board approved a balanced budget for financial years 2020/21 to 2022/23. However COVID-19 has rendered these budgets meaningless and until a more stable financial operating environment can be achieved the Hospice is preparing contingency plans to achieve financial substainability. These accounts have therefore been prepared on an ongoing basis.

c) Branch Accounting

There exist a number of support groups within the community, raising awareness about and funds to support the work of Katharine House Hospice. Under the SORP, Trustees consider these to be branches of Katharine House Hospice but consider the expense involved in accounting for these Groups on a full accruals basis and auditing these accounts to be unwarranted in relation to the size of the funds generated.

d) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. The Charity receives income from different sources : -

i) Fundraising Income

Fundraising income is income received as a result of time taken by fundraisers in organising fundraising events, soliciting donations and arranging for donations to be made to the Charity. Unsolicited gifts are classed as voluntary donations and are included in this section. Further details to this income are shown in note 3.

ii) Legacy Income

Legacies are treated as voluntary donations. Entitlement to legacy income is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution.

iii) Other Trading Income

A breakdown of income is shown in note 4. KH Promotions is a subsidiary company operating a society lottery.
KHH Development provided a management consultancy services to other charities. KHH Retail sold donated goods through Ebay sales and the prison outlets and any new goods sold through the shops. The company also acted as an agent for the selling of donated goods that are gift aided to the Hospice. In additon the company operated a house clearance service. Donated goods refer to items donated to the Hospice for resale through the charity shops. The income from these items is recognised at the point of sale. Any stocks of donated goods held at the financial year end is not attributed a value as it is not practical or otherwise uneconomical to do this.

iv) Charitable activities

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred. Further details regarding statutory sector grant income received by the Charity are set out in note 5.

v) Donated goods

Donated goods refer to items donated to the Hospice for resale through the charity shops. The income from these items is recognised at the point of sale. Any stocks of donated goods held at the financial year end is not attributed a value as it is not practical or otherwise economical to do this.

1. ACCOUNTING POLICIES (Cont.)

d) Income (cont.)

vi) Investment Income

Investment income includes dividends and interest on funds held on deposit. This income is included when receivable and the amount can be measured reliably by the Charity. Further details regarding investment income received by the Charity are set out in note 17.

vii) Fees and Other Income

The breakdown of this is shown in note 7. This includes the HMRC job rentention scheme, business rates grants and miscellaneous (other income charges for use of facilities and services).

e) Donation of Assets

Gifts of tangible assets are included in these accounts at an estimated valuation which approximates to cost. Donations are included in the income and expenditure account as such, and in the balance sheet under the appropriate headings.

f) Expenditure and Irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classifed under the following activity headings:

i) Costs of generating income

These include the expenditure on operating the retail charity shops, fundraising to generate donations and to record and thank donors, the costs associated with managing the investment portfolio (including brokerage costs), and the costs involved in managing properties owned for investment purposes. The consolidated accounts detail the cost of carrying out subsidiary operations such as lotteries and additional retail activity, the surplus from these activities is donated to the charity.

ii) Expenditure on charitable activites

Expenditure on charitable activities includes the expenditure incurred to operate the Hospice services, including the overheads of the Charity and the cost of governance.

Iii) Irrecoverable VAT

Irrecoverable VAT is written off in the year it is recognised as such.

g) Basis for the Allocation of Costs

i) Direct costs

Where possible costs are charged directly to one of the primary services of the charity.

ii) Support costs

Support costs are those deemed to be essential to the operation of the Charity's primary purposes, for example catering and laundry, and are allocated on the basis of usage. These also include costs that cannot be charged directly to one primary service as they support all primary services, these are allocated either on the basis of usage where this can be easily determined or otherwise apportioned on the basis of total costs of services.

iii) Overhead costs

Overhead costs are those that support not only the primary services of the Charity but also other functions, including those of the subsidiary companies. These are allocated on the basis of fair usage of the relevant overhead or otherwise apportioned on the basis of cost. Overheads are allocated directly to primary services, governance, fundraising and subsidiary companies rather than allocating or apportioning costs to other support and overhead functions.

h) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Capital items in excess of £5,000 are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over their expected useful lives on the following bases:-

Charity leasehold buildings	2%	straight line basis
Subsidiaries leasehold buildings	10-33%	straight line basis
Equipment, furniture and vehicles	20%	straight line basis
General IT equipment	20-50%	straight line basis
Household equipment	100%	

1. ACCOUNTING POLICIES (Cont.)

i) Investments
Fixed asset investment in quoted shares, traded bonds and similiar investments are valued initially at cost and subsequently at fair value (their market value) at year end. The same treatment is applied to unlisted investments unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

j) Stock
Stock is the value of Christmas card stocks held for sale stated at the lower of cost and net realisable value.

k) Debtors
Trade and other debtors are recognised at the settlement amount due after trade discounts have been applied. Subsequently they are measured at the cash or other consideration expected to be received. Prepayments are valued at the proportionate amount pre-paid relating to future accounting periods at the balance sheet date.

l) Cash
Cash at bank and cash in hand includes all operating cash held and immediately available for the Charity's use. In addition to this there is cash sitting within the investment portfolio.

m) Creditors
Creditors are recognised where the Charity has a present obligation arising from a past event that will probably result in a transfer of funds to a third party and the amount to be transferred can be reliably determined.

n) Payments on Account
Payments on account is income received but at the balance sheet date the Charity has no legal entitlement to the funds, in particular donor's money held by the retail company, which donors are yet to confirm may be donated to the Charity and lottery players who have paid in advance of future draws.

o) Deferred Income
Other grants are credited to the profit and loss account as the related expenditure is incurred. Income received prior to an event which would be returnable if the event does not occur is deferred until the event has occurred.

p) Pensions
The Charity operates a number of employee pension schemes. Further details regarding the schemes operated are set out in note 15 of these accounts. Contributions payable for the year are charged in the income and expenditure account.

q) Redundancy Costs
Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefit.

r) Fund Accounting
General Funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity. Designated funds are unrestricted funds of the Charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be used solely for particular areas of the Charity's work. Note 22 provides further explanation behind the restricted and designated funds.

s) Method of Consolidation
The financial statements consolidate the accounts of Katharine House Hospice and all its subsidiary undertakings using the acquisition method.

t) Deferred Taxation
Deferred tax is provided in full on timing differences which represents 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 or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax is now provided on timing differences arising from accelerated capital allowances as in accordance with SORP (FRS 102). Deferred tax assets and liabilities are not discounted.

u) Operating Leases
Rental applicable to operating leases where substantially all of the benefit and risks of ownership remain with the lessor are charged to the income and expenditure account as incurred.

1. ACCOUNTING POLICIES (Cont.)

v) Volunteers

The Charity benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in the annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

2. LEGAL STATUS OF THE CHARITY

The Charity is registered with the Charity Commission in England and Wales (registered number 1011712) and is incorporated in England and Wales as a Company Limited by Guarantee and does not have share capital. Each member of the company has undertaken to contribute to the assets of the company in the event of it being wound up while s/he is a member, or within one year after s/he ceases to be a member, for payment of the debts and liabilities of the company contracted before s/he ceases to be a member, and of the rights of the contributions amongst themselves, such amount as may be required not exceeding £1. Each member pays a subscription fee annually. Income from membership is the annual subscription.

3. FUNDRAISED INCOME

Hospice & Group	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Income Sources						
Unsolicited donations	53,929	100	54,029	31,490	300	31,790
Solicited donations	888,736	6,617	895,353	384,947	25,708	410,655
Trusts and grant giving bodies	87,306	99,884	187,190	59,919	81,442	141,361
Gift aid on donations	111,515	--	111,515	57,798	--	57,798
Other sources	1,964	--	1,964	4,933	--	4,933
	1,143,450	**106,601**	**1,250,051**	**539,087**	**107,450**	**646,537**

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Hospice						
KH Promotions Ltd	255,387	--	255,387	221,644	--	221,644
KHH Development Ltd	3,485	--	3,485	9,845	--	9,845
KH Retail Ltd	53,224	--	53,224	78,638	--	78,638
Sale of Donated Goods	1,064,765	--	1,064,765	3,354,609	--	3,354,609
Gift Aid on Sale Goods	273,235	--	273,235	1,040,202	--	1,040,202
Fundraising Events	60,639	--	60,639	214,238	8,091	222,329
	1,710,735	**--**	**1,710,735**	**4,919,176**	**8,091**	**4,927,267**
Group						
KH Promotions Ltd	437,761	--	437,761	443,651	--	443,651
KHH Development Ltd	3,868	--	3,868	10,392	--	10,392
KH Retail Ltd	165,873	--	165,873	312,155	--	312,155
Sale of Donated Goods	1,064,765	--	1,064,765	3,354,609	--	3,354,609
Gift Aid on Sale Goods	273,235	--	273,235	1,040,202	--	1,040,202
Fundraising Events	60,639	--	60,639	214,238	8,091	222,329
	2,006,141	**--**	**2,006,141**	**5,375,247**	**8,091**	**5,383,338**

5. INCOME FROM CHARITABLE ACTIVITIES

Income from charitable activities incorporates receipts of income from statutory agencies, whether as grants or contracts and fees received for the provision of the Charity's services. Trustees are pleased to report that the four local Clinical Commissioning Groups (Stafford and Surrounds, Cannock Chase, East Staffordshire, and Seisdon and South Staffordshire) have continued commitments to fund the Hospice's work.

Hospice		Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Local Clinical Commissioning Groups							
Grants	(a)	1,176,457	--	1,176,457	--	1,243,583	1,243,583
Contracts	(b)	--	80,556	80,556	--	27,405	27,405
Pension Rebate	(c)	--	26,594	26,594	--	26,594	26,594
NHS England							
Capacity Grant	(d)	--	1,714,251	1,714,251	--	--	--
Prison Services Contract	(e)	--	--	--	--	--	--
Stafford Borough Council	(f)	3,500	--	3,500	3,500	--	3,500
Other Fee Income	(g)	488	1,700	2,188	--	4,674	4,674
Income from Charitable Activities		**1,180,445**	**1,823,101**	**3,003,546**	**3,500**	**1,302,256**	**1,305,756**
Group							
Hospice - as above		1,180,445	1,823,101	3,003,546	3,500	1,302,256	1,305,756
Embrace Quality Care		319,950	--	319,950	326,300	--	326,300
Group Income from Charitable Activities		**1,500,395**	**1,823,101**	**3,323,496**	**329,800**	**1,302,256**	**1,632,056**

(a) A one year recurring conditional grant the value of which is derived annually.

(b) Spot purchasing of care services for individually named patients.

(c) The Hospice is in receipt of an annual rebate from the Department of Health, paid through Stafford & Surrounds and Cannock Chase CCGs, to cover the increased costs to the employer of the NHS pension scheme.

(d) The NHSE awarded funding to allow the Hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose.

(e) A contract with NHS England for the provision of in reach services to HMP Stafford and HMP YOI Drake Hall for prisoners at end of life.

(f) A one year recurring service level agreement.

(g) The main object of the Charity is to provide home care, day care and inpatient care to people in mid-Staffordshire in need of specialist palliative care. The Charity makes no charge for the provision of these services. A subsidiary object is to provide training, education and other resources for those involved in the provision of specialist palliative care services. To this end medical and nursing students from universities have paid placements at the Hospice and a training room is provided at the Katharine House Business Centre. Training and education is often provided without charge, but for some a fee is charged to external trainees. Furthermore, the facilities are not always in use for the objects of the Charity, and at times when the facilities are idle they are available to external organisations.

In addition the Hospice has received non-recurring grants from local councils for specific objectives, as described below.

	2021 £	2020 £
Hednesford Town Council for IT equipment	351	--
Uttoxeter Town Council for At Home Team Service	300	--
Rugeley Town Council for Day Therapies riser recliner chairs	--	429
Uttoxeter Town Council for Day Therapies dining room chairs	--	278

6. INVESTMENT INCOME

All investment income is unrestricted and comprises:

	Company		Group	
	2021	2020	2021	2020
	£	£	£	£
Bank interest	48	103	57	127
Interest from investments	--	352	--	352
Dividends	9,376	11,892	9,376	11,892
Tax reclaim due in investments	--	31	--	31
	9,424	**12,378**	**9,433**	**12,402**

7. OTHER INCOME

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Hospice						
HMRC Job Retention Scheme	871,374	--	871,374	38,511	--	38,511
Business Rates Grants	587,001	--	587,001	--	--	--
Miscellaneous	22,196	16	22,212	7,735	--	7,735
	1,480,571	**16**	**1,480,587**	**46,246**	**--**	**46,246**
Group						
HMRC Job Retention Scheme (a)	890,125	--	890,125	42,265	--	42,265
Business Rates Grants	587,001	--	587,001	--	--	--
Miscellaneous (b)	26,398	16	26,414	7,735	--	7,735
	1,503,524	**16**	**1,503,540**	**50,000**	**--**	**50,000**
(a) HMRC Job Retention Scheme						
Katharine House Hospice	871,374	--	871,374	38,511	--	38,511
KH Promotions Ltd	9,011	--	9,011	237	--	237
KH Retail Ltd	4,582	--	4,582	3,138	--	3,138
Embrace Quality Care Ltd	5,158	--	5,158	379	--	379
	890,125	**--**	**890,125**	**42,265**	**--**	**42,265**
(b) Miscellaneous						
Katharine House Hospice	22,196	16	22,212	7,735	--	7,735
KH Promotions Ltd	--	--	--	--	--	--
KH Retail Ltd	--	--	--	--	--	--
Embrace Quality Care Ltd	4,202	--	4,202	--	--	--
	26,398	**16**	**26,414**	**7,735**	**--**	**7,735**

8. EXPENSE ANALYSIS

	Note	Direct Staff £	Other Direct £	Deprec-iation £	Allocated £	2021 Total £	Direct Staff £	Other Direct £	Deprec-iation £	Allocated £	Restated 2020 Total £
COSTS OF GENERATING FUNDS											
Hospice											
Fundraising		186,754	22,511	1,877	69,844	280,986	227,862	22,762	1,877	71,165	323,666
Other trading activities		2,083,160	708,461	48,122	236,864	3,076,607	2,156,449	1,171,327	52,443	266,554	3,646,773
Investment management fees		--	7,676	--	--	7,676	--	8,731	--	--	8,731
	(a)	**2,269,914**	**738,648**	**49,999**	**306,708**	**3,365,269**	**2,384,311**	**1,202,820**	**54,320**	**337,719**	**3,979,170**
Group											
Fundraising		186,754	22,511	1,877	69,844	280,986	227,862	22,762	1,877	71,165	323,666
Other trading activities		2,152,181	922,509	74,332	239,826	3,388,848	2,291,287	1,496,363	100,529	218,094	4,106,273
Investment management fees		--	7,676	--	--	7,676	--	8,731	--	--	8,731
	(a)	**2,338,935**	**952,696**	**76,209**	**309,670**	**3,677,510**	**2,519,149**	**1,527,856**	**102,406**	**289,259**	**4,438,670**
COSTS OF CHARITABLE ACTIVITIES											
Hospice											
Patient care	(b)	1,671,201	259,293	63,085	745,585	2,739,164	1,737,316	380,681	60,513	775,280	2,953,790
Governance	(a)	80,166	12,020	--	39,802	131,988	34,090	12,515	--	35,638	82,243
		1,751,367	**271,313**	**63,085**	**785,387**	**2,871,152**	**1,771,406**	**393,196**	**60,513**	**810,918**	**3,036,033**
Group											
Patient care	(b)	1,964,339	300,156	63,085	769,081	3,096,661	2,039,360	410,092	60,513	792,418	3,302,383
Governance	(a)	80,166	12,020	--	39,802	131,988	34,090	12,515	--	35,638	82,243
		2,044,505	**312,176**	**63,085**	**808,883**	**3,228,649**	**2,073,450**	**422,607**	**60,513**	**828,056**	**3,384,626**

ANALYSIS OF EXPENSES BETWEEN FUNDS

(a) All expenses incurred in raising funds and governance are taken from unrestricted or designated funds

(b) Patient care expenses are analysed between unrestricted/designated funds and restricted funds as follows:

	Hospice		Group	
	2021 £	2020 £	2021 £	2020 £
Unrestricted/designated	935,195	1,598,726	1,292,692	1,947,319
Restricted	1,935,957	1,437,307	1,935,957	1,437,307
	2,871,152	**3,036,033**	**3,228,649**	**3,384,626**

9. SUPPORT AND OVERHEAD EXPENSE ANALYSIS

	Staff Costs £	Other Costs £	Deprec-iation £	2021 Total £	Staff Costs £	Other Costs £	Deprec-iation £	Restated 2020 Total £
Support functions	479,531	259,521	11,577	**750,629**	428,630	307,756	11,113	**747,499**
Overheads	312,056	78,145	7,838	**398,039**	352,534	87,766	7,896	**448,196**
	791,587	**337,666**	**19,415**	**1,148,668**	**781,164**	**395,522**	**19,009**	**1,195,695**

Allocations to:		
Patient Care	745,585	775,280
Governance	39,802	35,638
Fundraising	69,844	71,165
KH Promotions Ltd	24,410	21,790
KH Retail Ltd	8,667	8,375
Sale of donated goods	236,864	266,554
Embrace Quality Care Ltd	23,496	16,893
	1,148,668	**1,195,695**

10. NET INCOME

Net income is stated after charging the following items to the Income and Expenditure Account.

	Hospice		Group	
	2021 £	2020 £	2021 £	2020 £
Auditors remuneration	13,255	11,280	13,255	11,280
Depreciation of tangible fixed assets	132,499	134,123	158,709	182,209
(Profit)/loss on disposal of fixed assets	1,455	--	1,205	250
Operating lease rentals	366,578	464,250	366,578	464,250
Payments to directors/trustees	--	--	--	--
Trustee indemnity insurance	1,235	1,235	1,235	1,235

11. TRADING SUBSIDIARIES

Katharine House has 4 subsidiary trading companies

KH Promotions Limited 03295776 runs a society lottery on behalf of the Charity

Katharine House Retail Limited 03949314 carries out trading activity, including ebay, house clearances, collection and delivery services

Embrace Quality Care Limited 08050417 is a care agency meeting the core objectives of the Charity, but charging for its services.

KHH Development Limited 08120430 provides administrative and financial support to other charities.

DLT Trading Limited 06834846 was dissolved on the 16th March 2021.

A summary of the results of the subsidiary companies of the Charity are set out in this note. Accounts have been approved by the directors of these companies and will be filed with the Registrar of Companies.

11. TRADING SUBSIDIARIES (Cont.)

	KH Promotions Ltd		KH Retail Ltd	
	2021	2020	2021	2020
	£	£	£	£
Turnover (including HMRC Job Retention Scheme)	446,772	443,888	170,453	315,293
Direct operating costs	(166,592)	(200,036)	(146,145)	(307,378)
Net recharges to/(from) Katharine House Hospice	(24,802)	(22,232)	25,683	70,692
Gross Profit	**255,378**	**221,620**	**49,991**	**78,607**
Interest payable	--	--	(108)	(1,336)
Interest receivable	9	24	--	--
Taxation	--	--	3,341	1,366
Net profit before Gift Aid	**255,387**	**221,644**	**53,224**	**78,637**
Distribution under Gift Aid to Katharine House	(255,387)	(221,644)	(53,224)	(78,637)
Retained in subsidiary undertaking	--	--	--	--
Retained earnings brought forward	--	--	9,739	9,739
Retained earnings carried forward	--	--	**9,739**	**9,739**
The aggregate of the assets, liabilities and funds at 31 March was:				
Fixed assets	--	--	24,271	50,481
Current assets	340,116	134,270	1,433,132	289,035
Current liabilities	(340,016)	(134,170)	(1,447,662)	(329,775)
Total Assets	**100**	**100**	**9,741**	**9,741**
Share capital	100	100	2	2
Retained earnings	--	--	9,739	9,739
Funds	**100**	**100**	**9,741**	**9,741**

	Embrace Quality Care Ltd		KHH Development Ltd	
	2021	2020	2021	2020
	£	£	£	£
Turnover (including HMRC JRS & Misc Income)	329,310	326,679	3,868	10,392
Direct operating costs	(334,001)	(331,455)	(383)	(547)
Net recharges to/(from) Katharine House Hospice	(23,496)	(17,138)	--	--
(Deficit) / net profit before Gift Aid	**(28,187)**	**(21,914)**	**3,485**	**9,845**
Distribution under Gift Aid to Katharine House	--	--	(3,485)	(9,845)
Retained in subsidiary undertaking	**(28,187)**	**(21,914)**	--	--
Retained earnings brought forward	(274,731)	(252,817)	--	--
Retained earnings carried forward	**(302,918)**	**(274,731)**	--	--
The aggregate of the assets, liabilities and funds at 31 March was:				
Current assets	117,535	66,231	20,499	27,010
Current liabilities	(415,453)	(335,962)	(19,999)	(26,510)
Total Assets	**(297,918)**	**(269,731)**	**500**	**500**
Share capital	5,000	5,000	500	500
Retained earnings	(302,918)	(274,731)	--	--
Funds	**(297,918)**	**(269,731)**	**500**	**500**

12. EMPLOYEE NUMBERS AND COSTS

The number of staff and whole time equivalents employed by the Charity, analysed by function was:

Company	2021		2020	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Care services	65	52.82	70	54.77
Support and overheads	28	19.99	38	26.44
Income generation	136	95.31	160	108.27
	229	**168.12**	**268**	**189.48**

Group	2021		2020	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Care services	84	67.23	90	69.56
Support and overheads	28	19.99	38	26.44
Income generation	143	101.74	167	114.71
	255	**188.96**	**295**	**210.71**

The costs of employment were:

	Company		Group	
	2021 £	**2020** £	**2021** £	**2020** £
Salary	4,252,153	4,408,439	4,586,657	4,818,346
National Insurance	295,785	293,626	314,389	311,510
Pension	264,931	234,816	273,981	243,907
	4,812,869	**4,936,881**	**5,175,027**	**5,373,763**
Bought-in staff	186,455	254,860	188,705	254,860
	4,999,324	**5,191,741**	**5,363,732**	**5,628,623**

13. REDUNDANCY COSTS

During the year the Trustees carried out a cost reduction programme which necessitated voluntary and compulsory redundancies. The group made statutory redundancy payments amounting to £53,806 (2020: Nil) with respect to 18 (2020: 0) individual cases.

14. EMOLUMENTS

The number of staff whose actual emoluments during the year exceeded £60,000 was:

	Company		Group	
	2021	2020	2021	2020
£60,001 - £70,000	0	0	0	0
£70,001 - £80,000	0	0	0	0
£80,001 - £90,000	1	1	1	1

The number of staff whose emoluments would have exceeded £60,000 during the year had they worked full-time (37.5 hours) for a full year is assessed as:

	Company		Group	
	2021	2020	2021	2020
£60,001 - £70,000	0	0	0	0
£70,001 - £80,000	4	3	4	4
£80,001 - £90,000	1	1	1	1
£90,001 - £100,000	0	1	0	1
£100,001 - £110,000	1	0	1	0

The gross cost of the Executive Team responsible for running the group of companies (including all emoluments, employer's national insurance contributions, and employer's pension contributions) was £420,511 (2020: £384,682). There were 5 employees and 1 non-employee on the team until February 2021 and in March 2021 there were 6 employees and 1 non-employee as two senior nurses fulfilled the Director of Care role during a handover period (2020: 4 employees and 1 non-employee on the team until June 2019 and 5 employees and 1 non-employee for the rest of the year).

15. PENSIONS

The Hospice makes provision for employees' pensions in accordance with the Memorandum of Association and its legal obligations. The Hospice does not operate its own pension scheme, but contributes to schemes as follows:

a) NHS Defined Benefit Scheme

Employees who are members of the NHS pension scheme, if eligible, may continue to contribute to this scheme. Employer contributions are 14.38%. Employee contributions range from 5% to 13.5% dependent upon the level of their notional full-time pensionable pay. This scheme is an unfunded defined benefit scheme that covers NHS employees, General Practitioners and other bodies allowed under the direction of the Secretary of State in England and Wales. The scheme is managed in a manner that does not make it practical for the Hospice to ascertain its share of the assets and liabilities under the scheme and the scheme is therefore treated in the accounts as if it were a defined contribution scheme, with the cost being taken as the contributions payable during the accounting period.

b) Standard Life Group/Stakeholder Pension Scheme

The Charity, in response to the Stakeholder Pension Schemes Regulations 2000, opened a scheme in the year 2000 for eligible employees to join the Standard Life Group Pension Scheme. The Charity matches employee contributions up to 7%. From 1 April 2015 Standard Life closed this scheme and it is not available to new employees. This scheme is a defined contribution scheme.

c) National Employment Savings Trust (NEST)

Eligible employees who are not in either of the two schemes above are automatically enrolled into the NEST scheme. The automatic enrolment is done at the statutory minimum (at present 5% for employers) but employees can increase their contributions and the Charity will match these up to 7%. This is a defined contribution scheme.

Numbers of staff and contributions to the different schemes are:

	2021		2020	
Company	Average Number	Employer Contribution	Average Number	Employer Contribution
NHS	27	139,877	29	106,060
Standard Life	15	39,607	16	40,907
NEST	154	85,447	165	87,849
	196	**264,931**	**210**	**234,816**
Group				
NHS	27	139,877	29	106,060
Standard Life	15	39,607	16	40,907
NEST	170	94,497	185	96,940
	212	**273,981**	**230**	**243,907**

16. TANGIBLE FIXED ASSETS

COMPANY	Long Leasehold Land and Buildings £	Equipment, Furniture and Fixtures £	IT Equipment and Software £	Motor Vehicles £	Total £
Cost					
At 1 April 2020	2,748,707	552,782	196,940	98,763	3,597,192
Additions	--	41,668	--	--	41,668
Disposals	--	(123,741)	(12,103)	(55,525)	(191,369)
At 31 March 2021	**2,748,707**	**470,709**	**184,837**	**43,238**	**3,447,491**
Depreciation					
At 1 April 2020	794,456	441,974	149,501	77,144	1,463,075
Charge for the year	58,614	50,404	14,833	8,648	132,499
Disposals	--	(123,741)	(10,645)	(55,525)	(189,911)
At 31 March 2021	**853,070**	**368,637**	**153,689**	**30,267**	**1,405,663**
Net Book Value					
At 31 March 2021	1,895,637	102,072	31,148	12,971	2,041,828
At 1 April 2020	1,954,251	110,808	47,439	21,619	2,134,117
GROUP					
Cost					
At 1 April 2020	3,114,859	594,952	196,940	247,768	4,154,519
Additions	--	41,668	--	--	41,668
Disposals	(312,230)	(165,911)	(12,103)	(70,025)	(560,269)
At 31 March 2021	**2,802,629**	**470,709**	**184,837**	**177,743**	**3,635,918**
Depreciation					
At 1 April 2020	1,151,128	471,123	162,521	185,149	1,969,921
Charge for the year	67,224	50,404	14,833	26,248	158,709
Disposals	(312,230)	(165,911)	(25,145)	(55,525)	(558,811)
At 31 March 2021	**906,122**	**355,616**	**152,209**	**155,872**	**1,569,819**
Net Book Value					
At 31 March 2021	1,896,507	115,093	32,628	21,871	2,066,099
At 1 April 2020	1,963,731	123,829	34,419	62,619	2,184,598

There are three properties owned by the Hospice (Unit i Priestly Court, Stafford, 150 Weston Road, Stafford, and Trading & Recycling Centre, Stone Road, ST15 0NS), which are all used as security for the four outstanding bank loans

17. FIXED ASSET INVESTMENT - Company and Group

	2021 £	%	2020 £	%
At 31 March investments were held as:				
Bonds	43,618	7.5	77,993	15.6
UK equities and funds	76,513	13.1	120,445	24.1
Overseas equities and funds	391,424	67.0	164,673	33.0
Other assets	52,682	9.0	26,909	5.4
Total Invested Funds	**564,237**	**96.6**	**390,020**	**78.1**
Cash held for investment	19,869	3.4	109,262	21.9
Total Funds in Investment portfolio	**584,106**	**100.0**	**499,282**	**100.0**

	2021 £	2020 £
Listed investments		
Market value at 5 April	390,020	533,753
Less Disposals at opening book value (proceeds £813,983)	(748,423)	(838,956)
Less return of capital	--	(16,237)
Add acquisitions at cost	905,072	813,138
Net gain/(loss) on revaluation at 5 April	17,568	(101,678)
Market value at 5 April of listed investments	**564,237**	**390,020**
Historical cost at 5 April	547,022	497,234

All investments are held in unrestricted funds. The net gains and losses on revaluation are based on the market value of investment provided by Perspective Managing Wealth who manage the fund on behalf of the Trustees.

FIXED ASSET INVESTMENT - Company

The Company's investments at the balance sheet date in the share capital of unlisted companies which are registered in the UK comprising:

	Company registration no.	% of shareholding held by KH Hospice	2021 £	2020 £
KH Promotions Limited	03295776	100%	100	100
Katharine House Retail Limited	03949314	100%	2	2
Embrace Quality Care Limited	08050417	100%	5,000	5,000
KHH Development Limited	08120430	100%	500	500
			5,602	**5,602**

Results for the year are shown in note 11 and are included in the consolidated accounts.

18. DEBTORS

	Company		Group	
	2021	2020	2021	2020
	£	£	£	£
Intercompany accounts	2,100,563	682,772	--	--
Trade debtors	162,152	287,826	199,545	329,167
NHS pharmaceutical supplies	16,748	22,039	16,748	22,039
HMRC - tax and social security	68,722	91,201	86,928	91,817
Other debtors	34,613	36,048	35,683	84,196
Accrued legacy income	53,508	--	53,508	--
Prepayments	124,066	129,859	125,014	130,963
Deposits provided	4,250	3,875	4,250	3,875
	2,564,622	**1,253,620**	**521,676**	**662,057**

The intercompany accounts are the balance of funds to be transferred to the Hospice in respect of Gift Aid payments for the year. The balances are payable on demand. In view of the nature of the balances, interest is not charged by the Hospice on the outstanding amounts, nor has it taken security for the balances.

19. STOCK

	Company		Group	
	2021	2020	2021	2020
	£	£	£	£
Bought in goods	--	--	811	1,679

20. CREDITORS

Amounts due in under one year

	Note	Company		Group	
		2021	2020	2021	2020
		£	£	£	£
Bank Loans		81,800	76,293	81,800	76,293
Hire purchase loan		--	--	--	8,887
Payments on account		--	--	114,494	106,973
Trade creditors		158,779	194,472	161,259	213,429
HMRC		--	--	--	--
Accruals		100,255	72,727	101,186	73,658
Deferred income	(21)	11,913	66,925	11,913	66,925
Other creditors		5,305	7,477	12,556	14,622
		358,052	**417,894**	**483,208**	**560,787**

Amounts due after one year

	Company		Group	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	379,947	463,793	379,947	463,793
	379,947	**463,793**	**379,947**	**463,793**

The bank loans consist of two different bank loans. The first bank loan is a term loan of 15 years commencing September 2013, with an option to repay at year 5 without penalty, at 2.16% above base rate.

The second bank loan is split into two, one half at a fixed rate of 3.96% and the other half at a variable rate of 2.15% above base rate. The second loan is a term loan of ten years which commenced December 2018.

The long term loans are secured on all three premises owned by the Hospice: Unit i Priestly Court, Stafford; 150 Weston Road, Stafford; and Trading & Recycling Centre, Stone Road, ST15 0NS.

21. DEFERRED INCOME & CONTINGENT ASSETS

Income deferred in accordance with FRS 102 and included in accruals and deferred income was:

For 2021	Balance at 1 April £	Released £	Deferred £	Balance at 31 March £
Refundable event income	43,026	43,026	11,913	11,913
Nursing home project	23,899	23,899	--	--
	66,925	**66,925**	**11,913**	**11,913**

For 2020	Balance at 1 April £	Released £	Deferred £	Balance at 31 March £
Refundable event income	34,879	34,879	43,026	43,026
Nursing home project	47,797	47,797	23,899	23,899
	82,676	**82,676**	**66,925**	**66,925**

The Hospice recognises the residual benefit of three estates as at 31.03.21. The resdiual payment of two of these estates are expected in 1-2 years time. The third estate consists of two trusts which have a life interest, which may be realised in future years.

22. FUNDS

Unrestricted Funds - Designated and General Funds

General funds are freely available for the Trustees to apply for its charitable purposes, but include fixed assets that are not expendable. The Trustees have established eight designated reserves from within the free and unrestricted funds available. The primary purpose of these funds is to assist the Charity in managing its reserves and financial risks, particularly in the light of known future commitments, unexpected failure of income and larger one off items of expenditure.

The Repairs and Renewals Fund enables Trustees to allocate larger items of expenditure on maintenance and repair and has been increased for anticipated repairs to the Hospice's roof.

The Renewal of IT Fund is to be built up to accommodate expected expenditure on the refreshing of the main IT infrastructure sometime between 2021 and 2023.

The Training and Development Fund ensures that existing commitments to staff development can be funded.

The Legacy Equalisation Fund helps Trustees manage the unpredictability of legacy income and use these funds in the event of a shortfall in legacy income against the annual budget.

The Retail Vehicle Fund and Loan Repayments Fund are for capital and interest commitments on the hire-purchase of 4 retail vehicles in 2017/18 and two bank loans to purchase two properties.

The Emergency Campaign Fund represents unrestricted funds received by the Charity to support its services through the pandemic. The balance will be used to support services in the next two years.

Restricted Funds

The Capital and Equipment Funds are primarily for the purchase of items of equipment or refurbishments. Some have small cash balances which are used in the maintenance of the asset.

The NHSE awarded funding to allow the Hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose.

The Service Funds are to operate specified services and are expected to be spent within 12 months. Expenditure against these funds is only for direct costs of running the services, not for recharges or overheads.

The Other Restricted Funds are for use in the provision of aspects of services or for provisions not specific to a service, for example: patient comfort funds, funds for the upkeep of the garden and other areas, funds to provide training and development for staff.

22. FUNDS (Cont.)

COMPANY

For the Year Ended 31 March 2021

Funds	Opening Fund Value £	Income £	Costs of Generating Income £	Charitable Expenditure and Financing £	Investment Gains / (Losses) £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	**2,613,743**	**4,699,530**	**(3,365,269)**	**(774,051)**	**83,128**	**262,574**	**3,519,655**
Designated Funds							
Repairs and Renewals	60,000	--	--	(7,390)	--	47,390	100,000
Renewal of IT	100,000	--	--	--	--	--	100,000
Training and Development	11,000	--	--	(3,022)	--	--	7,978
Legacy Equalisation	120,000	245,807	--	--	--	(245,807)	120,000
Retail Vehicle	7,550	--	--	(108)	--	(7,442)	--
Loan Repayments	538,473	--	--	(14,430)	--	(56,715)	467,328
Emergency Campaign	--	825,095	--	(150,785)	--	--	674,310
	837,023	**1,070,902**	**--**	**(175,735)**	**--**	**(262,574)**	**1,469,616**
Restricted Funds							
Capital and Equipment Funds	33,709	27,808	--	(32,590)	--	--	28,927
NHSE Capacity Funding	--	1,714,251	--	(1,714,251)	--	--	--
Service Funds	14,434	180,576	--	(180,127)	--	--	14,883
Other Restricted Funds	25,615	7,083	--	(8,989)	--	--	23,709
	73,758	**1,929,718**	**--**	**(1,935,957)**	**--**	**--**	**67,519**
	3,524,524	**7,700,150**	**(3,365,269)**	**(2,885,743)**	**83,128**	**--**	**5,056,790**

For the Year Ended 31 March 2020

Funds	Opening Fund Value £	Income £	Costs of Generating Income £	Charitable Expenditure and Financing £	Investment Gains / (Losses) £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	**2,504,212**	**5,520,387**	**(3,979,170)**	**(1,508,461)**	**(112,537)**	**189,312**	**2,613,743**
Designated Funds							
Repairs and Renewals	40,000	--	--	(2,103)	--	22,103	60,000
Renewal of IT	100,000	--	--	--	--	--	100,000
Training and Development	11,000	--	--	(3,465)	--	3,465	11,000
Legacy Equalisation	120,000	114,880	--	--	--	(114,880)	120,000
Retail Vehicle	34,535	--	--	(26,985)	--	--	7,550
Loan Repayments	615,129	--	--	(76,656)	--	--	538,473
Norton Bridge Development	100,000	--	--	--	--	(100,000)	--
	1,020,664	**114,880**	**--**	**(109,209)**	**--**	**(189,312)**	**837,023**
Restricted Funds							
Capital and Equipment Funds	27,729	65,552	--	(59,572)	--	--	33,709
Service Funds	36,067	1,342,391	--	(1,364,024)	--	--	14,434
Other Restricted Funds	29,472	9,854	--	(13,711)	--	--	25,615
	93,268	**1,417,797**	**--**	**(1,437,307)**	**--**	**--**	**73,758**
	3,618,144	**7,053,064**	**(3,979,170)**	**(3,054,977)**	**(112,537)**	**--**	**3,524,524**

GROUP

For the Year Ended 31 March 2021

Funds	Opening Fund Value £	Income £	Costs of Generating Income £	Charitable Expenditure and Financing £	Investment Gains / (Losses) and provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	2,348,751	5,337,846	(3,677,510)	(1,131,656)	86,469	262,574	3,226,474
Designated Funds	837,023	1,070,902	--	(175,735)	--	(262,574)	1,469,616
Restricted Funds	73,758	1,929,718	--	(1,935,957)	--	--	67,519
	3,259,532	**8,338,466**	**(3,677,510)**	**(3,243,348)**	**86,469**	**--**	**4,763,609**

For the Year Ended 31 March 2020

Funds	Opening Fund Value £	Income £	Costs of Generating Income £	Charitable Expenditure and Financing £	Investment Gains / (Losses) and provisions £	Transfer from / (to) General Fund £	Closing Fund Value £
General Fund	2,261,134	6,306,536	(4,438,670)	(1,858,390)	(111,171)	189,312	2,348,751
Designated Funds	1,020,664	114,880	--	(109,209)	--	(189,312)	837,023
Restricted Funds	93,268	1,417,797	--	(1,437,307)	--	--	73,758
	3,375,066	**7,839,213**	**(4,438,670)**	**(3,404,906)**	**(111,171)**	**--**	**3,259,532**

23. FINANCIAL COMMITMENTS

Capital Commitments - Company and Group
The Charity has no capital commitments at 31 March 2021 (2020: Nil).

Operating Lease Commitments
The Company and Group hold leases for retail outlets and office equipment. The future outstanding commitments broken down by time periods are shown below with prior year comparatives (prior year comparatives have been reinstated due to a calculation correction):

	<1 year	2-5 years	+5 years
Company & Group as at 31.03.21	283,391	495,724	155,557
Company & Group as at 31.03.20	325,776	702,299	236,481

The total operating lease commitments (this includes leases that are out of lease calculated at 6 months' liability) are:

	To next date of cancellation	Total Cost of Lease
Company & Group as at 31.03.21	809,991	934,672
Company & Group as at 31.03.20	898,509	1,264,556

There were no other operating lease commitments at 31 March 2021 that exceeded one year.

24. RELATED PARTY TRANSACTIONS

During the year some of the Trustees, senior managers, and employees of all Group entities made donations to the Charity, played the lottery run by KH Promotions Ltd, and bought and donated goods to the Charity. All these transactions were conducted on an arms length basis in support of the Charity. All donations made by the Trustees were unrestricted.

Access to the Hospice's care services is based on the assessment of clinical need and the availability of provision. It is possible that relatives of Trustees, senior managers, and employees of all Group entities may have accessed the Charity's services, but this is not separately identifiable and therefore not disclosed.

Specific related party transactions are:

	2021	2020
	£	£
Allison Cape (Trustee of Katharine House Hospice)		
Midlands Partnership Foundation Trust (MPFT) (relationship: Employee)		
(i) Contract for the provision of social work services	--	21,099
Infection Control Training	--	100
Outstanding Creditor Balance as at 31st March	--	--
Chris Secker (Trustee of Katharine House Hospice - resigned 30/05/20), Caroline Bruckner Holt (Medical Director of of Katharine House Hospice), Zia Din (Trustee of Katharine House Hospice) & R Hughes (Trustee of Katharine House Hospice)		
County Hospital and University Hospitals of the North Midlands (formerly Mid Staffordshire Hospitals NHS Trust) (relationship: Employees)		
Provision of pharmacy services and drug supplies	46,414	57,741
Provision of palliative medical consultant sessions	107,783	185,799
Contract for the provision of occupational and physiotherapy services	26,886	36,247
Outstanding Creditor Balance as at 31st March	30,747	57,011
Richard Soulsby (CEO of Katharine House Hospice)		
AL Services (relationship: Spouse is proprietor)		
Spot purchasing of counselling services	2,652	5,058
Outstanding Creditor Balance as at 31st March	325	--
Jennifer Woodyard (Trustee of Katharine House Hospice)		
Hand Morgan & Owen Solicitors (relationship: Employee)		
Provision of legal services connected with property transactions	--	253
Outstanding Creditor Balance as at 31st March	--	--
Stafford and District Bereavement and Loss Support Service (company number 07288186) (Katharine House Hospice is a director of Staffors and District Breavement and Loss Support Service)		
Donation	1,000	--

(i) The contract was originally with Staffordshire County Council, until the staff transferred under TUPE to MPFT

25. Financial Statements restated for the year ended 31 March 2020

In-line with the recommendations from the Trustees, the format of the financial statements have been amended so that the financial statements are now presented in a clearer format. In certain areas the prior year figures have been restated due to the change in the format but overall movement in funds has remained static for the prior year.

26. Post Balance Sheet Events

The Hospice has repaid all of its term loans.

The Trustees have decided to sell the property at 150 Weston Road and at the time of preparing these accounts the property is being marketed. As services have reduced the value of this property to the Charity is limited, and the cash realised will continue to support the free reserves of the Charity.

27. Audit Liability Limitation Agreement (LLA)

In accordance with Companies Act 2006 (s538), we are required to disclose any audit liability limitation agreements in effect. A resolution was passed 27 October 2020 which limits the liability of the auditor to £5m for any loss or damage suffered by Katharine House Hospice arising out of or in connection with the provision of services provided by the auditor including negligence but not wilful default.