

“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

Chairman's Statement	3
Vision	6
Mission	7
Pat's Story	8
Amy's Story	9
Directors' and Trustees' Annual Report	10
Introductory Information	10
Strategic Report	13
Additional Disclosures	23
Independent Auditor's Report	30
Consolidated Statement of Financial Activities	34
Consolidated Balance Sheet	35
Katharine House Hospice Balance Sheet	36
Consolidated Statement of Cash Flow	37
Notes to the Cash Flow Statement	38
Notes to the Financial Statements	39 – 59

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.

A handwritten signature in black ink, reading "Peter Catchpole". The signature is written in a cursive, flowing style.

Peter Catchpole
Chairman, 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.



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.

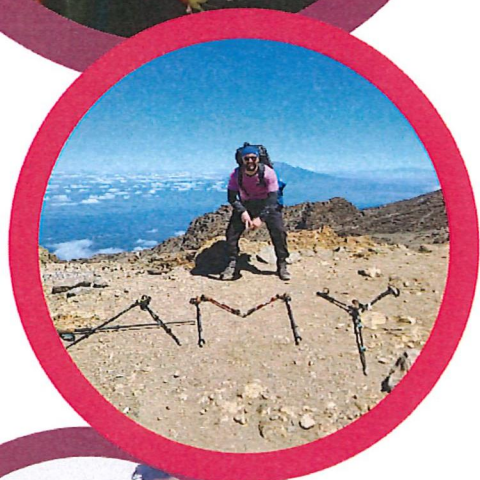
"I cannot praise the staff enough. They are unbelievable – my mum calls them angels. They helped mum and my brothers and me enormously. It was a weight off our shoulders.

"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 and 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 formally 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:	<u>April</u> <u>2023</u>	<u>April</u> <u>2022</u>	<u>April</u> <u>2021</u>	<u>April</u> <u>2020</u>	<u>April</u> <u>2019</u>	<u>April</u> <u>2018</u>
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.

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

Peter Catchpole
Chairman, Katharine House Hospice

Independent Auditor's Report

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
		<u>2,498,081</u>	<u>--</u>	<u>2,498,081</u>	<u>2,626,862</u>	<u>--</u>	<u>2,626,862</u>
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
		<u>6,453,001</u>	<u>99,730</u>	<u>6,552,731</u>	<u>4,870,695</u>	<u>144,604</u>	<u>5,015,299</u>
CREDITORS	(20)	(737,834)	--	(737,834)	(581,807)	--	(581,807)
Amounts falling due within one year							
NET CURRENT ASSETS		<u>5,715,167</u>	<u>99,730</u>	<u>5,814,897</u>	<u>4,288,888</u>	<u>144,604</u>	<u>4,433,492</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,213,248</u>	<u>99,730</u>	<u>8,312,978</u>	<u>6,915,750</u>	<u>144,604</u>	<u>7,060,354</u>
CREDITORS		--	--	--	--	--	--
Amounts falling due after one year							
PROVISIONS							
Deferred tax liabilities		5,969	--	5,969	1,544	--	1,544
TOTAL NET ASSETS		<u>8,219,217</u>	<u>99,730</u>	<u>8,318,947</u>	<u>6,917,294</u>	<u>144,604</u>	<u>7,061,898</u>
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)
		<u>8,219,217</u>	<u>99,730</u>	<u>8,318,947</u>	<u>6,917,294</u>	<u>144,604</u>	<u>7,061,898</u>

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

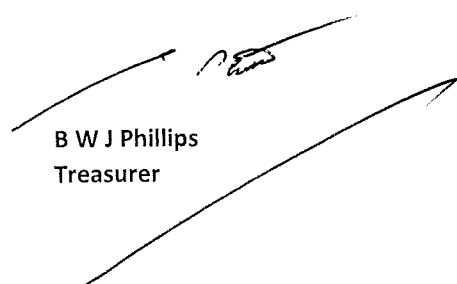
Company Balance Sheet

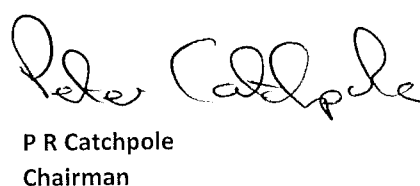
At 31 March 2023

	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
		<u>2,503,683</u>	<u>--</u>	<u>2,503,683</u>	<u>2,624,664</u>	<u>--</u>	<u>2,624,664</u>
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
		<u>6,367,275</u>	<u>99,730</u>	<u>6,467,005</u>	<u>5,029,956</u>	<u>144,604</u>	<u>5,174,560</u>
CREDITORS	(20)	(651,741)	--	(651,741)	(425,694)	--	(425,694)
Amounts falling due within one year							
NET CURRENT ASSETS		<u>5,715,534</u>	<u>99,730</u>	<u>5,815,264</u>	<u>4,604,262</u>	<u>144,604</u>	<u>4,748,866</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,219,217</u>	<u>99,730</u>	<u>8,318,947</u>	<u>7,228,926</u>	<u>144,604</u>	<u>7,373,530</u>
CREDITORS	(20)	--	--	--	--	--	--
Amounts falling due after one year							
TOTAL NET ASSETS		<u>8,219,217</u>	<u>99,730</u>	<u>8,318,947</u>	<u>7,228,926</u>	<u>144,604</u>	<u>7,373,530</u>
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
		<u>8,219,217</u>	<u>99,730</u>	<u>8,318,947</u>	<u>7,228,926</u>	<u>144,604</u>	<u>7,373,530</u>

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

		2023 £	2022 £
RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS			
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

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	8,590	273
Interest payable on loans	--	(8,828)
	<u>22,435</u>	<u>(4,317)</u>
Financing		
Repayments of loan capital	--	(461,747)
	<u>--</u>	<u>(461,747)</u>
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
	<u>(202,212)</u>	<u>45,524</u>

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	<u><u>5,180,804</u></u>	<u><u>4,164,580</u></u>

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	<u><u>4,164,580</u></u>	<u><u>1,016,224</u></u>	<u><u>5,180,804</u></u>

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	<u><u>4,164,580</u></u>	<u><u>1,016,224</u></u>	<u><u>5,180,804</u></u>

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.

**Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)**

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:

**Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)**

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.

**Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)**

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.

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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.

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

4. INCOME FROM OTHER TRADING ACTIVITIES

	2023			2022		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	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
	<u>4,779,374</u>	<u>--</u>	<u>4,779,374</u>	<u>4,300,328</u>	<u>--</u>	<u>4,300,328</u>
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
	<u>5,004,092</u>	<u>--</u>	<u>5,004,092</u>	<u>4,669,392</u>	<u>--</u>	<u>4,669,392</u>

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.

	2023			2022		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Hospice						
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	<u>1,179,958</u>	<u>90,403</u>	<u>1,270,361</u>	<u>1,179,958</u>	<u>889,875</u>	<u>2,069,833</u>
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	<u>1,512,154</u>	<u>90,403</u>	<u>1,602,557</u>	<u>1,461,895</u>	<u>889,875</u>	<u>2,351,770</u>

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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
	<u>19,874</u>	<u>90</u>	<u>19,964</u>	<u>96,472</u>	<u>--</u>	<u>96,472</u>
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
	<u>19,874</u>	<u>90</u>	<u>19,964</u>	<u>99,884</u>	<u>--</u>	<u>99,884</u>
(a) HMRC Job Retention Scheme						
Katharine House Hospice	--	--	--	19,468	--	19,468
KH Promotions Ltd	--	--	--	2,463	--	2,463
	<u>--</u>	<u>--</u>	<u>--</u>	<u>21,931</u>	<u>--</u>	<u>21,931</u>
(b) Miscellaneous						
Katharine House Hospice	19,874	--	19,874	19,003	--	19,003
Embrace Quality Care Ltd	--	--	--	949	--	949
	<u>19,874</u>	<u>--</u>	<u>19,874</u>	<u>19,952</u>	<u>--</u>	<u>19,952</u>

Katharine House Hospice

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

8. EXPENSE ANALYSIS

COSTS OF RAISING FUNDS

	Note	Direct Staff £	Other Costs Direct £	Depreciation £	Allocated Support Costs £	2023 Total £	Direct Staff £	Other Costs Direct £	Depreciation £	Allocated Support Costs £	2022 Total £
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)	<u>1,989,799</u>	<u>1,063,916</u>	<u>56,801</u>	<u>333,137</u>	<u>3,443,653</u>	<u>1,821,261</u>	<u>953,697</u>	<u>41,741</u>	<u>228,233</u>	<u>3,044,932</u>
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)	<u>2,067,619</u>	<u>1,247,237</u>	<u>64,601</u>	<u>293,353</u>	<u>3,672,810</u>	<u>1,915,088</u>	<u>1,260,852</u>	<u>58,212</u>	<u>191,006</u>	<u>3,425,158</u>

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
		<u>2,375,132</u>	<u>490,476</u>	<u>61,212</u>	<u>395,729</u>	<u>3,322,549</u>	<u>2,077,012</u>	<u>481,903</u>	<u>70,270</u>	<u>280,677</u>	<u>2,909,862</u>
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
		<u>2,676,335</u>	<u>527,806</u>	<u>61,212</u>	<u>395,729</u>	<u>3,661,082</u>	<u>2,332,801</u>	<u>517,714</u>	<u>70,270</u>	<u>280,677</u>	<u>3,201,462</u>

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 £	2023 £
Unrestricted/designated	3,017,281	3,355,814
Restricted	305,268	305,268
	<u>3,322,549</u>	<u>3,661,082</u>
		2,249,416
		<u>952,046</u>
		<u>3,201,462</u>

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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
	<u>432,094</u>	<u>289,161</u>	<u>7,611</u>	<u>728,866</u>	<u>339,581</u>	<u>163,773</u>	<u>5,556</u>	<u>508,910</u>

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
	<u>728,866</u>	<u>508,910</u>

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.

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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
	<u>224</u>	<u>148.75</u>	<u>219</u>	<u>141.09</u>

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
	<u>246</u>	<u>169.13</u>	<u>243</u>	<u>159.98</u>

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	<u>223,390</u>	<u>171,063</u>	<u>232,354</u>	<u>179,314</u>
	4,797,025	4,237,855	5,176,047	4,587,883
Bought-in staff	<u>149,743</u>	<u>145,563</u>	<u>149,743</u>	<u>145,563</u>
	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).

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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:

Company	2023		2022	
	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
	<u>192</u>	<u>223,390</u>	<u>173</u>	<u>207,059</u>
Group				
NHS	21	87,540	21	83,228
Standard Life	13	38,206	14	41,969
NEST	177	106,608	152	87,723
	<u>211</u>	<u>232,354</u>	<u>187</u>	<u>212,920</u>

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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	<u>2,584,333</u>	<u>410,158</u>	<u>187,296</u>	<u>103,093</u>	<u>3,284,880</u>
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	<u>854,814</u>	<u>327,830</u>	<u>146,681</u>	<u>32,485</u>	<u>1,361,810</u>
Net Book Value					
At 31 March 2023	<u>1,729,519</u>	<u>82,328</u>	<u>40,615</u>	<u>70,608</u>	<u>1,923,070</u>
At 1 April 2022	<u>1,837,023</u>	<u>72,681</u>	<u>18,259</u>	<u>90,128</u>	<u>2,018,091</u>
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	<u>2,638,255</u>	<u>410,158</u>	<u>187,296</u>	<u>201,188</u>	<u>3,436,897</u>
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	<u>908,736</u>	<u>327,830</u>	<u>146,681</u>	<u>130,580</u>	<u>1,513,827</u>
Net Book Value					
At 31 March 2023	<u>1,729,519</u>	<u>82,328</u>	<u>40,615</u>	<u>70,608</u>	<u>1,923,070</u>
At 1 April 2022	<u>1,837,023</u>	<u>72,681</u>	<u>18,259</u>	<u>97,928</u>	<u>2,025,891</u>

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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	--
	<hr/>	<hr/>
Total invested funds	571,019	455,877
Cash held for investment	3,992	145,094
	<hr/>	<hr/>
Total funds in Investment portfolio	575,011	600,971
	<hr/>	<hr/>
	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
	<hr/>	<hr/>
Market value at 31 March of listed investments	571,019	455,877
	<hr/>	<hr/>
Historical cost at 31 March	584,842	454,260
	<hr/>	<hr/>

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
			<hr/>	<hr/>
			5,602	5,602

Results for the year are shown in note 11 and are included in the consolidated accounts.

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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
	<u>1,654,555</u>	<u>1,595,830</u>	<u>1,372,723</u>	<u>995,608</u>

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	<u>--</u>	<u>--</u>	<u>3,196</u>	<u>205</u>

20. CREDITORS

Amounts due in under one year		Company		Group	
Note		2023	2022	2023	2022
		£	£	£	£
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
		<u>651,741</u>	<u>425,694</u>	<u>737,834</u>	<u>581,807</u>

Amounts due after one year		Company		Group	
		2023	2022	2023	2022
		£	£	£	£
Bank loans		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
		<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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.

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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
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)	(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
Acquisition & 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

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

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
	<u>7,061,898</u>	<u>8,620,289</u>	<u>(7,333,892)</u>	<u>(29,348)</u>	<u>--</u>	<u>8,318,947</u>

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
	<u>4,763,611</u>	<u>8,913,595</u>	<u>(6,635,448)</u>	<u>20,140</u>	<u>--</u>	<u>7,061,898</u>

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:

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

	<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	
Provision 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	--	--

Notes to the Financial Statements
For the Year Ended 31 March 2023
(Continued)

24. RELATED PARTY TRANSACTIONS (Cont.)

	2023 £	2022 £
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	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.