

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

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

A Company Limited by Guarantee not having share capital

Registered company number 02700516 (England and Wales)

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Chairman's Statement

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



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

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

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

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

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

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

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

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

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

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

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

Peter Catchpole
Chairman



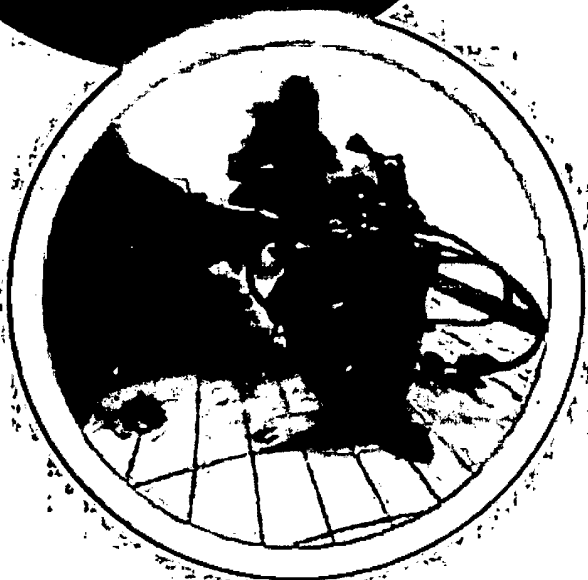
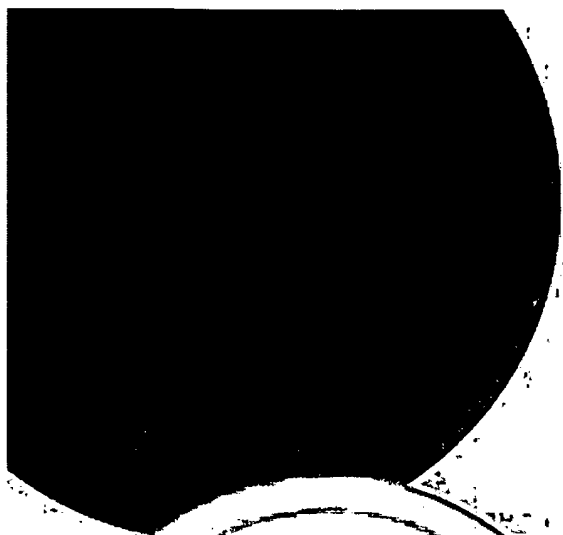
Our Vision

People live well and die with dignity in a place of their choice.



Our Mission

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



Diving dream come true

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

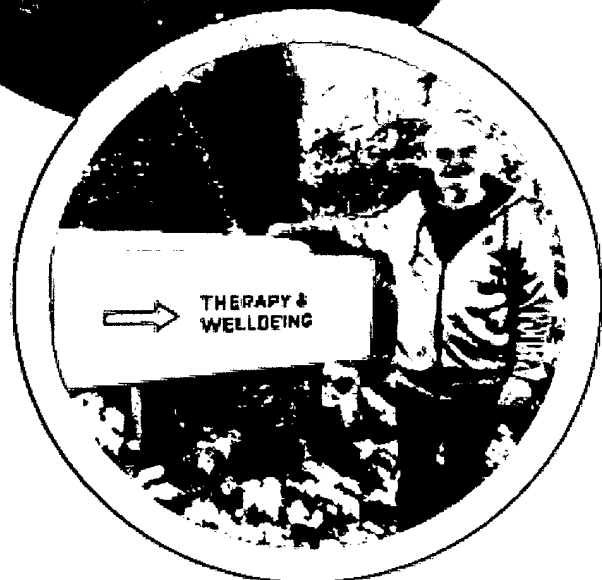
While a patient with us, 48-year-old Victoria told us about her love of scuba diving which led to our nurses making her dream become a reality diving with Stafford Sub Aqua Club, and her brother for the first time, at Stafford Leisure Centre.

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

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

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

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



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

Joseph 'Tosh' Kelly

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

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

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

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

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

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

TRUSTEES' AND DIRECTORS' ANNUAL REPORT 2025

THE YEAR IN SUMMARY

This year has been extremely positive:

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

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

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

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

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

INTRODUCTORY INFORMATION

1. Introduction

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

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

2. How we make a difference

2.1 Legal Purpose

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

- a) by the establishment of day or domiciliary care and to establish, maintain and manage a Hospice Hospital or Residential Home;
- b) To promote the teaching or training of doctors, nurses, and other persons;
- c) To provide counselling or spiritual help.

2.2 Our Mission

Our mission is that:

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

2.3 Our Services

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

Community Services

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

Wellbeing Programmes

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

Inpatient Care

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

Lymphoedema Services

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

Outpatient Services

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

3. Charitable Income Generation

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

3.1 Approach to Fundraising

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

3.1.1 Fundraising Regulator

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

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

3.1.2 Fundraising Standards

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

3.1.3 Fundraising Complaints

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

3.1.4 Vulnerable People

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

3.1.5 Society Lottery

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

STRATEGIC REPORT

4. Key Strategies

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

4.1 Care

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

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

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

4.2 Revenue Generation

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

4.3 Support Services

4.3.1 People

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

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

4.3.2 Marketing and Communications

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

4.3.3 Information Technology

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

5. Achievements and Performance

5.1 Summary of Main Achievements

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

5.2 Progress with 2024/25 Objectives

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

5.2.1 Extend and develop our outpatients, therapies and wellbeing services

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

5.2.2 Increase provision of community services

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

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

5.2.3 Develop relationships within primary care

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

5.2.4 Review and revise our care strategy

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

5.2.5 Develop proposals for renovation of the inpatient unit

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

5.2.6 Secure at least one additional premises for retail

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

5.2.7 Commence the implementation of a new clinical system

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

5.2.8 Implement a new system for managing incidents

An incident management system was launched in June 2024.

5.2.9 Implement a new system for managing risks

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

5.3 How We Measured Performance and Success

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

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

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

5.4 2024/25 Charitable Activities

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

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

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

5.5 Summary of Main Operational Challenges

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

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

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

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

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

5.6 Summary of Key Objectives for 2025/26

The key objectives for the 2025/26 year are:

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

6. Financial review

6.1 Factors Affecting Financial Performance

6.1.1 Review of factors affecting performance

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

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

6.1.2 The relationship with the Integrated Care Board (ICB)

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

6.1.3 Cost pressures

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

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

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

6.1.4 Recruitment and retention

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

6.1.5 Competition

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

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

6.1.6 Supplier issues

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

6.1.7 Regulatory burden

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

6.2 Charitable Income Generation

6.2.1 Performance and proportion of income raised spent on raising funds

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

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

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

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

6.2.2 Retail Performance

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

Comparative figures for the last two years are provided below.

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

6.3 Review of the Financial Accounts

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

6.3.1 Review of the financial position and main sources of funding

Key financial aspects of performance are:

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

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

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

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

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

6.3.2 National Health Service (England) Capital Grant

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

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

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

6.3.3 Reserves policy

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

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

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

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

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

6.3.4 Going concern

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

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

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

6.3.5 Investment policy

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

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

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

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

7. Principal Risks and Uncertainties

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

The principal risks and uncertainties faced by the Charity are:

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

ADDITIONAL DISCLOSURES

8. Structure, Governance and Management

8.1 How the Charity is Constituted

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

8.2 Organisational Structure

Katharine House Hospice has two wholly owned subsidiaries.

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

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

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

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

8.3 Decision-making Processes

8.3.1 Board of Trustees

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

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

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

8.3.2 Management

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

8.4 Trustees Appointment, Induction, and Support

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

Following a shortlisting process candidates are invited to attend a meeting with two current Trustees. The full Board must approve any initial appointment. At the AGM immediately after appointment Trustees are 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 receive a full induction and have a Trustee mentor who acts as a confidential advisor on Trustee issues. They have the option to spend time in key areas, for example, care and retail.

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

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

9. Other Relevant or Required Disclosures

9.1 Vital Volunteer Support

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

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

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

9.2 Charity Governance Code

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

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

9.3 Relationships with Other Organisations

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

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

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

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

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

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

9.4 Related Parties

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

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

9.5 Pay Policy for Senior Staff

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

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

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

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

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

9.6 Employment Policy

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

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

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

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

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

10. Public Benefit Statement

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

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

11. Reference and Administrative Details

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

Registered Office:

Weston Road, Stafford, ST16 3SB

The Registered Office is also the principal address of the Charity

Trustees and Directors and Key Management Personnel:

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

Trustees:

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

Company Secretary:

Mr S P Kirwan

Registered Manager:

Mr D Fletcher

Officers:

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

Auditor / Accountants:

Crowe U.K. LLP
Black Country House, Rounds Green Road, Oldbury, West
Midlands B69 2DG

Investment Brokers:

LGT Wealth Management UK LLP
Fourteen Cornhill, London, EC3V 3NR

Bankers:

Lloyds Bank Plc
Market Square, Stafford, ST16 2JL

12. Responsibilities in Relation to the Financial Statements

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

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

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

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

13. Statement as to Disclosure to our Auditors

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

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

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

14. Approval

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



Peter Catchpole
Chairman, Katharine House Hospice

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KATHARINE HOUSE HOSPICE

Opinion

We have audited the financial statements of Katharine House Hospice (the "charitable company") and its subsidiaries (the "Group") for the year ended 31 March 2025 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the charitable company's affairs as at 31 March 2025 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are

described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- the parent company has not kept adequate accounting records; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Helen Blundell LLB FCA FCIE DCHA (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

West Midlands

B69 2DG

Date: 24 November 2025

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

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

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

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

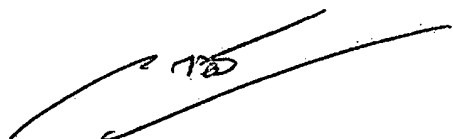
The Hospice's accounts comprises a net surplus for 2025 of £558,194 (2024: surplus £1,362,670).

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

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

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

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



B W J Phillips
Treasurer



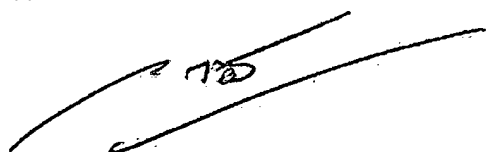
P R Catchpole
Chairman

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

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

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

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



B W J Phillips
Treasurer



P R Catchpole
Chairman

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

		2025	2024
		£	£
RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS			
Net movement in funds		553,194	1,362,670
Net movement in provisions		2,833	105,969
Depreciation		169,886	147,338
Amortisation		--	--
Loss / (gain) on investment assets		12,248	(33,102)
Dissolvement of Embrace Quality Care Limited		3,845	(5,000)
Income from fixed asset investment	Note i	(206,627)	(161,554)
Interest received	Note i	(38,605)	(15,490)
Gain on disposal of fixed assets		--	(500)
Decrease in debtors		64,606	686,000
(Increase)/decrease in stock		(338)	2,010
Increase/(decrease) in creditors		379,044	(244,630)
Net cash inflow from operating activities		940,086	1,843,711
CASH FLOW STATEMENT			
Net cash provided by operating activities		940,086	1,843,711
Returns on investments and servicing of finance	Note i	245,232	177,044
		1,185,318	2,020,755
Purchase of fixed assets	Note i	(485,493)	(1,127,880)
Increase in cash		699,825	892,875

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

NOTE i TO THE CASH FLOW STATEMENT

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

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

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

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

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

1. ACCOUNTING POLICIES

a) Basis of Accounting

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

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

b) Going Concern

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

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

c) Branch Accounting

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

d) Income

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

i) Fundraising Income

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

ii) Legacy Income

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

1. ACCOUNTING POLICIES (Cont.)

d) Income (cont.)

iii) Other Trading Income

A breakdown of income is shown in note 4.

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

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

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

iv) Charitable Activities

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

v) Donated Goods

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

vi) Investment Income

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

vii) Fees and Other Income

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

e) Donation of Assets

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

f) Expenditure and Irrecoverable VAT

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

1. ACCOUNTING POLICIES (Cont.)

f) Expenditure and Irrecoverable VAT (Cont.)

i) Costs of raising funds

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

ii) Expenditure on charitable activities

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

iii) Irrecoverable VAT

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

g) Basis for the Allocation of Costs

i) Direct costs

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

ii) Support costs

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

h) Tangible Fixed Assets and Depreciation

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

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

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

i) Intangible Fixed Assets and Amortisation

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

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

Software	20%	straight line basis
----------	-----	---------------------

1. ACCOUNTING POLICIES (Cont.)

j) Investments

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

k) Stock

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

l) Debtors

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

m) Cash

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

n) Creditors

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

o) Payments on Account

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

p) Deferred Income

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

q) Pensions

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

r) Fund Accounting

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

s) Dilapidation Provision

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

**Notes to the Financial Statements
For the Year Ended 31 March 2025
(Continued)**

1. ACCOUNTING POLICIES (Cont.)

t) Operating Leases

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

u) Method of Consolidation

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

v) Deferred Taxation

Deferred tax is provided in full on timing differences which represents a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax is now provided on timing differences arising from accelerated capital allowances as in accordance with SORP (FRS 102). Deferred tax assets and liabilities are not discounted.

w) Volunteers

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

2. LEGAL STATUS OF THE CHARITY

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

3. DONATIONS AND LEGACIES INCOME

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

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

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

4. INCOME FROM OTHER TRADING ACTIVITIES

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

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

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

5. INCOME FROM CHARITABLE ACTIVITIES (Cont.)

- (a) A one year recurring conditional grant the value of which is derived annually.
- (b) The Hospice is in receipt of an annual rebate from the Department of Health, paid through the Integrated Care Board (ICB), to cover the increased costs to the employer of the NHS pension scheme.
- (c) The Hospice was in receipt of £98,012 as part of the Hospice UK's distribution grant from NHS England to be spent on capital works. This is the first of two tranches. The second tranche is for 2025/26 and £75m will be distributed to hospices.
- (d) A contract with NHS England for the provision of in-reach services to HMP Stafford and HMP YOI Drake Hall for prisoners at end of life.
- (e) Staffordshire and Stoke-on-Trent payments for named patients who received services delivered by the Hospice beyond the intentions of the primary grant.
- (f) A one year recurring service level agreement.
- (g) The main object of the Charity is to provide home care, day care and inpatient care to people in mid-Staffordshire in need of specialist palliative care. The Charity makes no charge for the provision of these services. A subsidiary object is to provide training, education and other resources for those involved in the provision of specialist palliative care services. To this end medical and nursing students from universities have paid placements at the Hospice.

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

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

6. INVESTMENT INCOME

All investment income is unrestricted and comprises:

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

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

7. OTHER INCOME

	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Hospice						
Miscellaneous	3,996	--	3,996	23,277	533	23,810
	<u>3,996</u>	<u>--</u>	<u>3,996</u>	<u>23,277</u>	<u>533</u>	<u>23,810</u>
Group						
Miscellaneous	3,996	--	3,996	23,277	533	23,810
	<u>3,996</u>	<u>--</u>	<u>3,996</u>	<u>23,277</u>	<u>533</u>	<u>23,810</u>

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

8. EXPENSE ANALYSIS

Note	Direct Staff £	Other Costs Direct £	Depreciation £	Allocated Support Costs £	2025 Total £	Direct Staff £	Other Costs Direct £	Depreciation £	Allocated Support Costs £	2024 Total £
COSTS OF RAISING FUNDS										
Hospice										
Fundraising	236,371	39,575	1,796	69,414	347,156	186,879	39,174	1,796	66,820	294,669
Other trading activities	2,091,011	1,152,251	81,355	287,264	3,611,881	1,945,613	1,151,019	63,835	253,163	3,413,630
Investment management fees	--	4,504	--	--	4,504	--	4,086	--	--	4,086
(a)	<u>2,327,382</u>	<u>1,196,330</u>	<u>83,151</u>	<u>356,678</u>	<u>3,963,541</u>	<u>2,132,492</u>	<u>1,194,279</u>	<u>65,631</u>	<u>319,983</u>	<u>3,712,385</u>
Group										
Fundraising	236,371	39,575	1,796	69,414	347,156	186,879	39,174	1,796	66,820	294,669
Other trading activities	2,201,963	1,297,422	81,355	268,793	3,849,533	2,054,778	1,309,724	63,835	233,373	3,661,710
Investment management fees	--	4,504	--	--	4,504	--	4,086	--	--	4,086
(a)	<u>2,438,334</u>	<u>1,341,501</u>	<u>83,151</u>	<u>338,207</u>	<u>4,201,193</u>	<u>2,241,657</u>	<u>1,352,984</u>	<u>65,631</u>	<u>300,193</u>	<u>3,960,465</u>
COSTS OF CHARITABLE ACTIVITIES										
Hospice										
Patient care	(b) 3,138,271	677,132	70,763	415,673	4,301,839	2,625,621	637,666	69,268	352,324	3,684,879
Governance	(a) 100,202	22,111	--	53,255	175,568	84,284	17,376	--	50,244	151,904
	<u>3,238,473</u>	<u>699,243</u>	<u>70,763</u>	<u>468,928</u>	<u>4,477,407</u>	<u>2,709,905</u>	<u>655,042</u>	<u>69,268</u>	<u>402,568</u>	<u>3,836,783</u>
Group										
Patient care	(b) 3,138,271	677,132	70,763	415,673	4,301,839	3,002,559	676,552	69,268	352,324	4,100,703
Governance	(a) 100,202	22,111	--	53,255	175,568	84,284	17,376	--	50,244	151,904
	<u>3,238,473</u>	<u>699,243</u>	<u>70,763</u>	<u>468,928</u>	<u>4,477,407</u>	<u>3,086,843</u>	<u>693,928</u>	<u>69,268</u>	<u>402,568</u>	<u>4,252,607</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	
	2025 £	2024 £	2025 £	2024 £
Unrestricted/designated	4,098,869	3,613,681	4,098,869	4,029,505
Restricted	<u>378,538</u>	<u>223,102</u>	<u>378,538</u>	<u>223,102</u>
	<u>4,477,407</u>	<u>3,836,783</u>	<u>4,477,407</u>	<u>4,252,607</u>

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

9. ALLOCATED SUPPORT COST EXPENSE ANALYSIS

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

10. NET INCOME

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

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

11. TRADING SUBSIDIARIES

Katharine House has 4 subsidiary trading companies

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

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

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

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

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

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

11. TRADING SUBSIDIARIES (Cont.)

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

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

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

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

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

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

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

12. EMPLOYEE NUMBERS AND COSTS

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

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

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

The costs of employment were:

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

13. REDUNDANCY COSTS

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

14. EMOLUMENTS

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

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

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

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (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% of eligible earnings. This is a defined contribution scheme.

Numbers of staff and contributions to the different schemes are:

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

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

16. TANGIBLE FIXED ASSETS

COMPANY	Land and Buildings £	Equipment, Furniture and Fixtures £	IT Equipment £	Motor Vehicles £	Total £
Cost					
At 1 April 2024	3,667,450	401,751	120,768	113,085	4,303,054
Additions	334,533	18,447	45,458	--	398,438
Disposals	--	--	--	--	--
At 31 March 2025	<u>4,001,983</u>	<u>420,198</u>	<u>166,226</u>	<u>113,085</u>	<u>4,701,492</u>
Depreciation					
At 1 April 2024	938,706	340,946	87,042	51,903	1,418,597
Charge for the year	110,344	25,017	14,107	20,418	169,886
Disposals	--	--	--	--	--
At 31 March 2025	<u>1,049,050</u>	<u>365,963</u>	<u>101,149</u>	<u>72,321</u>	<u>1,588,483</u>
Net Book Value					
At 31 March 2025	<u>2,952,933</u>	<u>54,235</u>	<u>65,077</u>	<u>40,764</u>	<u>3,113,009</u>
At 1 April 2024	<u>2,728,744</u>	<u>60,805</u>	<u>33,726</u>	<u>61,182</u>	<u>2,884,457</u>
GROUP					
Cost					
At 1 April 2024	3,690,652	401,751	120,768	204,085	4,417,256
Additions	334,533	18,447	45,458	--	398,438
Disposals	--	--	--	--	--
At 31 March 2025	<u>4,025,185</u>	<u>420,198</u>	<u>166,226</u>	<u>204,085</u>	<u>4,815,694</u>
Depreciation					
At 1 April 2024	961,908	340,946	87,042	142,903	1,532,799
Charge for the year	110,344	25,017	14,107	20,418	169,886
Disposals	--	--	--	--	--
At 31 March 2025	<u>1,072,252</u>	<u>365,963</u>	<u>101,149</u>	<u>163,321</u>	<u>1,702,685</u>
Net Book Value					
At 31 March 2025	<u>2,952,933</u>	<u>54,235</u>	<u>65,077</u>	<u>40,764</u>	<u>3,113,009</u>
At 1 April 2024	<u>2,728,744</u>	<u>60,805</u>	<u>33,726</u>	<u>61,182</u>	<u>2,884,457</u>

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

17. INTANGIBLE FIXED ASSETS

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

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

18. FIXED ASSET INVESTMENTS – Company and Group

	2025 £	2024 £
At 31 March investments were held as:		
Volare balanced bridge fund	626,388	628,776
Total invested funds	626,388	628,776
Cash held for investment	147	739
Total funds in Investment portfolio	626,535	629,515
	2025 £	2024 £
Listed investments		
Market value at 31 March	628,776	571,019
Less Disposals at opening book value (proceeds £3,900)	(3,705)	(811)
Add acquisitions at cost	17,605	20,455
Net (loss)/gain on revaluation at 31 March	(16,288)	38,113
Market value at 31 March of listed investments	626,388	628,776
Historical cost at 31 March	619,386	604,486

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

FIXED ASSET INVESTMENTS - Company

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

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

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

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

18. FIXED ASSET INVESTMENTS (Cont.)

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

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

19. DEBTORS

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

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

20. STOCK

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

21. CREDITORS

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

Notes to the Financial Statements
For the Year Ended 31 March 2025
(Continued)

22. DEFERRED INCOME

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

For 2025	Balance at 1 April	Released	Deferred	Balance at 31 March
	£	£	£	£
Refundable event income	13,631	13,631	15,309	15,309
Lottery licence fee	208	208	168	168
	<u>13,839</u>	<u>13,839</u>	<u>15,477</u>	<u>15,477</u>
For 2024	Balance at 1 April	Released	Deferred	Balance at 31 March
	£	£	£	£
Refundable event income	40,519	40,519	13,631	13,631
Lottery licence fee	—	—	208	208
	<u>40,519</u>	<u>40,519</u>	<u>13,839</u>	<u>13,839</u>

23. PROVISIONS

	Company		Group	
	2025	2024	2025	2024
	£	£	£	£
Dilapidation provision	102,833	100,000	102,833	100,000
	<u>102,833</u>	<u>100,000</u>	<u>102,833</u>	<u>100,000</u>

24. DEFERRED TAXATION

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

For 2025	Balance at 1 April	Released	Accrued	Balance at 31 March
	£	£	£	£
Deferred Taxation Provision	--	--	--	--
For 2024	Balance at 1 April	Released	Accrued	Balance at 31 March
	£	£	£	£
Deferred Taxation Provision	5,969	5,969	--	--

**Notes to the Financial Statements
For the Year Ended 31 March 2025
(Continued)**

25. FUNDS

Unrestricted Funds - Designated and General Funds

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

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

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

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

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

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

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

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

Restricted Funds

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

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

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

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

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

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

25. FUNDS (Cont.)

COMPANY

For the Year Ended 31 March 2025

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

For the Year Ended 31 March 2024

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

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

25. FUNDS (Cont.)

GROUP

For the Year Ended 31 March 2025

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

For the Year Ended 31 March 2024

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

26. FINANCIAL COMMITMENTS

Capital Commitments - Company and Group

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

Operating Lease Commitments

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

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

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

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

Katharine House Hospice

Notes to the Financial Statements For the Year Ended 31 March 2025 (Continued)

26. FINANCIAL COMMITMENTS (Cont.)

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

27. RELATED PARTY TRANSACTIONS

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

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

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

28. POST BALANCE SHEET EVENTS

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

New clinical system went live on June 2025.

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

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