



**Demelza**  
Hospice Care for Children

# **Demelza House Children's Hospice Annual Report and Financial Statements**

For the period ended 31 March 2022

Charity No. 1039651 Company No. 2948500





# Table of Contents

<b>Introduction from our CEO and Chair of Trustees</b>	<b>4</b>
<b>Why we are here</b>	<b>5</b>
<b>Our Achievements and performance</b>	<b>10</b>
<b>Strategic report</b>	<b>11</b>
Trustees report	11
Charitable Objects	11
Strategy April 2022-March 2027	12
Fundraising	14
Compliance with fundraising regulations	14
Section 172 (1) statement	14
Diversity and Inclusion	15
Financial review	18
Strategic Risks	20
Energy & carbon data	22
<b>Statement of Responsibilities</b>	<b>24</b>
<b>Independent auditors report</b>	<b>25</b>
<b>Financial Statements</b>	<b>27</b>
Consolidated Statement of financial activities	27
Balance sheets	28
Consolidated cash flow statement	29
Notes on financial statements	30
<b>Structure, governance and management</b>	<b>50</b>
<b>Corporate Information</b>	<b>52</b>



## Introduction from our CEO and Chair of Trustees

We think we can all agree that the last year continued to be challenging and unpredictable, but it has also been one of hope and looking to the future.

As we have emerged into our (temporary) new normal, we couldn't be prouder of the resilience, tenacity and creativity of the entire team at Demelza. As a charity supporting clinically vulnerable children and young people, the day to day running of the organisation couldn't simply go back to our pre-COVID-19 business as usual. We have had to adapt our services to ensure we continue to offer clinical, practical and emotional support to those who need it, whilst ensuring the safety of all families, staff and volunteers.

We are delighted that Lavinia Jarrett was appointed as CEO in February 2022 after 20 years of service with Demelza with her passion to make every day count.

With this in mind and against the backdrop of a team of people with commitment, knowledge and determination and an insightful and forward-thinking Board of Trustees, the last year has seen us embrace the progress made in how and where we deliver care.

We are fortunate to be in a strong financial position, largely because of the amazing support that we have seen from our supporters over the last few years. Our strong reserves allow us to face volatility on financial markets and increased inflation, energy costs and the squeeze on household incomes with confidence. They have also enabled us to create an ambitious five-year strategy, written in consultation with our stakeholders. It will see us invest in new and additional front-line services to ensure we are meeting the needs of families accessing our care whilst extending our reach to those who are not. We will also invest in fundraising and retail infrastructure to ensure these services are sustainable and in innovative

projects and training opportunities to ensure the longevity, effectiveness and efficiency of our work.

We would like to take this opportunity to thank all of Team Demelza;

Our donors and supporters as without them, we simply would not be here. Their loyalty and generosity have been incredibly humbling and whether they have given time, money, advice or gifts in kind – they have all had a huge impact on the families we support.

The staff and volunteers for their hard work and determination to overcome challenges and ensuring Demelza families are always at the centre of all decisions. Our 'passion, performance and pride' value has come to the fore during the pandemic and will continue to drive our plans forward in the years to come.

Our biggest inspiration and reason we are all here, are the children, young people and families accessing our services. Every day their strength, resilience and ability to carry on during some of the most unimaginably difficult of times is truly awe inspiring. We know we speak for everyone when we say we feel privileged to support the families who trust us to care for those they love and we couldn't be prouder to be part of Team Demelza.

Thank you to everyone who has been a part of our journey over the last year and to those who will join us for the next chapter.

**Lavinia Jarrett,**  
Demelza CEO

**David Highton,**  
Chair of Trustees



At Demelza, we provide expert clinical and emotional support to help families live the best life they can.

### Why we are here

There are currently almost 90,000 children and young people in England who are living with a condition that means they are likely to die young. This number has tripled over the last 20 years and with advancements in research and medical interventions, this number will continue to rise (Fraser et al 2020).

With more babies being born with serious or terminal conditions and children living longer with increasingly complex medical and social needs, it is estimated that there are 8,473 children and young people in Kent, South East London and East Sussex who could be accessing Demelza's services.

Many need care and support 24 hours a day, seven days a week and providing this care puts families under huge emotional, practical and financial pressure.

The constant run of hospital appointments, gruelling medication and caring regimes and the unpredictability of their child's condition (around 15% will not even have an official diagnosis) can make it almost impossible to maintain healthy relationships and a stable family life.

At Demelza, we provide expert clinical and emotional support to help families live the best life they can.

We can help keep children out of hospital or leave hospital sooner and our specialist clinical care and advice enables parents meet the complex medical needs of their children with confidence. We can help improve their wellbeing, independence, knowledge and resilience whilst empowering them to do their very best during the most difficult of times. We can help them to smile, laugh and offer the rare opportunity to relax. Most importantly, we can help them to be families; enjoying their time together and creating memories that will last a lifetime.



## Vision


For life to be better for children and young people who have serious or terminal conditions; and their parents and guardians, brothers and sisters, and those who love them, to receive support.

## Mission

To provide specialist care and support for babies, children and young people and the whole family from diagnosis, during day to day family life, time of crisis, end of life care and through bereavement.

To influence care and support provided by others.

# Our Values




Demelza  
Hospice Care for Children


## HUMAN IS OUR NATURE

Because we see the person and not the condition, we give each baby, child and family member a service that fits them as an **individual**.

We're all human, and through empathy and understanding, we can **provide essential care** as unique as the person it's designed for.

Our different roles, skills and experiences make us stronger. **We value and respect everyone** who is part of our story, from the families we help to the supporters and volunteers who keep us going, to each member of staff.






Demelza  
Hospice Care for Children

## Innovate DEVELOP AND IMPROVE

Each member of **#TeamDemelza** is driven to do better.

Through evidence, insight and experience, we're constantly **developing and improving** to give children and families better care and support.

Standing still doesn't get us anywhere. We always look for ways to transform **change into opportunity** and growth.





# Passion

## PERFORMANCE

# PRIDE

We admit it. **We love what we do.** We feel privileged to support the families who trust us to care for those they love.

And we couldn't be prouder to be part of **#TeamDemelza**. It's the most rewarding job in the world.

We believe in passion, performance and pride – it's how we get the best from each other and deliver exceptional care and support.



# Fiercely

## COMMITTED TO

# QUALITY

The families and children we help, and our supporters, deserve nothing but **excellence**.

Each one of us has a vital role to play in providing unique care and support, and we **always strive** to deliver a brilliant service.

By working and improving together, we can give even more families a chance to **enjoy time as a family**, for as long as they have.



# ALWAYS

# HONEST

## ALWAYS AUTHENTIC

We are clear, open and honest with everyone, because **we value everyone**.

It's good to challenge each other, as long as it's constructive – **we always look for a positive solution** that moves us all forward.

We exist to give **the best care and support** to children and their families and that matters more than anything else.





## Fia's story

"When our children use the hydro pool at Demelza; they are equal. For Fia, who has numerous medical problems, she can have freedom – she can be just like her big brothers and sister. It does her the world of good and the four children can play together - like all siblings should.

Fia is our youngest child and for the first few years of her life we saw Fia learn to walk and talk; just like we had with our three previous children. But there were some warning signs that something wasn't quite right – Fia vomited constantly and she was slower to reach her milestones. When Fia turned three, our lives changed forever.

An MRI scan revealed massive brain damage and Fia was diagnosed with Alexander disease; a rare neurodegenerative brain disease. Over the years Fia's health has deteriorated – cognitively she is still the same mischievous little girl, but the ability to use her body has changed beyond all recognition.

When Fia started having seizures, Demelza supported Fia to attend a specialist school for children who have complex needs. Fia used to stop breathing up to 15 times a day needing resuscitation, but this improved

once she had a pacemaker fitted. It was just awful but again Demelza supported Fia to get her health needs met.

Fia has a great time when Demelza's Community Team in East Sussex take her out and I feel at ease knowing Demelza's Registered Nurses and Health Care Assistants can tend to her very complex care needs. For those hours that she is out enjoying herself, I can do the everyday chores that are just impossible to do when Fia is at home. Fia needs constant supervision to stay safe so to be able to get upstairs and tidy up is a dream. Fia also loves visiting the care team at Demelza's base in St Leonard's; a safe space where she and her big sister Flo can paint, play with the toys and have a much-needed change of scenery.

The COVID-19 pandemic has been incredibly hard for many families and Demelza stepped in. Having that extra pair of hands to help care for children like Fia or having someone to call on for help, advice and support is invaluable for families like ours. Every little bit helps and we are so very grateful to those who donate to Demelza and make their services possible."

**Lian, mum to Fia**



• Fia and big sister Flo enjoying time together at Demelza East Sussex





“ ”

Fia has a great time when Demelza's Community Team in East Sussex take her out and I feel at ease knowing Demelza's Registered Nurses and Health Care Assistants can tend to her very complex care needs. For those hours that she is out enjoying herself, I can do the everyday chores that are just impossible to do when Fia is at home.

*Lian, mum to Fia*



## Our Achievements and performance

Demelza has emerged from the COVID-19 pandemic more agile and responsive in how and where we offer services and choice. This has allowed us to reach more children, young people and family members per day than ever before.

Our high-quality infection prevention and control has ensured that there have been no hospice-acquired COVID-19 infections and throughout the pandemic we have continued to meet the needs of Demelza families. We have focussed on being responsive and prioritising symptom management and end of life care along with supporting those in greatest need and adapted services accordingly. We have further developed our agile responses in Family Support via digital means and how we facilitate peer support and social interaction between families and individuals.

### In 2021/22...



We supported  
**663 children and young people**  
with serious or terminal conditions and their families



We had  
**163 new families**  
referred to access our services



We provided:  
**183 Day care sessions**  
within our hospices



We provided:  
**18 End of life care at home sessions**



**102** children, young people and families accessed

**our new counselling service**



We provided:  
**1,555 Overnight sessions**  
within our hospices



The hydro pool was used  
**223 times**



We provided:  
**74 End of life care nights**  
within our hospices



**635** children, young people and family members accessed  
**music, art and play therapy sessions**



We had  
**1,978 participants**



We provided:  
**2,312 Care at home sessions**



Our bereavement suites were used for  
**42 nights**

join 380 family liaison, music, art and bereavement group events

### Christmas 2021

After the disappointment of Christmas 2020, we held our most popular Festive Wishes Project with Santa's grotto and light trail at Demelza Kent this year. We saw 117 babies, children and young people meeting Santa and making memories as a family, some for one of the first times after almost two years of shielding or isolating at home. One Dad summed up how many of us had been feeling as he said to his child, "*see, I told you there were still more people in the world than us*". For those who couldn't come to the grotto, our volunteer elves delivered over 390 presents to children across our region. We don't know how many Christmases each family will have with their child, so we treat each one as the most special. 410 families had a personalised letter from Santa and 332 had a personalised video.

### Other achievements include:

- Two Health Care Assistants qualified as Nursing Associates, which is one of the many ways we will combat the impact of the national nursing shortage at Demelza
- Increasing our end of life memory making provision for every family who would like a hand cast to be made or specialist photographs to be taken
- Launching our Transition Pathway based on collaborative working with other charities, families and adult hospices across the region
- Opening two new Demelza shops in Hempstead and Sevenoaks



## Strategic report

### Trustees report

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements Of Demelza House Children's Hospice (the company) for 12 months ended 31 March 2022. The annual report includes both trustees report for the purposes of charity law, and the directors report and strategic report for the purposes of company law. This report includes pages 1 to 24 and pages 50 to 42.

The trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of company's governing document and the provisions of the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities (FRS102).

### Charitable Objects

The memorandum and articles of association sets out the main charitable object:

The charity's objects (Objects) are to promote the relief of illness and suffering in such ways as the charity shall from time to time think fit, and in particular in the counties of Kent, East Sussex, part of Surrey and South London, and in particular (but without prejudice to the generality whether geographical or otherwise of such object):

(1) by establishing, maintaining and conducting residential nursing and convalescent homes for the reception and care of young persons of either sex and whether or not a member of the charity (without regard to race or creed) who are suffering from any chronic or terminal illness or from any other physical or mental infirmity, disability or disease and for the reception and care of the members of the family of such persons whether adult or otherwise, and so that any such home may be restricted to patients (and the families of patients) of under a certain age limit or of one sex only or (whether or not so restricted as aforesaid) to patients suffering from any particular type or types of illness, disability, disease or infirmity, and by providing medical or other treatment or attention for any such persons and their families in their own homes;

(2) by conducting or promoting or encouraging research into the care and treatment of persons suffering from any such illness, disability, disease or infirmity as aforesaid and particularly into the care and treatment of persons suffering from terminal illness and the care of the families of such persons and by providing for the dissemination of the results of such research;

(3) by promoting or encouraging or assisting in the teaching or training of doctors, nurses, physiotherapists, administrators, social workers and other persons engaged in any branch of medicine, surgery, nursing or allied services, and in the teaching or training of students in any branch of medicine, surgery, nursing or allied services;

(4) by providing or assisting or encouraging the provision of spiritual help and guidance for any persons resident (either as patients or as families of such persons or otherwise) or associated in any way with any such home or homes as aforesaid.



## Strategy April 2022-March 2027

We put in place an 18-month Reset and Recovery Plan from October 2020 to March 2022 to provide a roadmap out of the COVID-19 pandemic. From July 2021, the Trustees, staff, volunteers and service users worked together on the five-year strategy which starts in April 2022. The pandemic has been a time of extraordinary hardship for many children with serious or terminal conditions and their families, but has enabled Demelza to re-think our offer and become agile and responsive in how and where we offer services and choice.

This strategy will focus more than ever before on Demelza's history of actively seeking the views and feedback from those who are the real experts; the children, young people and their families themselves. We will strive to involve those who use or might need Demelza's services in our decision making and how we develop our services and ensure services are accessible to all those that need support, particularly those from diverse and minority backgrounds.

### Strategic Objective 1: Be Effective

To provide services that best meet the needs of babies, children, young people and their families we will:

- Implement and monitor outcomes and uptake to ensure effectiveness
- Work to understand the area in which we work, those families who do and do not access our services and why
- Involve service-users in decision making
- Develop services to reflect demand and changing needs of families

### Strategic Objective 2: Be Responsive

We know that the prevalence of children living with a serious or terminal condition in the UK has almost tripled in less than 20 years, reaching nearly 90,000 and this number is only set to grow. To meet the needs of these families we will:

- Offer more choice over type of care and where to access it
- Understand what families need to feel more supported by our services
- Ensure services are accessible, flexible and responsive
- Facilitate support networks that transcend Demelza
- Offer pre-emptive interventions to reduce stress and anxiety

### Strategic Objective 3: Extend our Reach

Children in the UK with a serious or terminal condition is highest in the under ones. An increasing number of young people are surviving to 19 (and beyond), an increase of over three-fold. To ensure we are reaching these children and families we will:

- Increase our number of referrals for nursing and care, expectant parents, neonates and babies, transition, bereavement services and family support
- Ensure our caseload reflects the demographic of the areas we serve, particularly diverse and minority groups

### Strategic Objective 4: We are Demelza

With the right people in our various stakeholder groups, our organisation will be well-led, in all respects, ensuring we meet the ambitions and aspirations in supporting babies, children, young people and their families. To do this we will:

- Involve children, young people and their families in decision-making
- Provide career pathways and formal training to nursing staff
- Provide excellent stewardship to current donors and grow our supporter base
- Promote holistic wellbeing for staff and volunteers
- Utilise the skills and knowledge from our corporate partners and supporters
- Grow the diversity of our workforce and volunteers

### Strategic Objective 5: Strengthen and Sustain

We will strive to reduce our carbon footprint, collaborate with others and embrace digital means to provide consistent, safe and equitable services. Services that are sustainable beyond the life of this strategy. To do this we will:

- Increase our presence in the high street, healthcare settings and communities in which we serve
- Increase the use of digital to deliver services and provide efficiencies
- Offer training to others in our area of expertise and seek training from theirs
- Work collaboratively with other organisations to deliver services when and where they are needed
- Be carbon neutral by 2030





## Fundraising

2021-22 saw most fundraising streams begin to make a recovery from the COVID-19 pandemic. For every £1 of donations and legacies received in the year, 82p was used on charitable activity.

Fundraising events generated income of £338k (2021: £73k) as in-person events were allowed to take place between July and November 2021. All such events had been cancelled in the previous year and the closure of schools and community groups impacted income significantly. Grant-making trusts, other than the NHS, made grants of £310k (2021: £453k). Some trusts made additional grants in 20-21 in response to the pandemic which were not repeated in 21-22.

2022/23 will undoubtedly be another challenging year for fundraising. The cost of living crisis, the conflict in Ukraine and the continuing effects of the pandemic and Brexit, have put unprecedented pressure on many people's ability to give philanthropically. However, fundraising at Demelza remains agile, supported by our aspirational five-year strategy and the loyalty and generosity of the communities in which we work. We are confident that fundraising income will continue to recover post-COVID-19.

## Compliance with fundraising regulations

The charity undertakes fundraising activity via the support of volunteers fundraising in the community, applying to

and partnering with companies and grant-giving trusts, direct mailings and appeals, and

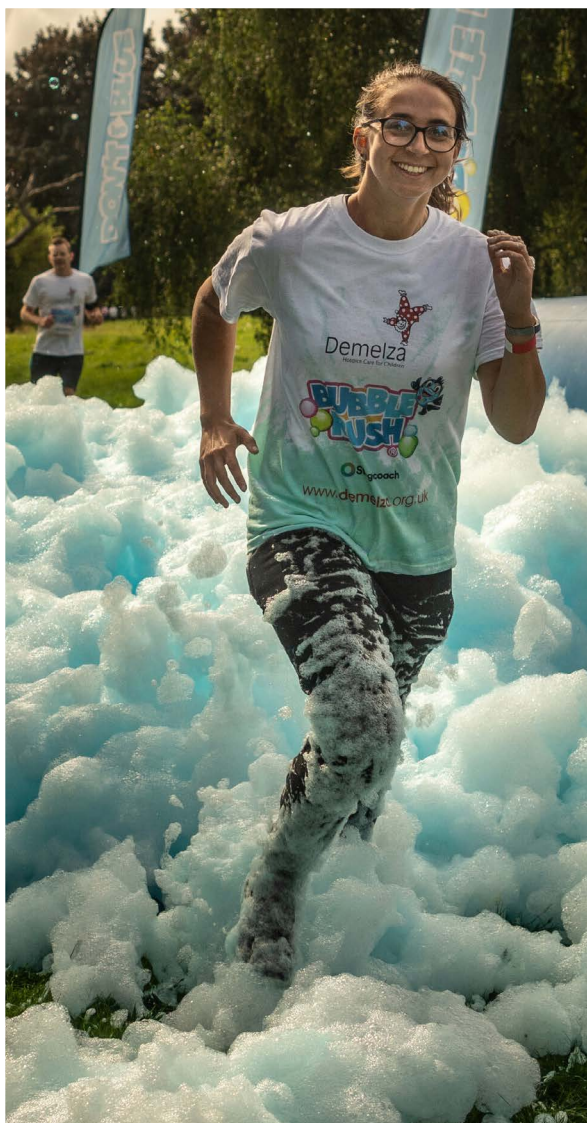
organising of events. Our fundraising activities are carried out in line with the Fundraising Code of Practice set by the fundraising regulator. Our fundraising promise is available on our website.

Charity supporters registered on the telephone preference service would only be called with an appeal if they have agreed to receive such calls. Callers are thoroughly trained and updated on the charity's work and calls are regularly monitored.

Demelza received 13 complaints (20/21: 9) about fundraising activity in the reporting period. This increase is mainly due to delays in thanking, which has been rectified with extra capacity being introduced in the Supporter Services team and a short-term issue with World Pay, which was resolved as soon as we knew there was a problem.

## Section 172 (1) statement

The trustees and directors of Demelza Hospice Care for Children have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the charity for the benefit of its beneficiaries, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.





Section 172 considerations are embedded in decision making at board level and throughout the group. Issues, factors and stakeholders which the directors have considered when discharging their duty under section 172(1) are detailed on pages 4 to 24 and 50 to 52 and throughout this Annual Report.

Our vision and mission statement are set out on page 6 of this report. Our achievements, performance and future plans are described in the strategic report as are the risks facing our organisation and the mitigating actions we plan to take (pages 21 to 22). Our environmental performance, and information about our engagement with employees is also included in this strategic report. The section on structure, governance and management (pages 50 to 52) contains information about the governance of the organisation.

### **Diversity and Inclusion**

Demelza is striving to continually improve its approach to equality, diversity and inclusion.

This is to ensure that:

- All people feel welcome and comfortable when receiving care or support from Demelza
- We have a diverse staff and volunteer workforce that benefits from the innovation and richness that diversity brings
- We are playing our part in making a fairer society by tackling prejudice and privilege
- We are embracing difference to be a better place with more rounded views and perceptions

### **The steps we're taking:**

To achieve this, we are working to develop our knowledge, skills and awareness of diversity and difference. This includes considering how our care and support can be improved for people from all cultures, those with faiths, beliefs and religions and those without. We proactively seek to identify and remove prejudice and discriminatory practices relating to race, ethnicity, culture, sex, sexuality, gender and transgender, disability, age, marriage or partnership status, and social class.

We are seeking to build a network of stakeholders who can help us engage with people we are less successful in reaching and we publish plans within our strategy against which we can be held to account.

We have identified that we need to improve in racial equality and have committed to addressing this problem. Whilst we are proud that the profiles of our service-users match the ethnic profiles of the communities in which we work, this is not the case for our workforce or leadership roles. We are formulating a plan, with support, to address this serious issue, for the benefit of the people and communities we serve and to improve our organisation. We welcome the advice and guidance of anyone who can help us achieve this aim.



## **S172(1) (b) 'The interests of the company's employees'**

### **Employee Relations**

The Board recognises that Demelza employees are our most important asset and are fundamental to the delivery of our strategic ambitions. Our success depends on attracting, retaining, motivating and developing them, wherever they are located in the world.

The annual staff survey is one of the Board's principal tools to measure employee engagement, motivation and commitment to Demelza. It enables the Board to understand how we are learning from survey findings to strengthen Demelza's culture and values, and informs decision-making, from pay and benefits to health, safety and wellbeing.

We recognise that our clinical staff worked tirelessly through a very challenging set of circumstances during the COVID-19 pandemic. We have sought to improve their wellbeing while continuing to offer vital services to families.

During the pandemic we have supported administrative staff to work remotely and carried out more frequent

surveys to ensure that the impacts on wellbeing are understood and risks mitigated where possible. Over this past year we have moved towards hybrid working and this will continue into the coming financial year. We will continue to support staff in this transition, in particularly ensuring the health, safety and wellbeing of all.

### **Disabled Employees**

We are committed to equality, diversity and inclusion in the recruitment, training, promotion and career development of people living with a disability. Demelza aims to ensure that people with disabilities are given equal opportunity to obtain employment. In doing so, we will fully consider making reasonable adjustments to working practices, equipment and premises to ensure that a person living with a disability is not put at a substantial disadvantage due to their disability. Should staff become disabled in the course of their employment, every effort will be made through reasonable adjustment, retraining or redeployment to enable them to remain in employment. If a staff member or a candidate feels that they have been unfairly discriminated against, they may raise a complaint under Demelza's Complaints Policy.





**S172(1) (c) 'The need to foster the company's business relationships with suppliers, customers and others'**

Demelza's key business relationships are with: The NHS and other healthcare partners; our suppliers; and our donors and supporters. This is not an exhaustive list; other key stakeholders include HMRC and the Charity Commission. In order to deliver our mission and strategy, we need to work with others. We are committed to prompt payment of invoices within agreed payment terms. The importance we attach to building relationships with our committed, generous donors and supporters is affirmed on page 18.

**S172(1) (d) 'The impact of the company's operations on the community and the environment'**

In the published Strategy for 2022 to 2027, we have committed to achieving net carbon zero by 2030. The first step is to measure our carbon footprint in 2022-23. We will then devise a plan to reduce emissions over the next four years, at which point we will begin to offset by purchasing carbon credits. An analysis of our carbon emissions in 2021-22 is found on page 22.

**S172(1) (e) 'The desirability of the company maintaining a reputation for high standards of business conduct'**

It is crucial that Demelza maintains its reputation for high standards of conduct. We remain committed to financial and risk management, compliance, safeguarding and good governance. We are committed to a focus on the charity's impact.

**S172(1) (f) 'The need to act fairly as between members of the company'**

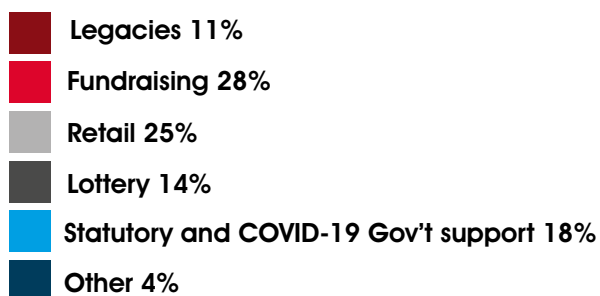
It's not relevant to Demelza's organisational structure, as the charity is run in the interests of its charitable objects and its beneficiaries rather than in the interests of its members.



## Financial review

### Income

Despite the challenges the charity sector was facing, income recovered well in 2021-22 and close to pre-pandemic levels, with a total operational income of £12.00m (2021: £12.75m). This was largely due to the generosity of our loyal supporters and donors and for this we are so incredibly grateful.



Donations including gifts in kind were £2.66m (2021: £2.23m) reflecting an increase in community fundraising as in-person events became possible again.

Legacy income was £1.36m (2021: 1.90m) which was slightly below average.

Retail income was £3.06m (2021: £1.06m), an increase of £2m as all shops stayed open from 12th April 2021 to the end of the year. A new shop in Hempstead Valley shopping centre opened in November. This was the first year in which retail income has exceeded £3m.

Lottery income was £1.71m (2021: £1.76m), a reduction of 3%. Some individuals stopped playing the lottery during the year, and it was difficult to sign up the usual number of new players due to COVID sensitivity about face to face meetings at many of our regular sales venues.

Fundraising events returned during the year so income was much higher at £338k (2021: £73k), but this was still significantly less than pre-COVID levels.

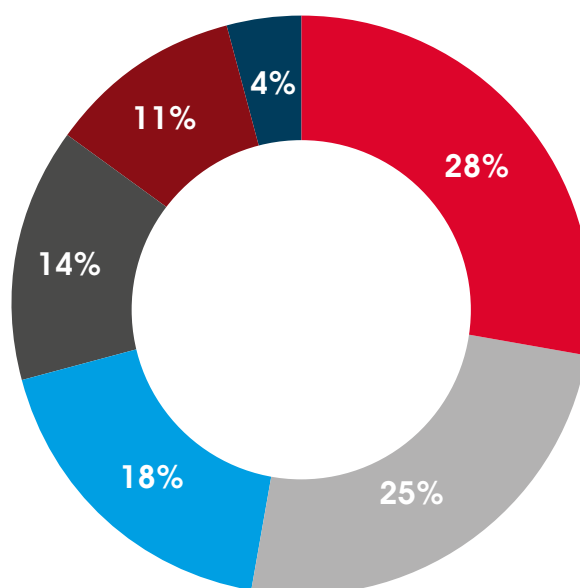
Statutory funding from NHS England, CCGs and Local Authorities was £1.77m (2021: £1.88m).

Grants from charitable trusts and foundations totalled £310k (2021: £453k) reflecting a return to a more normal level of income after some exceptional COVID-related grants in the previous years.

Government COVID support reduced to £347k (2021: £3.02m) as the disruption to the charity's income was much lower than during the previous year.

### Expenditure

Expenditure was £12.63m in 2021-22 (2021: £10.76m). This increase in expenditure represents additional staff and capacity building in almost every area of our service delivery, to enable us to carry out the work laid out in our five-year strategy. To support our ambitious plans,



investment was also made within fundraising and the trading company to ensure the increased costs are sustainable with longevity.

The cost of providing care was £7.37m (2021: £6.34m), an increase of 16%. To ensure a more equitable service and based on assessed need, we opened up our hospice buildings for more services, provided more care at home and group events for families after the restrictions of the previous year.

The cost of generating funds was £5.27m (2021: £4.41m), an increase of 20%. Fundraising costs were £1.57m (2021: £1.41m) The increase was due to in-person events taking place after restrictions were lifted. Trading expenditure increased to £3.66 (2021: £2.97m) as the shops remained open for 11 ½ months of the year. In 20-21, they were only open for 5 months.

### Reserves

Our reserves policy states that to ensure the sustainability of our service for those who need it most, we keep 9-12 months in free reserves. At 31 March 2022 we held 11.0 months or £11.61m. As inflation and energy costs increase, we anticipate that donations from some supporters may reduce in 2022 and 2023 and possibly beyond. By holding reserves towards the top of our policy range, we have resilience to manage the volatility of our investments, cost increases and reduction in income.

At the end of the previous year, Demelza held £15.74m in free reserves. This was above our reserves policy due to exceptional legacy income in the preceding years, investment gains and government COVID-19 support. The trustees recognised that this gave Demelza an opportunity to plan and build up our services as we devised the five-year strategy.

The reduction in free reserves between March 2021 and March 2022 was £4m. The main factors in this reduction of free reserves were:



1. Designation of £3.56m for the Care and Resources Strategy Fund: As part of the five-year strategy, a number of projects are being funded by our reserves so we have ringfenced these costs.
2. Designation of a further £450k for Digital Transformation: Continually moving forward in an increasingly digital world is imperative to the longevity and effectiveness of the organisation. This fund will pay for the digital solutions and training Demelza needs to reach our strategic goals.
3. An operational deficit of £530k on unrestricted funds in 2021-22. This was mainly due to the return to normal

services after COVID-19 while some fundraising streams took longer to recover. We also started to put plans in place for the new strategy by recruiting certain staff posts in the second half of the year.

The Strategy comprises a significant increase in the services for children and families and strengthening of support functions, especially focussing on our use of data and digital platforms. The trustees recognise that high inflation and volatility in the UK economy may adversely affect income. Therefore, we will monitor our finances closely and will flex plans accordingly to ensure that our reserves stay within the policy of 9 to 12 months of running costs.



## Principal Strategic Risks and Mitigations

The senior leadership team and trustees regularly review organisational risks and how to negate or mitigate them as much as possible. The Trustees have assessed that the main strategic risks have been:

### Strategic Risk

### Actioned Mitigations

#### Operational delivery due to COVID-19

- Developed and amended appropriate policies and procedures caring for those clinically vulnerable
- Organised building into physical zoned areas for effective care delivery
- Moved many services to digital version
- Developed IT infrastructure, equipment and training to support staff to work remotely

#### Number of appropriately skilled staff and volunteers, national shortage of nurses in UK

- Pilot project to train two Nursing Associates completed
- Detailed Workforce Strategy developed, recruitment of posts to support
- Retention strategy to develop voice of the employee to include wellbeing plan, enhanced internal communications
- Good engagement, support and training of volunteers
- Ensuring volunteers' skills are optimised.

#### Inflation and Cost of Living Crisis Including income downturn

- Detailed financial scenario planning
- Timely review of management accounts, with Finance Business Partner support
- Strengthen and increase portfolio of income streams eg bubble rush and new shops, develop Lottery sales opportunities
- Cost of living award of 5% in April 2022 to all staff
- Increase in share of children's hospice grant +56%

#### Safety and Quality of Service, including safeguarding and medicines management

- Annual safeguarding audit to demonstrate good organisational culture, training, policy framework.
- Dedicated Clinical Governance Team, including Practice Development Nurses appointed to support training and embed good practice
- Review of all clinical policies and procedures
- Annual Quality Account published

#### Information Governance

- Information Governance policy and procedure reviewed
- Independent Virtual Data Protection Officer appointed for routine expert advice.
- Privacy Impact Assessments for all new relationships where data is shared
- Cyber Essentials Accreditation achieved
- Cyber Security training rolled out with regular reminders
- Payment procedures enhanced



## Strategic Risk

## Further Planned Mitigations

### Operational delivery due to COVID-19

- Continue timely amendment of policies and procedures
- Embed separate physical areas of care building into our plans
- Increase frequency and range of digital services, which reaches more children
- Continue IT enhancements via Digital Transformation Project
- Support more staff to develop effective hybrid working models, as defined by role.

### Number of appropriately skilled staff and volunteers, national shortage of nurses in UK

- Workforce Strategy will offer career opportunities to increase number of employed nurses by 10%
- Terms and Conditions of employment to be enhanced
- Salaries to be aligned to the sector benchmark, if possible
- Recruitment processes to be adapted to suit market

### Inflation and Cost of Living Crisis Including income downturn

- Compelling Cases for Support for donors based on 2022-27 Strategy
- Planned increase in applications for statutory funding for services
- Additional one off payment, practical support and sign posting for staff
- Well being Champions to be recruited and trained

### Safety and Quality of Service, including safeguarding and medicines management

- Quality Framework to be adopted, aligned to new CQC requirements
- Workforce Strategy will support career progression and competences
- Amend risk management policy to ensure right focus on right areas

### Information Governance

- Caldicott Guardian training and deputy role appointed
- Cyber Security an inherent strand of all Digital Transformation Projects
- Data Retention policy to be reviewed
- Project to securely transfer archived data

## Investments

Brewin Dolphin acted as Demelza's investment managers throughout the year. Our primary aim from investment is to achieve sustainable capital growth within a balanced risk environment. Ultimately these funds will provide a safety net to ensure the continued provision of the Charity's core services. The primary objective is to generate a total return of 2% above the rate of inflation as measured by CPI on a 5-year rolling basis.

As set out in the financial notes on page 41; we held £11.8m at the start of the year Dividends of £269k were received during the year and there was an unrealised gain of £278k. The fees charged by our investment manager were £45k. The value of investments at the end of the year was £12.3m.

## Political and charity donations

Demelza is a registered charity and the whole of its payments are applied to charitable purposes as detailed in the accounts. No specific contributions to other charities were made in the period nor were any political contributions made.

## Energy & carbon data

It is now a requirement of large organisations to include energy and carbon data in their Annual Reports, under the Streamlined Energy & Carbon Reporting (SECR) Regulations. We have reviewed the relevant activities, relating to buildings and business travel, and made the calculations, as shown below.

Our SECR carbon emissions for our financial reporting year 2021-22 amounted to 381 tCO<sub>2</sub>e, with 43% arising from gas consumption. 2020-21 was anomalous due to the COVID lockdowns, closure of shops and lack of travel to offices and meetings. Therefore, emissions have risen by 23% compared with the previous year. 2019-20 was a more normal year of activity. Emissions of CO<sub>2</sub> were 443.7 tonnes in 19-20. So 21-22 saw a reduction of 14% in comparison.

## SECR emissions calculations – methodology

We have reported on all of the emission sources required by Streamlined Energy and Carbon Reporting (SECR), under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon

Emissions Scope / Activity	Consumption (Original unit)	Energy Equivalent (kWh)	Carbon Emissions (tCO <sub>2</sub> e)	% of SECR	Emissions (tCO <sub>2</sub> e)	% change
<b>Year</b>	<b>2021-22</b>		<b>2020-21</b>			
<b>Total Energy, kWh</b>	<b>1,934,091</b>		<b>1,540,619</b>			
<b>Scope 1 - Direct Emissions</b>			<b>218.3</b>	<b>57%</b>	<b>189.5</b>	15%
Gas Consumption (kWh)	900,365	900,365	164.9	43%	154.0	7%
Company Vehicles (litres)	21,634	226,119	53.3	14%	35.5	50%
<b>Scope 2 - Energy Indirect Emissions</b>			<b>122.5</b>	<b>32%</b>	<b>112.1</b>	9%
Electricity Consumption (kWh)	577,080	577,080	122.5		112.1	
Electricity Generation (kWh)	59,338	59,338	-		-	
<b>Scope 3 - Other Indirect Emissions</b>			<b>39.9</b>		<b>8.1</b>	390%
Grey Fleet (miles)	144,825	171,189	39.9	10%	8.1	
Hire Cars (miles)	-	-	-		-	
<b>Total SECR Emissions, tCO<sub>2</sub>e</b>			<b>380.7</b>		<b>309.8</b>	<b>23%</b>
Performance metric:						
Turnover (£m)	12.00				10.74	
<b>Relative SECR Emissions, tCO<sub>2</sub>e/£m</b>			<b>31.7</b>		<b>28.8</b>	<b>10%</b>



Report) Regulations 2018. These sources fall within our consolidated financial statement.

We have followed the methodology of ISO 14064-1 (Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals) and emission factors from UK Government GHG Conversion Factors for Company

#### **Energy efficiency projects**

The solar panels continue to generate electricity, with consumption up by 40% this year.

Energy efficiency activities continue with blown light bulbs being replaced with efficient LEDs. A specific project

to replace corridor lighting at the Kent hospice with LEDs, supported by PIR motion sensors, will start shortly. A programme to replace lighting at shops will also soon get underway, so all have the same fittings and LED bulbs. An electric car charging point has been installed for use by customers and staff. A review of the fleet is underway, with the first hybrid vehicle purchased as a pool car. There are plans to look at wider carbon emissions and develop a Net Zero Action Plan.

#### **Structure, Governance and Management**

Details about the structure, governance and management of the charity and its subsidiaries are shown at the end of this report on pages 50 to 52.





## Statement of Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charity and the group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP (FRS102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and

the Companies Act 2006, applicable accounting regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Disclosure of information to auditor

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

This report, incorporating the Strategic Report, was approved by the Trustees, in their capacity as Company Directors, on 6 October 2022 and signed on its behalf by



**David Highton, Chair of Trustees**





## Independent auditors report

### Opinion

We have audited the financial statements of Demelza House Children's Hospice (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, group balance sheet, charity balance sheet, consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

The trustees are responsible for the other information. 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

### Other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

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

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

### Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 24 the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and the parent charitable company's ability to continue as a going

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

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

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

#### **Identifying and assessing risks related to irregularities:**

We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with management and trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with trustees and updating our understanding of the sectors in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006 and guidance issued by the Charity Commission for England and Wales.

Further the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, through significant fine, litigation or restrictions on the group's operations. We identified the most significant laws and regulations to be those issued by the Care Quality Commission covering health care services and those issued by the Gambling Commission covering requirements for running a lottery.

#### **Audit response to risks identified:**

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence

with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.


During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the parent 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 parent 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 parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
Cara Turlington (Senior Statutory Auditor)  
for and on behalf of Saffery Champness LLP

Chartered Accountants  
Statutory Auditors

71 Queen Victoria Street  
London  
EC4V 4BE

Date..... 11 October 2022 .....

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006



# Financial Statements

Consolidated Statement of Financial Activities for the period ended 31 March 2022  
(Incorporating Income and Expenditure Account)

		Unrestricted	Restricted	Total	Total
	Notes	Funds	Funds	2022	2021
		£000	£000	£000	£000
<b>Income</b>					
Donations and legacies	2	3,842	173	4,015	4,133
Trading activities	3	4,892	-	4,892	2,948
Income from Charitable Activities	4	1,423	1,047	2,470	2,455
Income from Investments	5	273	-	273	197
Government COVID Support	6	131	216	347	3,023
<b>Total income</b>		<b>10,561</b>	<b>1,436</b>	<b>11,997</b>	<b>12,756</b>
<b>Expenditure</b>					
<b>Expenditure on Raising funds</b>	7				
Generating donations and legacies		1,299	-	1,299	1,326
Fundraising events		267	-	267	82
Trading expenditure		3,658	-	3,658	2,971
Investment management fees		45	-	45	36
<b>Total Expenditure on Raising funds</b>		<b>5,269</b>	<b>-</b>	<b>5,269</b>	<b>4,415</b>
<b>Expenditure on Charitable activities</b>	8				
Residential service		5,009	1,298	6,307	5,502
Community Service		813	247	1,060	840
<b>Total Expenditure on Charitable activities</b>		<b>5,822</b>	<b>1,545</b>	<b>7,367</b>	<b>6,342</b>
<b>Total Expenditure</b>		<b>11,091</b>	<b>1,545</b>	<b>12,636</b>	<b>10,757</b>
<b>Deficit before investment gains/(losses)</b>		<b>(530)</b>	<b>(109)</b>	<b>(639)</b>	<b>1,999</b>
Net Gains / (Loss) on investment	16	278	-	278	1,948
Loss on disposals of investment property		-	-	-	(8)
<b>Net income / (expenditure)</b>		<b>(252)</b>	<b>(109)</b>	<b>(361)</b>	<b>3,939</b>
Transfers between funds		-	-	-	-
<b>Net movement in funds</b>		<b>(252)</b>	<b>(109)</b>	<b>(361)</b>	<b>3,939</b>
Fund balances brought forward at 1 <sup>st</sup> April 2021		27,266	487	27,753	23,814
<b>Fund balances carried forward at 31st March 2022</b>		<b>27,014</b>	<b>378</b>	<b>27,392</b>	<b>27,753</b>

All the activities of the Group and the Charity are continuing. There are no other recognised gains or losses. Full comparative figures for the period ended 31 March 2021 are shown in note 49. The notes on pages 30 to 49 form part of these financial statements.

# Balance Sheets at 31 March 2022

Company No: 02948500

	Note	Group		Charity	
		2022 £000	2021 £000	2022 £000	2021 £000
<b>Fixed Assets</b>					
Tangible assets	13	7,030	7,024	6,950	7,020
Intangible assets	14	108	48	68	48
Investment property	15	3,208	3,208	-	-
Investments	16	12,284	11,781	15,631	15,128
		<b>22,630</b>	<b>22,061</b>	<b>22,649</b>	<b>22,196</b>
<b>Current Assets</b>					
Stock		6	12	-	-
Debtors	18	1,302	1,241	1,708	1,643
Cash at bank and in hand		5,086	5,329	4,436	4,596
		<b>6,394</b>	<b>6,582</b>	<b>6,144</b>	<b>6,239</b>
<b>Creditors: Amounts falling due within one year</b>	19	(1,560)	(890)	(1,329)	(682)
<b>Net Current Assets</b>		<b>4,924</b>	<b>5,692</b>	<b>4,815</b>	<b>5,557</b>
<b>Total assets less current liabilities</b>		<b>27,464</b>	<b>27,753</b>	<b>27,464</b>	<b>27,753</b>
<b>Provisions for Liabilities</b>	20	(72)	-	(72)	-
<b>Net Assets</b>		<b>27,392</b>	<b>27,753</b>	<b>27,392</b>	<b>27,753</b>
<b>Funds</b>	21				
<b>Restricted Funds</b>		378	487	378	487
<b>Unrestricted funds</b>					
General		11,606	15,736	11,606	15,736
Designated		15,408	11,530	15,408	11,530
<b>Total Funds</b>		<b>27,392</b>	<b>27,753</b>	<b>27,392</b>	<b>27,753</b>

The financial statements were approved by the Board of Trustees and authorised for issue on 6 October 2022 and signed on its behalf by:



**David Highton**  
Chair



**Robert Alexander**  
Treasurer

The deficit for the charity only in the period is £360,978 (2021: surplus of £4,510,641)



## Consolidated Cash Flow Statement for the year ended 31 March 2022

	Note	2022 £000	2021 £000
<b>Net Cash Inflow from Resources</b>	23	<b>184</b>	<b>2,894</b>
<b>Cashflows from Investing activities</b>			
Purchase of property, plant and machinery		(367)	(204)
Purchase of intangible fixed assets		(60)	-
Purchase of investments in the year		-	(2,000)
Proceeds from sale of investment properties		-	1,206
<b>Net cash provided by (used in) financing activities</b>		<b>(427)</b>	<b>(998)</b>
<b>Change in cash and cash equivalents in the reporting period</b>	24	<b>(243)</b>	<b>1,896</b>
Cash and cash equivalents at 1st April 2021		5,329	3,433
<b>Cash and cash equivalents at 31st March 2022</b>		<b>5,086</b>	<b>5,329</b>

# Notes to the financial statements

## For the year ended 31 March 2022

### Note 1. Accounting Policies

#### Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. Demelza House Children's Hospice meets the definition of a public benefit entity under FRS 102. The functional currency is £ Sterling.

#### General information

The Charity is a company limited by guarantee, incorporated in England and Wales (company number 2948500) and a charity registered in England and Wales (charity number: 1039651). The Charity's registered office address is: Demelza House, Rook Lane, Bobbing, Sittingbourne, Kent, ME9 8DZ.

#### Basis of consolidation

These financial statements consolidate the results, assets and liabilities of the charity's trading subsidiary Demelza Trading Ltd (company number: 03090528) and ACG Lettings Ltd (company number: 03031999 on a line-by-line basis.

#### Going concern

The trustees have reviewed Demelza House Children's Hospice's financial position, considering the impact of future activities, and concluded that it is appropriate to produce the accounts on a going concern basis for the 12 months from the date the accounts are signed.

A summary of the accounting policies, which have been consistently applied, is set out below.

#### Significant judgements and estimates

The key sources of uncertainty in our estimations that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- residuary legacies – the charity recognises residuary legacies once probate has been granted, which therefore requires an estimation of the amount receivable.

#### Accounting for income

Income received by way of donations, collecting boxes or from functions, shops or flag days is not recorded in the financial statements until the cash, or document of title to the investment or property is received at headquarters. Legacy income is recognised in the SOFA when receipt is probable, amounts receivable can be measured with sufficient reliability and the charity is entitled to the income.

No account is taken of monies or other assets in the hands of outside or voluntary helpers until such monies are banked or other assets are remitted to

headquarters. Contracted fees receivable and grants invoiced to local authorities, as well as investment income and accrued tax recoverable, are accrued. Other grants from central government and local authorities are recorded in the financial statements when they are receivable.

Contracted fee income specifically received in advance of expenditure in the next financial year is deferred in the balance sheet.

The value of investments and property bequeathed or donated to Demelza House Children's Hospice is taken to be market value on the date when the documents of title are received.

#### Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to that category. Where costs cannot be directly attributable to particular headings, they have been allocated to activities on a basis consistent with the use of resources. Central overhead costs are allocated to operational and fundraising functions on the basis of their use of central support services.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the cost of disseminating information in support of the charitable activities.

Support costs, which include central or regional functions such as general management, budgeting and accounting, payroll administration, human resources, information technology, facilities and estates, are allocated across charitable and fundraising activities under the following categories, financial management, people and organisational development, information systems, facilities and estates.

Where information about the aims, objectives and projects of the Charity is provided in the content of fundraising material in an educational manner in the furtherance of the Charity's objectives, those costs are apportioned to charitable activities. Irrecoverable value added tax (VAT) is included in the relevant expense categories.

Support and governance costs are apportioned on the basis of usage of a resource in terms of time taken, capacity used and requests made.

#### Tax

Demelza House Children's Hospice is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income from capital gains received within categories covered by Chapter 3 Part II corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to charitable



purposes. Profit from the subsidiaries is gift aided to Demelza House Children's Hospice.

#### **Leases**

All leases are operating leases. Costs in respect of these leases are charged to the statement of financial activities over the term of the lease.

#### **Fixed assets**

##### **Land and buildings**

Land and buildings are stated in the balance sheet at the most recent valuation or, in the case of purchases or additions subsequent to the date of such valuation, at cost, less depreciation provided in relation to such valuation or cost, as appropriate, to write off the assets other than freehold land over the following periods.

##### **Freehold buildings**

The period of the estimated useful life up to a maximum of 50 years from the date of purchase.

##### **Leasehold land and buildings**

The unexpired portion of the lease up to a maximum of 50 years from the date of the most recent revaluation or, if later, the date of the purchase.

##### **Building improvements**

Between 3 to 25 years based on nature of usage, or if earlier, the unexpired portion of the lease.

##### **Motor vehicles**

Motor vehicles are stated in the Balance Sheet at cost, less depreciation provided to write off the vehicles over a period of 4 years.

##### **Equipment**

Equipment is stated in the Balance Sheet at cost less depreciation to write off the equipment over a period of up to 7 years.

##### **Intangible fixed assets**

Intangible fixed assets such as the website, software and intellectual property are capitalised at cost and are amortised over a period of 3 to 10 years.

#### **Fund accounting**

##### **Restricted funds**

These funds are restricted by the donor for specific purposes. Revenue funds restricted by the donor are held in restricted reserves and funds are matched against expenditure as appropriate.

##### **Unrestricted funds**

These funds comprise accumulated surpluses and deficits on general funds that are expendable at the discretion of the Trustees in furtherance of the objects of the charity and that have not been designated for other purposes.

##### **Designated funds**

These are unrestricted funds that have been set aside at the discretion of the Trustees for particular purposes.

#### **Short term employee benefits**

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

#### **Pensions**

Demelza House Children's Hospice operates a defined contribution scheme available to the majority of its permanent employees. The Charity and its subsidiaries also make contributions to the National Health Service Pension Scheme for certain employees which is a defined benefit scheme. However, the scheme is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities. As a result, this scheme is also accounted for by the charity as a defined contribution scheme.

All the pension schemes are administered by separate trustees and are run independently of the charity.

The costs of providing pensions for employees are therefore all charged in the statement of financial activities for the year in which the contributions are payable.

#### **Liabilities**

Future liabilities are recognised when Demelza House Children's Hospice has a legal or constructive financial obligation, that can be reliably estimated and for which there is an expectation that payment will be made.

#### **Financial instruments**

Cash at bank and short-term deposits includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. All cash and short-term deposits are basic instruments and are measured at amortised cost.

#### **Debtors recognition**

Debtors which arise from contracts for the sale of non-financial items (such as goods or services), which are entered into in accordance with the Charity's normal sale or usage requirements, are recognised when, and to the extent that, performance occurs, i.e. when delivery of the goods or services is made. Regular sales are recognised and de-recognised, as applicable, using the trade date.

#### **De-recognition**

All debtors are de-recognised when the rights to receive cash flows from the assets have expired or the Charity has transferred substantially all of the risks and rewards of ownership.

#### **Investments**

Investments held for the long-term to generate income or capital growth are carried at fair value as fixed assets. Realised and unrealised gains are accounted for within the statement of financial activities.

**Investment properties**

Investment properties are valued at the year end. Gains or losses are recognised in the accounts of the relevant subsidiary and shown within the statement of financial activities.

**Stock**

Stocks comprise finished goods and are stated at the lower of cost and net realisable value.

**Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past

event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for trade discounts due.

**Donated goods**

The trustees have concluded and agreed that the valuing of shops donated goods for resale on receipt is impractical due to the high volume of low value items, lack of stock system for recording these items and the administrative cost involved. Instead, the income is recognised in the accounts when these goods are sold.



## Notes to the financial statements for the year ended 31 March 2022

<b>2 Donations &amp; Legacies</b>	<b>Unrestricted</b>	<b>Restricted</b>		<b>Unrestricted</b>	<b>Restricted</b>	
	<b>Funds</b>	<b>Funds</b>		<b>Funds</b>	<b>Funds</b>	
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Donations	2,340	173	2,513	1,990	198	2,188
Gifts In Kind	144	-	144	40	-	40
Legacies	1,358	-	1,358	1,905	-	1,905
	<b>3,842</b>	<b>173</b>	<b>4,015</b>	<b>3,935</b>	<b>198</b>	<b>4,133</b>
<b>3 Trading Activities</b>	<b>Unrestricted</b>	<b>Restricted</b>		<b>Unrestricted</b>	<b>Restricted</b>	
	<b>Funds</b>	<b>Funds</b>		<b>Funds</b>	<b>Funds</b>	
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Lottery income	1,708	-	1,708	1,760	-	1,760
Retail sales	3,064	-	3,064	1,063	-	1,063
Rental income	120	-	120	125	-	125
	<b>4,892</b>	<b>-</b>	<b>4,892</b>	<b>2,948</b>	<b>-</b>	<b>2,948</b>
<b>4 Income from Charitable Activities</b>	<b>Unrestricted</b>	<b>Restricted</b>		<b>Unrestricted</b>	<b>Restricted</b>	
	<b>Funds</b>	<b>Funds</b>		<b>Funds</b>	<b>Funds</b>	
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fundraising events	338	-	338	73	-	73
Grant contribution funded by NHS England	-	894	894	-	867	867
Funding from CCGs/Local Authorities	877	-	877	841	170	1,011
Other Grants	156	153	309	286	167	453
Other Income	52	-	52	51	-	51
	<b>1,423</b>	<b>1,047</b>	<b>2,470</b>	<b>1,251</b>	<b>1,204</b>	<b>2,455</b>
<b>5 Income from Investment</b>	<b>Unrestricted</b>	<b>Restricted</b>		<b>Unrestricted</b>	<b>Restricted</b>	
	<b>Funds</b>	<b>Funds</b>		<b>Funds</b>	<b>Funds</b>	
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank Interest	4	-	4	3	-	3
Investment portfolio income	269	-	269	194	-	194
	<b>273</b>	<b>-</b>	<b>273</b>	<b>197</b>	<b>-</b>	<b>197</b>
<b>6 Government Covid Support</b>	<b>Unrestricted</b>	<b>Restricted</b>		<b>Unrestricted</b>	<b>Restricted</b>	
	<b>Funds</b>	<b>Funds</b>		<b>Funds</b>	<b>Funds</b>	
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Business Continuity Grants	85	-	85	316	-	316
Job Retention Scheme	46	-	46	867	-	867
NHS England COVID-19 Grant	-	216	216	-	1,840	1,840
	<b>131</b>	<b>216</b>	<b>347</b>	<b>1,183</b>	<b>1,840</b>	<b>3,023</b>

## Notes to the financial statements for the year ended 31 March 2022

7 Expenditure on Raising Funds	Direct	Support		Direct	Support	
	Costs	Costs	Total	Costs	Costs	Total
	2022	2022	2022	2021	2021	2021
	£000	£000	£000	£000	£000	£000
Generating voluntary income	941	358	1,299	854	472	1,326
Fundraising events costs	193	74	267	64	18	82
Retail expenditure	2,589	316	2,905	2,093	237	2,330
Lottery Expenditure	604	46	650	510	26	536
Property lettings costs	78	5	83	100	5	105
Events company costs	20	-	20	-	-	-
Investment management fees	45	-	45	36	-	36
	<b>4,470</b>	<b>799</b>	<b>5,269</b>	<b>3,657</b>	<b>758</b>	<b>4,415</b>

8 Charitable Activities	Direct	Support		Direct	Support	
	Costs	Costs	Total	Costs	Costs	Total
	2022	2022	2022	2021	2021	2021
	£000	£000	£000	£000	£000	£000
Residential Services	4,522	1,785	6,307	4,132	1,370	5,502
Community Services	798	262	1,060	673	167	840
	<b>5,320</b>	<b>2,047</b>	<b>7,367</b>	<b>4,805</b>	<b>1,537</b>	<b>6,342</b>

	2022	2021
	£000	£000
Direct charitable costs consist of:		
Care Costs	4,495	4,062
Catering and Housekeeping	323	303
Centre costs	502	440
	<b>5,320</b>	<b>4,805</b>

## Notes to the financial statements for the year ended 31 March 2022

<b>9 Support Costs</b>	<b>Total</b>	<b>Total</b>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Support costs consist of:		
Human Resources and administration	685	565
Finance	478	430
IT	708	513
Volunteer Services	116	113
Marketing	427	240
Governance Costs	72	68
Depreciation	361	366
	<b>2,846</b>	<b>2,295</b>
Which is allocated:		
Generating funds	799	758
Charitable activities	2,047	1,537
	<b>2,846</b>	<b>2,295</b>

Marketing costs have been treated as support costs. In the accounts for the year ended 31 March 2021, marketing costs were treated as direct costs. The comparatives in notes 7,8 and 9 have been restated.

### Governance Costs consist of:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Audit and accountancy fees	25	23
Staffing costs	47	45
	<b>72</b>	<b>68</b>

No Trustees received remuneration during the period (2021: nil). Trustee expenses reimbursed amounted to £nil (2021: nil).

No Trustees made any restricted donations during the year (2021:nil).



## Notes to the financial statements for the year ended 31 March 2022

10 Staff Costs	2022	2022	2021	2021
	£000	£000	£000	£000
	TOTAL	TOTAL	TOTAL	TOTAL
	GROUP	CHARITY	GROUP	CHARITY
Wages and salaries	7,078	6,832	6,397	6,104
Employer's National Insurance	619	599	544	523
Pension costs	580	570	488	475
	<b>8,277</b>	<b>8,001</b>	<b>7,430</b>	<b>7,101</b>

The average number of full-time equivalent employees during the year was:

	FTE	FTE	NO	NO
	2022	2021	2022	2021
Nursing and care services	117	122	144	148
Retail	61	52	93	72
Fundraising	22	27	24	32
Support functions	33	26	46	30
<b>TOTAL CHARITY</b>	<b>233</b>	<b>227</b>	<b>307</b>	<b>282</b>
Lottery	6	7	8	9
	<b>239</b>	<b>234</b>	<b>315</b>	<b>291</b>

Higher Salary Band ( Gross Annual Salary)	31/03/2022	31/03/2021
£60,001 - £70,000	4	3
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
	<b>6</b>	<b>5</b>

Total Senior Management Team gross pay for the year £445k (2021: £421k).

The CEO salary inclusive of pension and National Insurance was £89k (2021: £96k).

## Notes to the financial statements for the year ended 31 March 2022

<b>11 Net Income for the Year</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Net income for the year is stated after charging/(crediting):</b>		
Operating leases - land and buildings	564	546
- other	69	75
Auditors' remuneration(excluding VAT)		
- audit of parent company	14	12
- audit of subsidiaries	11	10
- preparation of tax return for parent company	1	1
- preparation of tax return for subsidiaries	3	3
Depreciation of fixed assets	361	392
<b>12 Net Income of Trading Subsidiaries</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Demelza House Trading Ltd</b>		
Turnover	1,895	1,890
Cost of sales	(273)	(290)
<b>Gross profit</b>	<b>1,623</b>	<b>1,600</b>
Administration expenses	(557)	(505)
Management Charge to Demelza House Children's Hospice	(78)	(75)
Other operating income	9	126
<b>Operating Profit</b>	<b>997</b>	<b>1,146</b>
<b>Net Profit</b>	<b>997</b>	<b>1,146</b>
Gift Aid payment to Demelza House Children's Hospice	(997)	(1,146)
<b>Retained Profit for the Year</b>	<b>-</b>	<b>-</b>
Retained profit brought forward	-	-
<b>Retained profit carried forward</b>	<b>-</b>	<b>-</b>

**Demelza House Trading Ltd** (company number 03090528) is a wholly owned trading subsidiary of the charity, which is incorporated in the UK. The subsidiary operates a number of retail outlets selling donated goods, cards and other merchandise and runs a lottery scheme. The company made a Gift Aid payment of its taxable profits to Demelza House Children's Hospice.

## Notes to the financial statements for the year ended 31 March 2022

<b>12 Net Income of Trading Subsidiaries (continued)</b>	<b>2022</b>	<b>2021</b>
<b>ACG Lettings Ltd</b>	<b>£000</b>	<b>£000</b>
Turnover	120	120
Administrative Expenses	(79)	(100)
Management Charge to Demelza House Children's Hospice	(5)	(5)
<b>Gross Profit</b>	<b>36</b>	<b>15</b>
<b>Operating Profit</b>	<b>36</b>	<b>15</b>
Interest receivable and similar income	-	-
<b>Net Profit</b>	<b>36</b>	<b>15</b>
Gift Aid payment to Demelza House Children's Hospice	(36)	(676)
Tax on profit	-	90
<b>Retained profit / (loss) carried forward</b>	<b>-</b>	<b>(571)</b>

**ACG Lettings Ltd** (company number: 03031999) was bequeathed to the charity as part of a legacy. The shares were transferred on 31st March 2020. The company is a residential property lettings company owning property in Dover, Deal and Ash. The company continues to be committed to providing a high quality of housing to its tenants at no more than the market rate.

**South East Medical Services Limited** (company number: 06042090) is a wholly owned subsidiary of the charity, which is incorporated in the UK. The company was dormant in the current and prior year having net assets of £1. The principal activity of the company was the construction of children's hospice buildings with the profit being gift aided to the charity.



## Notes to the financial statements for the year ended 31 March 2022

### 13 Tangible Fixed Assets

	Freehold Buildings £000	Improvements to leasehold property £000	Fixtures And Fittings £000	Motor Vehicles £000	Total Group £000
<b>CONSOLIDATED</b>					
<b>Cost</b>					
At 1 April 2021	9,320	24	1,466	270	11,080
Additions	10	-	278	79	367
Disposals	-	-	-	-	-
At 31 March 2022	<b>9,330</b>	<b>24</b>	<b>1,744</b>	<b>349</b>	<b>11,447</b>
<b>Depreciation</b>					
At 1 April 2021	2,638	18	1,141	259	4,056
Charge for the year	185	-	162	14	361
Disposals	-	-	-	-	-
At 31 March 2022	<b>2,823</b>	<b>18</b>	<b>1,303</b>	<b>273</b>	<b>4,417</b>
<b>Net Book Value</b>					
At 31 March 2022	<b>6,507</b>	<b>6</b>	<b>441</b>	<b>76</b>	<b>7,030</b>
At 31 March 2021	6,682	6	325	11	7,024
<b>CHARITY</b>					
<b>Cost</b>					
At 1 April 2021	9,320	24	1,458	270	11,072
Transfers from Trading Company	-	-	-	(36)	(36)
Additions	10	-	232	43	285
Disposals	-	-	-	-	-
At 31 March 2022	<b>9,330</b>	<b>24</b>	<b>1,690</b>	<b>277</b>	<b>11,321</b>
<b>Depreciation</b>					
At 1 April 2021	2,638	18	1,137	259	4,052
Transfers from Trading Company	-	-	-	36	36
Charge for the year	185	-	159	(61)	283
Disposals	-	-	-	-	-
At 31 March 2022	<b>2,823</b>	<b>18</b>	<b>1,296</b>	<b>234</b>	<b>4,371</b>
<b>Net Book Value</b>					
At 31 March 2022	<b>6,507</b>	<b>6</b>	<b>394</b>	<b>43</b>	<b>6,950</b>
At 31 March 2021	6,682	6	321	11	7,020

## Notes to the financial statements for the year ended 31 March 2022

<b>14 Intangible Fixed Assets - Group</b>	<b>Hospice</b>	<b>Total Group</b>
<b>Cost</b>	<b>£000</b>	<b>£000</b>
At 1 April 2021	48	48
Additions	20	60
At 31 March 2022	<b>68</b>	<b>108</b>
<b>Depreciation</b>		
At 1 April 2021	-	-
Charge for the year	-	-
At 31 March 2022	-	-
<b>Net Book Value</b>		
<b>At 31 March 2022</b>	<b>68</b>	<b>108</b>
At 31 March 2021	48	48
<b>Intangible Fixed Assets - Charity</b>	<b>Hospice</b>	<b>Total Charity</b>
<b>Cost</b>	<b>£000</b>	<b>£000</b>
At 1 April 2021	48	48
Additions	20	20
At 31 March 2022	<b>68</b>	<b>68</b>
<b>Depreciation</b>		
At 1 April 2021	-	-
Charge for the year	-	-
At 31 March 2022	-	-
<b>Net Book Value</b>		
<b>At 31 March 2022</b>	<b>68</b>	<b>68</b>
At 31 March 2021	48	48
<b>15 Investment Property</b>	<b>Freehold Buildings</b>	<b>Total Group</b>
<b>Consolidated and charity</b>	<b>£000</b>	<b>£000</b>
At 1 April 2021	3,208	3,208
Disposal	-	-
At 31 March 2022	<b>3,208</b>	<b>3,208</b>
<b>Net Book Value</b>		
<b>At 31 March 2022</b>	<b>3,208</b>	<b>3,208</b>
At 31 March 2021	3,208	3,208

All investment properties are held by ACG Lettings Ltd which was acquired through a legacy on 31 March 2020. The freehold properties were valued based on two Chartered Surveyors' valuations in February 2020. The Directors consider this valuation to be appropriate at 31 March 2022.

## Notes to the financial statements for the year ended 31 March 2022

16 Investments - Charity	2022	2021
	£000	£000
<b>Unlisted investments</b>		
Demelza House Trading Limited	-	-
South East Medical Services Limited	-	-
ACG Lettings Ltd	3,347	3,347
<b>Total</b>	<b>3,347</b>	<b>3,347</b>

The £101 unlisted investments represent a 100% shareholding in Demelza House Trading Limited and a 100% shareholding in South East Medical Services Ltd. The charity has three subsidiaries as follows:

	Class of Shares held	Nature of Business	Capital and Reserves at 31-Mar-22 £
Demelza House Trading Limited	Ordinary	Retailing	-
South East Medical Services Ltd	Ordinary	Dormant	-
ACG Lettings Ltd	Ordinary	Property Lettings	3,347

Charity & Group Investment Fund	2022 £000	2021 £000
At 1 April	11,781	7,675
Invested in the year	-	2,000
Dividends & Interest received	270	193
Investment Managers' Charge	(45)	(36)
Unrealised gains in the year	278	1,949
At 31 March	<b>12,284</b>	<b>11,781</b>

The historic cost of the investments was £9,618k (2021: £9,618k)



## Notes to the financial statements for the year ended 31 March 2022

17 Stock	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Goods for resale	6	12	-	-
	<b>6</b>	<b>12</b>	<b>-</b>	<b>-</b>

18 Debtors	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Amounts due from subsidiaries	-	-	422	421
Trade debtors	75	280	59	273
Bad Debt Provision	(11)	(24)	(6)	(20)
Prepayments & Accrued Income	912	969	910	953
VAT	326	16	323	16
	<b>1,302</b>	<b>1,241</b>	<b>1,708</b>	<b>1,643</b>

19 Creditors: amounts falling due within one year	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	(238)	(169)	(213)	(159)
Tax and social security costs	(152)	(229)	(152)	(132)
Other creditors	(140)	(17)	(142)	(92)
Accruals and deferred income	(1,030)	(475)	(822)	(299)
	<b>(1,560)</b>	<b>(890)</b>	<b>(1,329)</b>	<b>(682)</b>

All the deferred income of £894k will be released in the following year. This represents ticket payments in advance by supporters for events in the following year, payments in advance by the lottery players and a grant made by a trust to be expended in the next financial year.

Accruals and deferred income includes deferred income as follows:

	2022	2021
	£000	£000
B/fwd	(398)	(503)
Amounts deferred in the year	(894)	(398)
Amounts released in the year	398	503
C/fwd	<b>(894)</b>	<b>(398)</b>

20 Provisions for Liabilities	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Provisions	(72)	-	(72)	-
	<b>(72)</b>	<b>-</b>	<b>(72)</b>	<b>-</b>

The provision of £72k has been made against possible gas and electricity charges for the warehouse and retail head office.

## Notes to the financial statements for the year ended 31 March 2022

### 21 Funds

Restricted Funds	Balance at	Incoming	Resources	Transfer	Balance at
	1 April	Resources	Expended	Between	31 March
	2021	Resources	Expended	Funds	2022
	£000	£000	£000	£000	£000
NHS England Covid-19 funding	-	894	(894)	-	-
Grant contribution funded by NHS England	-	216	(216)	-	-
East Kent CCGs Grant	170	-	(138)	-	32
Care Where You Are	6	80	(42)	-	44
Bereavement Services and Family Fund	42	9	(34)	-	17
Building and Ground Improvement Projects	65	104	(70)	-	99
East Sussex Community Equipment & Running Costs	76	30	(33)	-	73
Kent Hospice Equipment and Running Costs	91	61	(81)	-	71
SE London Hospice Equipment and Running Costs	37	42	(37)	-	42
	<b>487</b>	<b>1,436</b>	<b>(1,545)</b>	<b>-</b>	<b>378</b>

	Balance at	Incoming	Resources	Transfer	Balance at
	1 April	Resources	Expended	Between	31 March
	2020	Resources	Expended	Funds	2021
	£000	£000	£000	£000	£000
NHS England Covid funding	-	1,840	(1,840)	-	-
Grant contribution funded by NHS England	-	868	(868)	-	-
East Kent CCGs Grant	-	170	-	-	170
Care Where You Are	-	62	(56)	-	6
Bereavement Services and Family Fund	44	47	(49)	-	42
Building and Ground Improvement Projects	48	142	(125)	-	65
East Sussex Community Equipment & Running Costs	96	33	(53)	-	76
Kent Hospice Equipment and Running Costs	82	38	(29)	-	91
SE London Hospice Equipment and Running Costs	23	43	(29)	-	37
	<b>293</b>	<b>3,243</b>	<b>(3,049)</b>	<b>-</b>	<b>487</b>

**NHS England Covid-19 funding.** The NHSE awarded funding to allow the hospice to make available bed capacity and community support from December 2021 to March 2022 to provide support to people with complex needs in the context of the COVID-19 situation.

**Grant contribution funded by NHS England** is the annual grant awarded to children's hospices in England.

**East Kent CCGs Grant** funds training, care at home and the managed clinical network in Kent and Medway.

**Care Where You Are** represents the delivery of palliative care in a variety of settings to enable access by those who cannot reach a residential hospice.

**Bereavement Services and Family Fund** funds bereavement services and family support at Kent, South East London and East Sussex.

**Building and Ground Improvement Projects** funds building works and improvements to the grounds at Kent, South East London and East Sussex.

**East Sussex Community Equipment & Running Costs** funds the work of the East Sussex team and equipment required.

**Kent Hospice Equipment and Running Costs** funds the work of the Kent team and equipment required.

**SE London Hospice Equipment and Running Costs** funds the work of the South-East London team and equipment required.

## Notes to the financial statements for the year ended 31 March 2022

### 21 Funds (continued)

Unrestricted Funds	Balance at	Incoming Resources including	Resources	Transfer	Balance at
Group	1 April	gains on	Expended	Between	31 March
	2021	investments		Funds	2022
	£000	£000	£000	£000	£000
<b>Designated funds</b>					
Fixed assets & Inv. Property fund	10,280	-	(362)	427	10,345
Care and Resources Strategy Fund	-	-	-	3,560	3,560
Digital transformation Fund	1,000	-	(97)	450	1,353
Capital Covid Recovery Fund	250	-	-	(100)	150
<b>Unrestricted general funds</b>	15,736	10,839	(10,632)	(4,337)	11,606
<b>Total unrestricted funds</b>	<b>27,266</b>	<b>10,839</b>	<b>(11,091)</b>	<b>-</b>	<b>27,014</b>

Group	Balance at	Incoming Resources including	Resources	Transfer	Balance at
	1 April	gains on	Expended	Between	31 March
	2020	investments		Funds	2021
	£000	£000	£000	£000	£000
<b>Designated Funds</b>					
Fixed assets & Inv. Property fund	11,678	-	(392)	(1,006)	10,280
Digital transformation Fund	-	-	-	1,000	1,000
Capital Covid Recovery Fund	-	-	-	250	250
<b>Unrestricted general funds</b>	11,843	11,455	(7,318)	(244)	15,736
<b>Total unrestricted funds</b>	<b>23,521</b>	<b>11,455</b>	<b>(7,710)</b>	<b>-</b>	<b>27,266</b>

#### Designated Funds

**Fixed assets & Investment Property fund** – Represents unrestricted funds tied up in fixed assets. At the balance sheet date the balance of fixed asset designated reserves equates to the net book value of fixed assets held.

**Care & Resources Strategy fund** – The Trustees have approved the charity's strategy for 2022 - 2027. They have designated the funds required for the planned developments in the care departments and support functions.

**Digital transformation Fund** represents funds designated for Demelza to make all its services digitally accessible to users and to harness digital processing of data to bring greater accuracy and efficiency. The funds will be used between 2021 and 2024.

**Capital COVID Recovery Fund** is designated for accelerated capital expenditure following the lockdowns on 2020-21 when little capital work was possible.

**Unrestricted general funds** represent the unrestricted reserves of the Charity, which are not designated for particular purposes, and therefore the Trustees can utilise as they see fit in accordance with its charitable objects.



## Notes to the financial statements for the year ended 31 March 2022

### 21 Funds (continued)

Summary of Total Group Funds		Incoming Resources		Transfer Between Funds	Balance at 31 March
	Balance at 1 April 2021	including gains on investments	Resources Expended		
	£000	£000	£000	£000	£000
Restricted funds	487	1,436	(1,545)	-	378
Unrestricted funds	27,266	10,839	(11,091)	-	27,014
Total funds	<b>27,753</b>	<b>12,275</b>	<b>(12,636)</b>	-	<b>27,392</b>

		Incoming Resources		Transfer Between Funds	Balance at 31 March
	Balance at 1 April 2020	including gains on investments	Resources Expended		
	£000	£000	£000	£000	£000
Restricted funds	293	3,242	(3,048)	-	487
Unrestricted funds	23,521	11,455	(7,710)	-	27,266
Total funds	<b>23,814</b>	<b>14,697</b>	<b>(10,758)</b>	-	<b>27,753</b>

## Notes to the financial statements for the year ended 31 March 2022

### 22 Analysis of Group Net Assets Between Funds

	Unrestricted Funds 2022 £000	Restricted Funds 2022 £000	Total 2022 £000	Unrestricted Funds 2021 £000	Restricted Funds 2021 £000	Total 2021 £000
<b>Group</b>						
Fund balances at 31 March are represented by:						
Fixed assets and investments	22,629	-	22,629	22,061	-	22,061
Current assets	6,017	378	6,395	6,095	487	6,582
Creditors falling due within one year	(1,560)	-	(1,560)	(890)	-	(890)
Provision for liabilities	(72)	-	(72)	-	-	-
	<b>27,014</b>	<b>378</b>	<b>27,392</b>	<b>27,266</b>	<b>487</b>	<b>27,753</b>

#### Charity

Fund balances at 31 March are represented by:

Fixed assets and investments	22,649	-	22,649	22,196	-	22,196
Current assets	5,766	378	6,144	5,752	487	6,239
Creditors falling due within one year	(1,329)	-	(1,329)	(682)	-	(682)
Provision for liabilities	(72)	-	(72)	-	-	-
	<b>27,014</b>	<b>378</b>	<b>27,392</b>	<b>27,266</b>	<b>487</b>	<b>27,753</b>

### 23 Reconciliation of Net cash flow to movement in funds

	2022 £000	2021 £000
<b>Net incoming / (outgoing) resources</b>	(361)	3,939
Depreciation charges	362	392
Loss on sale of investment property	-	7
(Gain) on sale of fixed assets	-	(3)
(Gains)/Losses on investments	(278)	(1,948)
Less Investment Income	(269)	(194)
Add investment management fee	45	36
(Increase)/ Decrease in stock	4	33
(Increase)/Decrease in debtors	(60)	918
Increase/(Decrease) in creditors	669	(286)
Increase/(Decrease) in provision	72	
<b>Net cash outflowing resources</b>	<b>184</b>	<b>2,894</b>

### 24 Analysis of cash and cash equivalents

	Short term Deposit £000	Cash at bank and in hand £000	Total £000
<b>Balance at 1 April 2021</b>	1,900	3,429	5,329
Net cash movement	(500)	257	(243)
<b>Balance at 31 March 2022</b>	<b>1,400</b>	<b>3,686</b>	<b>5,086</b>
<b>Balance at 1 April 2020</b>	-	3,433	3,433
Net cash movement	1,900	(4)	1,896
<b>Balance at 31 March 2021</b>	<b>1,900</b>	<b>3,429</b>	<b>5,329</b>

## Notes to the financial statements for the year ended 31 March 2022

### 25 Analysis in Changes of Net Debt

	At 1 April 2021	Cash movements	At 31 March 2022
	£000	£000	£000
Cash at bank	5,329	(243)	5,086

	At 1 April 2020	Cash movements	At 31 March 2021
Cash at bank	3,433	1,896	5,329

### 26 Pensions

	2022	2021
	£000	£000
Defined Contribution Scheme	233	246
NHS Pension Scheme	347	242
<b>Total Pension Costs (Note 10)</b>	<b>580</b>	<b>488</b>

#### Defined Contribution Scheme

The charity and its subsidiaries operate a defined contribution scheme available to the majority of its permanent employees. Contributions are charged in the financial statements as they are incurred and there were no outstanding contributions as at the balance sheet date. Pension costs charged in the period were £233k (2021: £245k).

#### NHS Pension Scheme

The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employees, General Practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. As a consequence, it is not possible for Demelza House Children's Hospice Ltd to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme and the cost is the contributions payable to the scheme for this accounting period.

Employers' pension contributions are charged to operating expenses as and when they become due. The total employer contribution payable by Demelza in 2021-22 was £347k (2021: £240k). In addition, employees who are members of the scheme pay contributions of 5.6% to 12.5% depending on their pensionable pay.

In accordance with FRS102, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the Scheme's balance sheet date by updating the results of the full actuarial valuation. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website.



## Notes to the financial statements for the year ended 31 March 2022

### 27 Commitments

#### Operating Leases

The following lease commitments for the next twelve months existed at 31 March 2022 in respect of non-cancellable operating leases:

	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Land and</b>	<b>Other</b>	<b>Land and</b>	<b>Other</b>
	<b>Buildings</b>	<b>Buildings</b>	<b>Buildings</b>	<b>Buildings</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Up to one year	362	51	397	70
Between one and five years	879	75	508	152
Over five years	74	-	105	-
	<b>1,315</b>	<b>126</b>	<b>1,010</b>	<b>222</b>

### 28 Commitments by Lessors

Minimum lease receipts under non-cancellable operating leases to be received:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Up to one year	51	51
Between one and five years	1	3
Over five years	-	-
	<b>52</b>	<b>54</b>

### 29 Related Party Transactions

Other than amounts shown in notes 9, 10,12 and 18, there were no related party transactions.

## Notes to the financial statements for the year ended 31 March 2022

### 30 Comparative Statement of Financial Activities for the year ended 31 March 2021

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000
<b>Income</b>				
Donations and legacies	2	3,935	198	4,133
Other trading activities	3	2,948	-	2,948
Income from Charitable Activities	4	1,251	1,204	2,455
Income from Investments	5	197	-	197
Government COVID Support	6	1,183	1,840	3,023
<b>Total income</b>		<b>9,514</b>	<b>3,242</b>	<b>12,756</b>
<b>Expenditure</b>				
<b>Expenditure on Raising funds</b>				
Generating donations and legacies	7	1,326	-	1,326
Fundraising events		82	-	82
Trading Expenditure		2,971	-	2,971
Investment management fees		36	-	36
<b>Total Expenditure on Raising funds</b>		<b>4,415</b>	<b>-</b>	<b>4,415</b>
<b>Expenditure on Charitable activities</b>				
Residential service	8	2,612	2,890	5,502
Community Service		682	158	840
<b>Total Expenditure on Charitable activities</b>		<b>3,294</b>	<b>3,048</b>	<b>6,342</b>
<b>Total Expenditure</b>		<b>7,709</b>	<b>3,048</b>	<b>10,757</b>
<b>Surplus before investment gains/(losses)</b>		<b>1,805</b>	<b>194</b>	<b>1,999</b>
Net Gains / Loss on investment	16	1,948	-	1,948
Loss on disposals of investment property		(8)	-	(8)
<b>Net income / (expenditure)</b>		<b>3,745</b>	<b>194</b>	<b>3,939</b>
Transfers between funds		-	-	-
<b>Net movement in funds</b>		<b>3,745</b>	<b>194</b>	<b>3,939</b>
Fund balances brought forward at 1 <sup>st</sup> Apr 2020		23,521	293	23,814
<b>Fund balances carried forward at 31st March 2021</b>		<b>27,266</b>	<b>487</b>	<b>27,753</b>

# Structure, governance and management

## Organisational structure

The charity operates as a company limited by guarantee, under the terms of its memorandum and articles of association. Legal responsibility for the management and stewardship of the hospice is vested in the Board of Trustees.

Day to day operational decisions are delegated to a Senior Leadership Team. During the period covered by this report this consisted of a Chief Executive, Director of Care, Director of Fundraising & Marketing, Director of Trading and Director of Finance & Business Planning (none of whom are directors within the meaning of the Companies Act).

Key management personnel are those individuals who have authority and responsibility for planning, directing and controlling the activities of the charity, directly or indirectly, including any director (whether executive or otherwise). The Appraisal and Remuneration Committee is responsible for setting the pay for these personnel, comparing to industry benchmarks as appropriate. The trustees, directors and management are shown on page 52 of this document.

The trustees held four board meetings during the year. The five sub-committees also met regularly throughout the year, reporting respectively for matters concerned with clinical governance, strategy & transformation, fundraising & marketing, resources, and appraisal & remuneration.

The trading company (Demelza House Trading Limited No. 03090528) is a wholly owned subsidiary incorporated in England and Wales, and has a separate board of directors which reports to the board of trustees of the charity. The trading subsidiary runs shops and a weekly lottery to support the objects of the charity.

The charity's subsidiary (South East Medical Services Limited (SEMS) No. 06042090), which built the Eltham hospice, had no turnover this year and is dormant. The charity's subsidiary (ACG Lettings Ltd No 03031999) is a wholly owned subsidiary incorporated in England and Wales, and has a separate Board of Directors which reports to the Board of Trustees of the charity. The trading subsidiary owns, maintains and lets residential property in East Kent.

## Trustee induction and training

The Board of Trustees maintains a skills matrix of all trustees to identify any shortfall in desired competencies. If any shortfall is identified the trustees actively seek a suitable candidate to fill that role on the board. Candidates are interviewed, and those selected are invited to join the board for one meeting and given a tour of the hospice to assess whether they are deemed suitable by all the trustees; this also allows candidates to judge whether the role is one they feel they could comfortably fulfil.

New board members are then given an induction pack, including relevant Charity Commission publications, statutory accounts, and explanations of their duties and copies of previous board meeting minutes. They also attend an induction session with selected Trustees and staff.

All members of the Board are encouraged to attend appropriate internal and external training events where these facilitate the undertaking of their role.

## Clinical governance

Demelza has a comprehensive Clinical Governance Policy and appropriate procedures in place. Demelza will demonstrate accountability for, and ensure continuous improvement in, the quality of services for children and families and safeguard high standards of care by creating an environment in which excellence in clinical care will flourish.

The Clinical Governance Committee (which is a sub-committee of the Board):

- Analyses, benchmarks, evaluates, reviews and monitors all aspects of service delivery to ensure national minimum guidelines and evidence-based practice are met.
- Ensures that policies, procedures and training support our practice to best meet the needs of our service.
- Reviews, identifies, monitors and manages risk.

## Key performance indicators

The senior leadership team monitors a variety of key performance indicators (KPIs) to check achievement of strategic and operational objectives, reporting on them to trustees. These KPIs monitor the amount and type of care provided, management of resources, and income generation.

## Statement on public benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard for public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. In the interest of transparency, the Trustees make the following observations on the two key principles of public benefit.

Firstly, Demelza is clear on the beneficiaries of its work in this report and in its general communications. The beneficiaries are children and young people with terminal and serious conditions and their families, within Kent, East Sussex and South East London. A referral process is in place with clear guidelines on criteria, with anyone being able to refer a child subject to appropriate consent, including families themselves. The Trustees have paid due regard to the latest demographic and other research and data on the number of actual and potential beneficiaries, and their needs.

Secondly, our business-planning and monitoring/reporting are structured around the benefits delivered to

the beneficiaries through our work, including monitoring the impact we have had on their lives. This is reflected in the Trustees' report.

The benefits are respite care, therapeutic services, and other related activities, with access to emergency and end of life care when required. This can be at either of the hospices or within the family home via the community teams. Support services include family support, therapies and pre and post bereavement support the child and their immediate family.

The monitored benefits include whether assessed needs within individual care plans have been met, and improvements (including increased social functioning,

resilience, and emotional wellbeing) monitored through standardised tools. We also regularly consult with our beneficiaries, for example in surveys and representatives' forums, to gain information on our impact.

The Trustees review the activities of the charity against its aims on an ongoing basis and are satisfied that all activities continue to be related to its aims. The charity does not exclude or give priority on any basis other than medical and social need.

Any private benefits are incidental, with Trustees receiving no remuneration, and any personal or business involvement is listed under the related party transaction section.





## Corporate Information

### Demelza Hospice Care for Children

A company limited by guarantee Company No. 2948500  
(Demelza House Children's Hospice) Charity No. 1039651



**Demelza**  
Hospice Care for Children

#### Registered office

Demelza House, Rook Lane, Bobbing, Sittingbourne, Kent, ME9 8DZ

[www.demelza.org.uk](http://www.demelza.org.uk) Telephone: 01795 845200

#### Subsidiary company:

Demelza House Trading Limited, Company No. 03090528. A private limited company  
ACG Lettings Ltd, Company No. 03031999, A private limited company

#### Trustee board

David Highton (Chairman)  
Robert Alexander  
Darren Anstee  
Pedro Avery  
Pippa Barber  
Susan Lawson  
Yvonne Parks  
Debbie Kemp  
Matt Kepple resigned December 2021  
Nicola Porter (Tyers)  
Charlotte Parry-Jones  
Paul Smith  
Kate Stephens retired June 2022

#### Founder president

Derek Phillips

#### President

Richard Oldfield, OBE DL

#### Vice presidents

The Most Reverend and Right Honourable  
Justin Welby, Archbishop of Canterbury  
Daniel Radcliffe  
Sally Lindsay  
Sir Martyn Lewis, CBE  
Len Goodman  
Dave Berry  
Jayne Torvill, OBE  
Cheryl Baker  
Robin Cousins, MBE  
Gary Lineker, OBE  
Lady Kingsdown, OBE  
Paul Auston, DL  
Turrloo Parrett  
Fiona Sunley  
Des Crampton  
James Kelly  
Rhiannedd Brooke  
Sarah Kemsley appointed Dec 2021

#### Company Secretary

James Niblett

#### Chief Executive Officer

Lavinia Jarrett

#### Director of Finance & Business Planning

James Niblett

#### Director of Fundraising & Marketing

Hayley Richardson

#### Director of Clinical Services

Paul Truesdale appointed July 2022

#### Director of People, Culture & Resources

Hayley Clark appointed July 2022

#### Director of Retail

Ashley Henson

#### Director of Quality Improvement and Clinical Governance

Liz Bray appointed March 2022

#### Auditors

Saffery Champness LLP  
71 Queen Victoria Street,  
London, EC4V 4BE

#### Bankers

National Westminster Bank Plc  
718 London Road, Larkfield,  
Aylesford, Kent ME20 6AN

#### Principal Solicitor

Mayo Wynne Baxter Solicitors  
3 Bell Lane, Lewes,  
East Sussex BN7 1JU



# Demelza

Hospice Care for Children

[www.demelza.org.uk](http://www.demelza.org.uk)

\*Some photos in this document were taken pre Covid-19