

Demelza Hospice Care for Children

Annual report and financial statements

for the period ended 31 March 2023

Registered Charity Number 1039651
Company Number 02948500



demelza

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Introduction from our CEO and Chairs

As we come to the end of another financial year, I have been taking some time to reflect on the successes and challenges of the last 12 months. As anyone who works for a charity will know, the sector has changed significantly over the last three years, meaning we must be increasingly agile in our approach to service delivery as well as our income generation, and collaboration is the way forward.

I am pleased to report that a year into my CEO role (my 24th year at Demelza), which coincides with year one of our five-year strategy, we are making fantastic progress.

We have increased the number of children referred, extended our reach into areas that will benefit from our support and are incorporating the child and family voice into our decision making. We have rebranded, changing and updating not only our look and feel but also our tone of voice, to ensure the expertise and specialisms of the teams are more evident, as is our impact.

It has not been without challenges; the national and international nursing shortage continues to impact our capacity to provide the specialist clinical support that children with serious or life-limiting conditions, and their families, need. The misconceptions around what children's hospices are and why we are here, are still hindering professionals referring into our service and families actively accessing our support.

However, we have plans in place to overcome or at least mitigate these challenges and I am confident that in a short 12 months, when I am reflecting on this current year, I will be able to update you on progress.

I do have some sad news to share, David Highton, our Chair of Trustees, is stepping down. I am deeply grateful

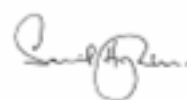
to David, who has served as Demelza's Chair since 2018 and has been an enormous support for our strategy and has helped with our ambitions with robust business considerations. I am pleased to say that David will continue to serve as a Trustee for the remainder of his tenure until 2024.

After an extensive interview process, I was thrilled that we appointed a new Chair in June; Sean Reynolds CB CBE DFC joined the team and has quickly got to know the charity and the Board of trustees.

This just leaves me to thank everyone who has been with us over the last year; our trustees, donors, supporters, children and families who access our services and our Demelza colleagues, all enabling us to provide extraordinary care to extraordinary children with care that doesn't back down. We wouldn't be here without you all and I hope you will join us for the next step in our exciting journey.



Lavinia Jarrett
Chief Executive Officer



David Highton
Chair to June 2023



Air Marshal Sean Reynolds CB CBE DFC
Chair from June 2023





Jaxson-James'

Jaxson-James' story



I was 16 years old when my brother, Shane, was referred to Demelza due to a severe form of epilepsy. When he stayed at Demelza, we knew he was in the safest possible hands, both clinically and emotionally and my mum could temporarily switch off from being a 24-hour carer.

Although Shane eventually left Demelza's services, he tragically died in 2021 after contracting COVID-19, age 24. Our loss is still so fresh, and I never thought that just a year after his death, I would be back at Demelza with his nephew – my son – Jaxson-James.

Jaxson was born with hypoplastic left heart syndrome. There was no time to welcome him to the world; at six days old, he was whisked away for the first of three heart surgeries he would need to survive.

When it became clear we would need ongoing support, our family was once again referred to Demelza. It made a difference to our situation immediately. Demelza's family support team arranged support for Jaxson's grandma and helped us apply for a grant which meant we could pay our bills during a lengthy stay in hospital.

Jaxson loves Demelza's Little Dots playgroup which is run by a healthcare assistant who also cared for his uncle Shane. It's comforting catching up with her and sharing our memories of him. The nursing and care team is amazing with Jaxson; they bring out his smiles and giggles, and their clinical expertise gives me and his dad Jim the confidence to hand over his complex care to them. Jaxson loves the sensory room – with the heated waterbed that keeps him cosy despite his poor blood flow – and having use of the hydro pool at Kent is a godsend considering Jaxson may never be well enough to use a public pool.

Without Demelza, we'd be isolating at home, too scared to take Jaxson out in case he catches a virus that could kill him. Demelza has helped us live a happier life – we don't know what the future holds for Jaxson but we're able to enjoy every precious day we have together.

**Laura, Shane's sister
and mum to
Jaxson-James**



We are Demelza

Demelza delivers extraordinary care to extraordinary children who are facing serious or life-limiting conditions, throughout Kent, South East London and East Sussex. Demelza is here to support them and their families at every step – from first diagnosis and for as long as we're needed.

Demelza is here with care that doesn't back down. By their side when they feel isolated, helping to create the joy in family life and making precious memories during challenging times.

We support families when and where we're needed most: at our three core sites, in their homes, in local communities and online.

With two residential hospices in Kent and South East London and a community hub in East Sussex, we go beyond providing outstanding care and emotional support. We help children explore their creativity, have fun and make memories.

Our support is as unique as every child and family and personalised to adapt around their specific circumstances: from creative therapies and short breaks to practical and emotional support for families and siblings, alongside expert clinical and end of life care. Our specialist teams are on hand day and night, all year round.

Vision

To see a world where children and young people with serious or life-limiting conditions, and their families, have access to personalised, expert care enabling them to live the best lives they can.

Mission

To deliver care that doesn't back down to children and young people with serious or life-limiting conditions, and their families, across Kent, South East London and East Sussex – from first diagnosis and for as long as we're needed.



Our Values

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 outstanding service. By working together, we can give even more families a chance to enjoy their time making precious memories. We recognise everyone brings a different perspective and we celebrate all forms of diversity.



Passion Performance and Pride

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

We love what we do. It's the most rewarding job in the world. We feel privileged to care and support children and their families. We are proud to be part of an inclusive team demelza.



Human is our nature

We see every person as a unique individual. We give every child and family member a service that suits their individual needs.

We're all human beings, and through empathy and understanding, we can provide essential care as unique as the person who receives it. All our differences are respected and valued which makes us stronger. We value and respect everyone who is part of our story.



Always honest, always authentic

We are clear, open, and honest because we value everyone and their unique insight.

We always look for the best solution. We exist to give outstanding care and support to children and their families.



Innovate, develop & improve

Each member of team demelza is driven to do better.

Through evidence, insight and experience, we strive to develop and improve to give children and families outstanding care and support. We always look for ways to transform change into opportunity and growth. We actively seek and welcome representation from all diverse and minority groups.

Our achievements and performance

We're here to support family life. We want life to be the best it can be for children who have serious or life-limiting conditions, their families, and all those who love them.

Demelza supports over 2,500 children and their family members every year. We work continually to extend our services and ensure we can reach even more children and families who need us, whilst doing more for those we are already supporting.

Over the last year we have:

- started to identify and remove the barriers to accessing our care with several research projects with families and healthcare professionals.
- developed the family forums to ensure the family voice is heard to inform our current and future services.
- started working within key hospitals over three NHS trusts to raise awareness and understanding of the work of Demelza. We have already seen an increase in referrals and want to extend this success much further.
- launched a transition service to help families navigate through the challenging and often uncertain process of moving from children to adult services.
- increased our bereavement offering with the appointment of two qualified and experienced counsellors, a greater variety of services and more flexibility in location.
- implemented our workforce strategy with two further Demelza healthcare assistants currently training to be nursing associates, a role accredited by the Nursing and Midwifery Council.
- appointed new music and art therapists, a dance and movement affiliate and a reflexologist – offering more choice to families.
- invested heavily in digital transformation to efficiently support data, decisions, equipment and training across Demelza.
- started our journey with the National Centre for Diversity working towards Investors in Diversity accreditation.
- launched our rebrand, creating a new look, feel and tone of voice to ensure our brand represents our work and aspirations as a leading organisation in children's palliative care.
- opened a new shop in Walderslade, Kent with another shop in Orpington coming soon.
- purchased the Bubble Rush franchise to protect our income from this fabulous family event whilst generating additional income.

663

We supported **663** children with serious or life limiting conditions and their families on our caseload

187

We had **187** new families referred to access our services

240

We provided **240** day care sessions

1,601

We provided **1,601** overnight stays over 491 bookings within our hospices

3,010

The community care team provided **3,010** sessions

293

The Hydro pool was used **293** times

1,312

We had **1,312** children and family members attend our events

30

We operate **30** shops including Sevenoaks and Walderslade which opened in 2022-23



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 2023. 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 1-23 and pages 50-52.

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 and SORP 2015.

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

The five-year strategy started in April 2022. The pandemic has been a time of extraordinary hardship for many children with serious or life-limiting 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 focuses more than ever 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 continue to 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 expectant mothers, 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 life-limiting 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 preemptive interventions to reduce stress and anxiety.



Strategic Objective 3: Extend our Reach

Children in the UK with a serious or life-limiting 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 in the representation of people from minoritised ethnicities.



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 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 means 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

Fundraising in 2022/23 saw our highest income in Demelza's history, excluding legacies, with £5,584k, which was £64k above target and more than £2million higher than the previous year. Of every £1 donated, 82p was used in the care of children and their families (2022: 82p).

All income streams, apart from Individual Giving, showed growth from the prior year and all apart from Individual Giving (£79k behind) and Trusts (£27k behind) exceeded targets for the year.

Corporate had an exceptional year, with an income over £850k and Philanthropy exceeded expectations with an income over £360k.

The year has not been without its challenges; the cost of living crisis has significantly affected the ability and propensity of people to give and this will continue to affect our Individual Giving income into the next financial year.

Despite the challenges, fundraising at Demelza remains agile and innovative and we are confident that income will continue to grow into 2023/24.

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 1 complaint (2022: 13) 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 3 to 23 and 50 to 52 and throughout this Annual Report.

Our vision and mission statement are set out on page 3 of this report. Our achievements, performance and future plans are described in the strategic report (pages 8 to 22) as are the risks facing our organisation and the mitigating actions we plan to take. Our environmental performance and information about our engagement with employees are 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 starting our journey with the Centre for Diversity to work towards 'Investors in Diversity' accreditation and create an inclusive workplace culture.

This will be based on the principles of FREDIE:

- **Fairness**
- **Respect**
- **Equality**
- **Diversity**
- **Inclusion**
- **Engagement**



Working
Towards

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 the 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.

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 pages 12 and 16.



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 2022-23 is found on pages 20 to 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'

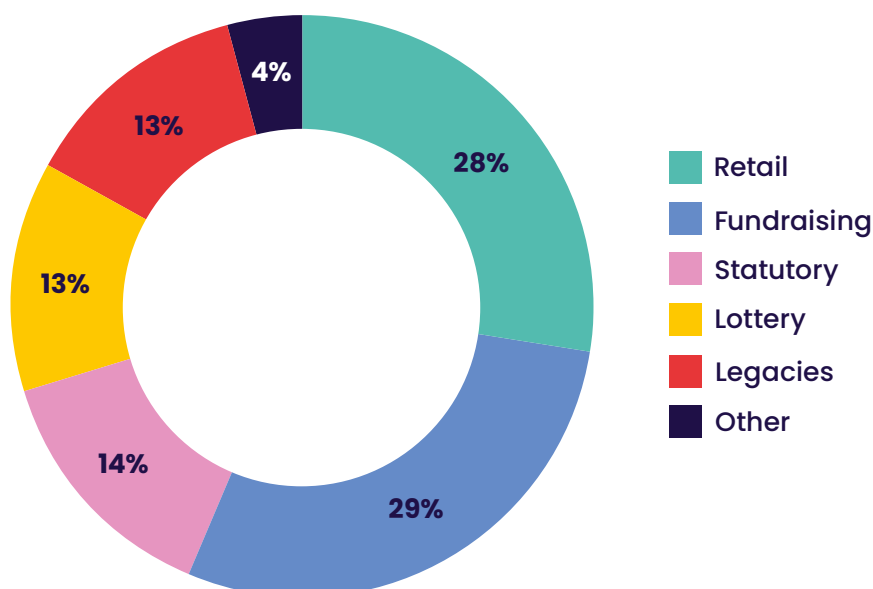
It's not relevant to Demelza's organisational structure, as the charity is run in the interests of its charitable objects and its beneficiaries rather than in the interests of its members.



Financial review

Income

In 2022-23 income completed the recovery from COVID-19 and surpassed pre-pandemic levels, with a total operational income of £14.48m (2022: £12.00m). All our main income streams grew and we would like to thank our donors, shoppers and lottery players for their generosity and loyalty.



Donations including gifts in kind were £3.11m (2022: £2.66m) reflecting significant increases in community and corporate income while major donor gifts and individual donations reduced.

Legacy income was £1.82m (2022: £1.71m).

Retail income was £4.03m (2022: £3.06m). New shops in Sevenoaks and Walderslade opened during the year. This was the second successive year in which retail income has been higher than ever before. The cost of living squeeze seems to have attracted more shoppers into our 29 shops.

Lottery income was £1.82m (2022: £1.71m), an increase of 6%. We began to attend venues to engage with the public face-to-face again. We explained to them about the work of Demelza and gave an opportunity to sign up and play the weekly draw and superdraw.

Fundraising events continued their recovery to income of £735k (2022: £338k). This is the most that Demelza has raised through events.

Statutory funding from NHS England, CCGs and Local Authorities was £1.99m (2022: 1.77m). There was a substantial increase in the NHS England Annual Childrens Hospice Grant to £1.40m (2022: £894k) while funding from ICSSs, CCGs and Local Authorities fell to £593k (2022: 877k).

Grants from charitable trusts and foundations totalled £397k (2022: £309k) reflecting a 28% increase.

Government Covid support reduced to £8k (2022: £347k) as the disruption due to Covid-19 was confined to the very start of the year.

Expenditure

Expenditure was £16.15m in 2022–23 (2022: £12.64m). This increase in expenditure represents additional staff who delivered a greater volume of services and built capacity 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, retail and lottery to ensure the increased costs are sustainable with longevity.

The cost of providing care was £9.36m (2022: 7.37m), an increase of 15%. We improved terms and conditions for all staff, and nurses in particular. The number of vacancies in our nursing and care teams reduced, but we didn't quite achieve full establishment. We recruited family support workers, therapists and counsellors to provide new services for children, their parents and siblings.

The cost of generating funds was £6.79m (2022: £5.27m), an increase of 29%.

Fundraising costs were £2,109k (2022: £1,566k) The increase was due to in-person events taking place after restrictions were lifted.

Retail expenditure increased to £3,806k (2022: £2,905k) reflecting the opening of two shops in the year and the first full year of the Hempstead Valley shop. The infrastructure of the retail team was strengthened to enable the opening of a further seven shops by 2027.

Lottery costs increased marginally to £666k (2022: £650k).

The cost of maintaining and letting the properties owned by the subsidiary, ACG Lettings Ltd, increased to £125k (2022: £83k) due to increased maintenance and repair costs.

Reserves

Our reserves policy states that to ensure the sustainability of our service for those who need it most, we keep 7.5–10 months of running costs in free reserves. The policy was increased to 10–12 months from July 2020 to December 2022 to allow for uncertainty of income in relation to COVID-19. The trustees concluded that the increased COVID-19-related risks had diminished during 2022 and it was no longer

appropriate to maintain an elevated reserves policy.

At 31 March 2023 we held 7.57 months or £10.18m of free reserves (2022: 11.02 months or £11.61m). Expenditure has increased by 28% so when measured as a proportion of running costs the months of reserves held also fell by 28%.

The reduction in free reserves between March 2022 and March 2023 was £1.43m. The main factors in this reduction of free reserves were:

1. The deficit in unrestricted funds of £2.44m. This included an operational unrestricted deficit of £1.90m. This was a planned deficit for the first year in a five-year strategy. Expenditure has increased sharply in year one but will level off in future years. Income is planned to grow steadily throughout the strategy so break-even will be achieved in 2027.
2. The loss on investments of £827k and the gain on investment properties of £287k are included in the unrestricted total deficit of £2.45m.
3. Capital assets of £244k were purchased in 22–23 while depreciation and amortisation was £426k. The revaluation of ACG properties resulted in a gain of £287k. The net result was a reduction in general funds of £105k.
4. £831k of unrestricted expenditure was made in 22–23 from the Care and Resources Strategy Fund. This was expenditure on new elements of Care and Resources planned for the first year of the strategy.
5. £444k of unrestricted expenditure was made in 22–23 from the Digital Transformation Fund. This focused on our use of data, digital platforms and making Demelza more accessible to our children and families, shoppers and supporters.
6. A transfer was made to the new Capital Asset Fund of £300k. This is for the capital items which will be purchased in the next financial year. The balance of £150k on Capital COVID-19 Recovery Fund was recognised as being used to purchase fixtures and fittings for buildings.

Principal risks, uncertainties and managing risk

The senior leadership team and Trustees regularly review organisational risks and how to negate or mitigate them as much as possible. The main strategic-level risks during this period have been:

Strategic Risk	Actioned Mitigations
Number of appropriately skilled employees and volunteers	<ul style="list-style-type: none"> • Terms and Conditions of employment reviewed to enhance competitiveness. • Workforce Strategy offers career opportunities to increase number of employed nurses. • Retention strategy has developed voice of the employee including wellbeing plan and enhanced internal communications. • Good engagement, support and training of volunteers. • Ensuring volunteers' skills are optimised. • Review of safe recruitment procedures, including DBS requirements for roles.
Inflation and cost of living crisis leading to increased costs and a reduction in income	<ul style="list-style-type: none"> • Detailed financial scenario planning. • Timely review of management accounts, with Finance Business Partner support. • Strengthened portfolio of income streams including Bubble Rush, Charity Extra campaign, new shops and developing Lottery sales opportunities. • Cost of living award of 5% April 23 to all staff. • Increase children's hospice grant by 56% increasing to £1,398k in 22-23. • Wellbeing Strategy developed with champions recruited and trained in mental health first aid.
Information Governance, including Cyber Security	<ul style="list-style-type: none"> • Information Governance policy and procedure reviewed. • Independent Virtual Data Protection Officer appointed for routine expert advice. • Data Retention policy and schedule reviewed. • Caldicott Guardian training and deputy role appointed. • Cyber Security an inherent strand of all Digital Transformation Projects. • Cyber Security ethical phishing simulation completed and remedial training and information released.
Fire Safety at Kent Hospice	<ul style="list-style-type: none"> • Full audit of Kent Hospice site completed, in collaboration with Kent Fire and Rescue, with action plan identified. • Emergency evacuation plan put in place, with new overnight sleep in with additional employees in place.

Strategic Risk	Further Planned Mitigations
Number of appropriately skilled staff and volunteers	<ul style="list-style-type: none"> • Salaries to be aligned to the sector benchmark, if possible. • New recruitment application introduced to encourage applications and enable data analytics. • New DBS management solution to be implemented. • New nurse campaign to recruit nurses to Demelza, fully utilising new branding.
Inflation and cost of living crisis including income downturn	<ul style="list-style-type: none"> • Planned increase in applications for statutory funding for services. • Plans to campaign alongside local MPs to secure children's hospice grant and raise awareness of Demelza's services.
Information Governance, including Cyber Security	<ul style="list-style-type: none"> • Renewed Cyber Essentials Accreditation planned. • Review of data retention and reduction of records stored.
Fire Safety at Kent Hospice	<ul style="list-style-type: none"> • Planned Business Continuity simulation to test policy and procedure. • Future proofing of building for changes of use • Ongoing programme of works to assure future compliance

Investments

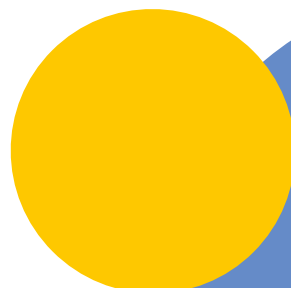
Brewin Dolphin acted as Demelza's investment managers throughout the year. Our primary aim from investment is to achieve sustainable capital growth within a balanced risk environment. Ultimately these funds will provide a safety net to ensure the continued provision of the Charity's core services. The 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 £12.28m at the start of the year and £11.74m at the end of the year. Dividends of £324k (2022: £270k) were received during

the year and there was an unrealised loss of £827k (2022: gain of £278k). Investment markets were volatile especially at the start of the year in the aftermath of the start of the war in Ukraine. Investment values recovered some of the lost ground in the second half of the year. The fees charged by our investment manager were £41k (2022: £45k).

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.



Greenhouse Gas emissions and energy consumption

Energy and Carbon Calculation

Type of emission	Activity	2022/23		
		kWh	tCO ₂ e	% of total
Scope 1	Natural Gas	706,393	129.22	35.49%
	Vehicle fleet	254,592	60.33	16.57%
	Sub-total	960,985	189.55	52.06%
Scope 2	Electricity	687,598	142.38	39.10%
	Electricity Generation	57,299 (E)		
	Sub-total	687,598	142.38	39.10%
Scope 3	Grey fleet	132,717	32.20	8.84%
	Sub-total	132,717	32.20	8.84%
Total gross consumption and emissions		1,781,300	364.13	100.00%
Metric used:				
£m turnover			14.485	
Intensity ratio:				
tonnes of CO ₂ e per £m turnover			25.14	

Intensity ratio

It was decided to use total £m turnover as our metric. The resulting intensity ratio of tCO₂e per total £m turnover will best reflect changes in operation and energy consumption over time.

Energy and Carbon Year on Year Comparison

Type of emission	Activity	2022/2023		2021/2022	
		kWh	tCO ₂ e	kWh	tCO ₂ e
Scope 1	Natural Gas	706,393	129.22	900,365	164.90
	Vehicle fleet	254,592	60.33	226,119	53.30
	Sub-total	886,665	189.55	1,126,484	218.20
Scope 2	Electricity	687,598	142.38	577,080	122.50
	Electricity Generation	57,299 (E)		59,338	
	Sub-total	650,438	142.38	577,080	122.50
Scope 3	Grey fleet	132,717	32.20	171,189	39.90
	Sub-total	132,717	32.20	171,189	39.90
Total gross consumption and emissions		1,781,300	364.13	1,874,753	380.6
Metric used:			14,485		12,000
£m Turnover					
Intensity ratio:					
tonnes of CO ₂ e per £m turnover			25.14		31.7

Efficiency narrative

We have a policy of recording and reviewing all energy use and investigating unexplained anomalies.

A specific project to replace corridor lighting at the Kent hospice with LEDs, supported by PIR motion sensors, has been completed. A programme to replace lighting at shops will also soon get underway, so all have the same fittings and LED bulbs.

The electric charging point is in regular use. The Energy Savings Opportunity Scheme is being completed for submission in December 2023 and completion of a Carbon Footprint and Carbon Reduction plan is underway.

Quantification and Reporting Methodology

The methodology we have used is The GHG Protocol Corporate Accounting and Reporting Standard.

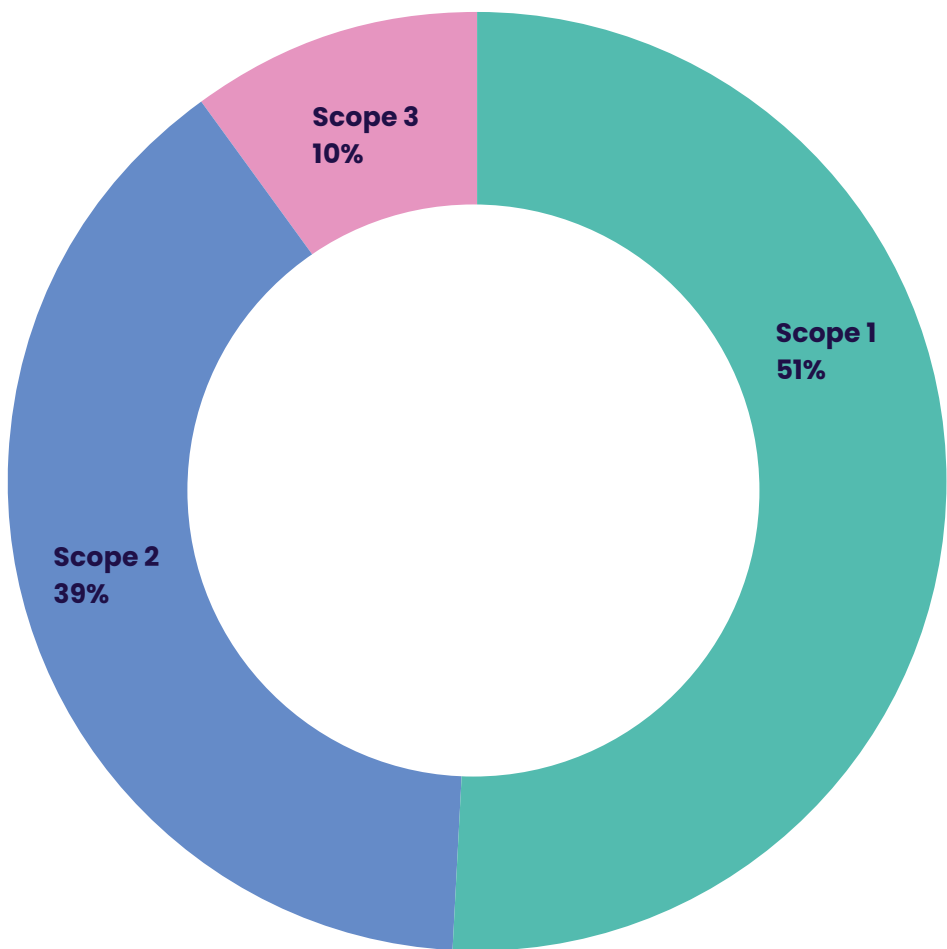
We have followed the 2013 UK Government Environmental Reporting Guidelines (updated March 2019).

We have used the 2023 UK Government's Conversion Factors for Company Reporting. The energy efficiency narrative methodology has been created based on energy management best practice.

Organisational boundary

We have used the financial control approach.

Scope	Emissions (tCO2e)	% contribution to SECR
1	175.95	51.32
2	134.69	39.29
3	32.20	9.39
Total	342.84	100.00



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, 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.

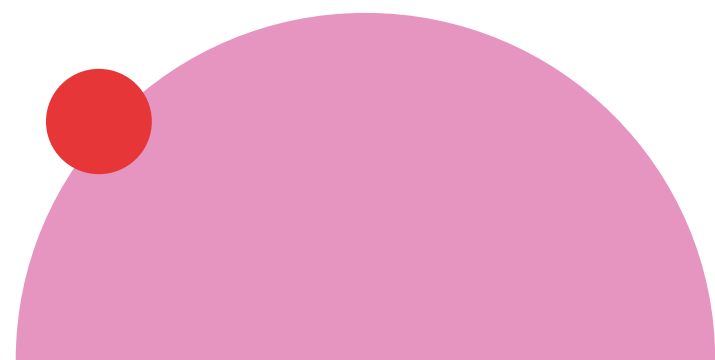
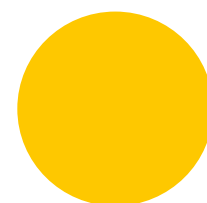
Disclosure of information to auditor

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 5 October 2023 and signed on its behalf by



Air Marshal Sean Reynolds CB CBE DFC, 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 2023 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 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 23 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. 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 Turtington (Senior Statutory Auditor)
for and on behalf of Saffery LLP

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Date, 19 October 2023

Saffery 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 year ended 31 March 2023

(Incorporating Income and Expenditure Account)

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Income					
Donations and legacies	2	4,185	745	4,930	4,015
Trading activities	3	5,983	-	5,983	4,892
Income from Charitable Activities	4	1,658	1,553	3,211	2,470
Income from Investments	5	354	-	354	273
Government COVID Support	6	8	-	8	347
Total income		12,188	2,298	14,486	11,997
Expenditure					
Expenditure on Raising funds	7				
Generating donations and legacies		1,556	-	1,556	1,299
Fundraising events		553	-	553	267
Trading expenditure		4,640	-	4,640	3,658
Investment management fees		41	-	41	45
Total Expenditure on Raising funds		6,790	-	6,790	5,269
Expenditure on Charitable activities	8				
Residential service		5,468	1,566	7,034	6,307
Community Service		1,833	494	2,327	1,060
Total Expenditure on Charitable activities		7,301	2,060	9,361	7,367
Total Expenditure		14,091	2,060	16,151	12,636
Deficit before investment gains/(losses)		(1,903)	238	(1,665)	(639)
Net Gains / Loss on investment	16	(827)	-	(827)	278
Gains on Property Revaluation		287	-	287	-
Net income / (expenditure)		(2,443)	238	(2,205)	(361)
Net movement in funds		(2,443)	238	(2,205)	(361)
Fund balances brought forward at 1 st Apr		27,014	378	27,392	27,753
Fund balances carried forward at 31st March		24,571	616	25,187	27,392

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 2022 are shown in note 31. The notes on pages 30 to 49 form part of these financial statements.

Demelza Hospice Care for Children Balance Sheet at 31 March 2023

Company No: 02948500

	Note	Group		Charity	
		2023	2022	2023	2022
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	13	6,854	7,030	6,778	6,950
Intangible assets	14	102	108	69	68
Investment property	15	3,494	3,207	-	-
Investments	15	11,740	12,284	15,375	15,631
		22,190	22,629	22,222	22,649
Current Assets					
Stock		36	6	-	-
Debtors	18	1,791	1,303	1,996	1,708
Cash at bank and in hand		2,627	5,086	2,164	4,436
		4,454	6,395	4,160	6,144
Creditors: Amounts falling due within one year	19	(1,385)	(1,560)	(1,123)	(1,329)
Net Current Assets		3,069	4,835	3,037	4,815
Total assets less current liabilities		25,259	27,464	25,259	27,464
Provisions for Liabilities		(72)	(72)	(72)	(72)
Net Assets		25,187	27,392	25,187	27,392
Funds	21				
Restricted Funds		616	378	616	378
Unrestricted funds					
General		10,183	11,606	10,183	11,606
Designated		14,388	15,408	14,388	15,408
Total Funds		25,187	27,392	25,187	27,392

The financial statements were approved by the Board of Trustees and authorised for issue on 5 October 2023 and signed on its behalf by:

S. K. P. Reynolds

Sean Reynolds
Chair

Robert Alexander

Robert Alexander
Treasurer

As permitted by Section 408 of the Companies Act 2006 no separate Statement of Financial Activities for the charity alone has been presented. The deficit for the charity only in the period is £2.205m (2022: £361k).

Consolidated Cash Flow Statement for the Year Ended 31 March 2023

	Note	2023 £000	2022 £000
Net Cash Inflow from Resources	23	(2,216)	184
Cashflows from Investing activities			
Purchase of property, plant and machinery		(235)	(367)
Purchase of intangible fixed assets		(8)	(60)
Purchase of investments in the year		-	-
Proceeds from sale of investment properties		-	-
Net cash provided by (used in) financing activities		(243)	(427)
Change in cash and cash equivalents in the reporting period	24	(2,459)	(243)
Cash and cash equivalents at 1st April 2022		5,086	5,329
Cash and cash equivalents at 31st March 2023		2,627	5,086

Notes to the financial statements For the Period ended 31 March 2023

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 (FRS102 second edition)) 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.

Note 1. Accounting Policies (continued)

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 4 years.

Intangible fixed assets

Intangible fixed assets such as the website, software and intellectual property 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 Note 1. Accounting Policies (continued) 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

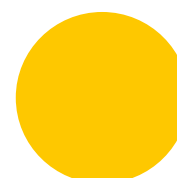
Stocks comprise finished goods and are stated at the lower of cost and net realisable value.

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 2023

2 Donations & Legacies	Unrestricted Funds	Restricted Funds		Unrestricted Funds	Restricted Funds	
	2023	2023	2023	2022	2022	2022
	£000	£000	£000	£000	£000	£000
Donations	2,366	745	3,111	2,340	173	2,513
Gifts In Kind	2	-	2	144	-	144
Legacies	1,817	-	1,817	1,358	-	1,358
	4,185	745	4,930	3,842	173	4,015
3 Trading Activities	Unrestricted Funds	Restricted Funds		Unrestricted Funds	Restricted Funds	
	2023	2023	2023	2022	2022	2022
	£000	£000	£000	£000	£000	£000
Lottery income	1,818	-	1,818	1,708	-	1,708
Retail sales	4,034	-	4,034	3,064	-	3,064
Rental income	131	-	131	120	-	120
	5,983	-	5,983	4,892	-	4,892
4 Income from Charitable Activities	Unrestricted Funds	Restricted Funds		Unrestricted Funds	Restricted Funds	
	2023	2023	2023	2022	2022	2022
	£000	£000	£000	£000	£000	£000
Fundraising events	736	-	736	338	-	338
Grant contribution funded by NHS England	-	1,398	1,398	-	894	894
Funding from CCGs/Local Authorities	593	-	593	877	-	877
Other Grants	242	155	397	156	153	309
Other Income	87	-	87	52	-	52
	1,658	1,553	3,211	1,423	1,047	2,470
5 Income from Investment	Unrestricted Funds	Restricted Funds		Unrestricted Funds	Restricted Funds	
	2023	2023	2023	2022	2022	2022
	£000	£000	£000	£000	£000	£000
Bank Interest	29	-	29	4	-	4
Investment portfolio income	325	-	325	269	-	269
	354	-	354	273	-	273
6 Government Covid Support	Unrestricted Funds	Restricted Funds		Unrestricted Funds	Restricted Funds	
	2023	2023	2023	2022	2022	2022
	£000	£000	£000	£000	£000	£000
Business Continuity Grants	-	-	-	85	-	85
Job Retention Scheme	-	-	-	46	-	46
NHS England COVID-19 Grant	8	-	8	-	216	216
	8	-	8	131	216	347



Notes to the financial statements for the year ended 31 March 2023

7 Expenditure on Raising Funds	Direct	Support		Direct	Support	
	Costs	Costs	Total	Costs	Costs	Total
	2023	2023	2023	2022	2022	2022
	£000	£000	£000	£000	£000	£000
Generating voluntary income	1,068	488	1,556	941	358	1,299
Fundraising events costs	380	173	553	193	74	267
Retail expenditure	3,362	444	3,806	2,589	316	2,905
Lottery Expenditure	613	53	666	604	46	650
Property lettings costs	118	7	125	78	5	83
Events company costs	43	-	43	20	-	20
Investment management fees	41	-	41	45	-	45
	5,625	1,165	6,790	4,470	799	5,269

8 Charitable Activities	Direct	Support		Direct	Support	
	Costs	Costs	Total	Costs	Costs	Total
	2023	2023	2023	2022	2022	2022
	£000	£000	£000	£000	£000	£000
Residential Services	5,382	1,652	7,034	4,522	1,785	6,307
Community Services	1,362	965	2,327	798	262	1,060
	6,744	2,617	9,361	5,320	2,047	7,367

Direct charitable costs consist of:

	2023	2022
	£000	£000
Care Costs	5,710	4,495
Catering and Housekeeping	382	323
Centre costs	653	502
	6,745	5,320

Notes to the financial statements for the year ended 31 March 2023

9	Support Costs	Total	Total
		2023	2022
		£000	£000
	Support costs consist of:		
	Human Resources and administration	753	685
	Finance	482	478
	IT	1,122	707
	Volunteer Services	159	116
	Marketing	751	427
	Governance Costs	89	72
	Depreciation and Amortisation	426	361
		3,782	2,846
	Which is allocated:		
	Generating funds	1,165	799
	Charitable activities	2,617	2,047
		3,782	2,846

Governance Costs consist of:

	2023	2022
	£000	£000
Audit and accountancy fees	35	25
Staffing costs	54	47
	89	72

No Trustees received remuneration during the period (2022: nil). Trustee expenses reimbursed amounted to £0 (2022: nil).

No Trustees made any restricted donations during the year (2022: nil).

Notes to the financial statements for the year ended 31 March 2023

10 Staff Costs	2023	2023	2022	2022
	£000	£000	£000	£000
	TOTAL	TOTAL	TOTAL	TOTAL
	GROUP	CHARITY	GROUP	CHARITY
Wages and salaries	9,040	8,779	7,078	6,832
Employer's National Insurance	864	841	619	599
Pension costs	618	607	580	570
	10,522	10,227	8,277	8,001

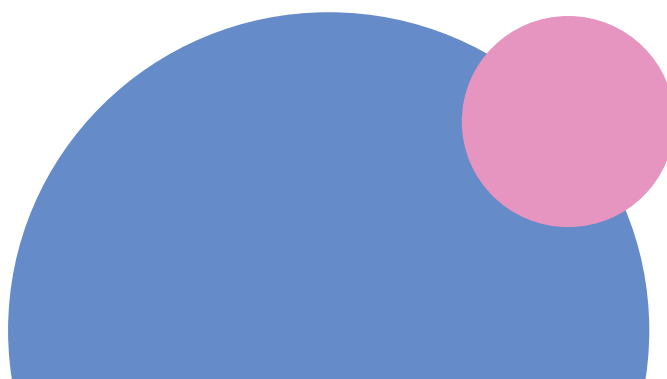
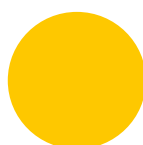
The average number of full-time equivalent employees during the year was:

	FTE	FTE	NO	NO
	2023	2022	2023	2022
Nursing and care services	130	117	172	144
Retail	78	61	104	93
Fundraising	26	22	31	24
Support functions	42	33	54	46
TOTAL CHARITY	276	233	361	307
Lottery	5	6	7	8
	281	239	368	315

Higher Salary Band (Gross Annual Salary)	31/03/2023	31/03/2022
£60,001 - £70,000	1	4
£70,001 - £80,000	3	1
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	1	-
	6	6

Total Senior Management Team gross pay for the year £527k (£445k).

The CEO salary inclusive of pension and National Insurance was £111k (2022: £89k).



Notes to the financial statements for the year ended 31 March 2023

11	Net Income for the Year	2023	2022
		£000	£000
	Net income for the year is stated after charging / (crediting):		
	Operating leases - land and buildings	532	564
	- other	80	69
	Auditors' remuneration (excluding VAT)		
	- audit of parent company	16	14
	- audit of subsidiaries	13	11
	- preparation of tax return for parent company	3	1
	- preparation of tax return for subsidiaries	3	3
	Depreciation of fixed assets	426	361
12	Net Income of Trading Subsidiaries	2023	2022
		£000	£000
	Demelza Trading Ltd		
	Turnover	2,054	1,895
	Cost of sales	(298)	(272)
	Gross profit	1,756	1,623
	Administration expenses	(689)	(557)
	Management Charge to Demelza Hospice Care for Children	(95)	(78)
	Other operating income	-	9
	Operating Profit	972	997
	Net Profit	972	997
	Gift Aid payment to Demelza Hospice Care for Children	(972)	(997)
	Retained Profit for the Year	-	-
	Retained profit brought forward	-	-
	Retained profit carried forward	-	-

Demelza Trading Ltd, formerly 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 Hospice Care for Children.

Notes to the financial statements for the year ended 31 March 2023

12	Net Income of Trading Subsidiaries (continued)	2023	2022
	ACG Lettings Ltd	£000	£000
	Turnover	131	120
	Administrative Expenses	(120)	(79)
	Management Charge to Demelza Hospice Care for Children	(8)	(5)
	Gross Profit	3	36
	Gain on Revalued Properties	287	-
	Operating Profit	290	36
	Net Profit	290	36
	Gift Aid payment to Demelza Hospice Care for Children	(4)	(36)
	Tax on profit	(144)	-
	Retained profit / (loss) carried forward	142	-

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 2023

13 Tangible Fixed Assets

	Freehold Buildings £000	Improvements to leasehold property £000	Fixtures And Fittings £000	Motor Vehicles £000	Total Group £000
CONSOLIDATED					
Cost					
At 1 April 2022	9,330	24	1,744	349	11,447
Additions	-	-	230	6	236
Disposals	-	(18)	(394)	(81)	(493)
At 31 March 2023	9,330	6	1,580	274	11,190
Depreciation					
At 1 April 2022	2,823	18	1,303	273	4,417
Charge for the year	187	1	202	22	412
Disposals	-	(18)	(394)	(81)	(493)
At 31 March 2023	3,010	1	1,111	214	4,336
Net Book Value					
At 31 March 2023	6,320	5	469	60	6,854
At 31 March 2022	6,507	6	441	76	7,030
CHARITY					
Cost					
At 1 April 2022	9,330	24	1,690	277	11,321
Transfers from Trading Company	-	-	-	-	-
Additions	-	-	218	-	218
Disposals	-	(18)	(394)	(45)	(457)
At 31 March 2023	9,330	6	1,514	232	11,082
Depreciation					
At 1 April 2022	2,823	18	1,296	234	4,371
Transfers from Trading Company	-	-	-	-	-
Charge for the year	187	1	191	11	390
Disposals	-	(18)	(394)	(45)	(457)
At 31 March 2023	3,010	1	1,093	200	4,304
Net Book Value					
At 31 March 2023	6,320	5	421	32	6,778
At 31 March 2022	6,507	6	394	43	6,950

Notes to the financial statements for the year ended 31 March 2023

14	Intangible Fixed Assets - Group	Website	Goodwill	Total Group
		£000	£000	£000
	Cost			
	At 1 April 2022	68	40	108
	Additions	8	-	8
	At 31 March 2023	<u>76</u>	<u>40</u>	<u>116</u>
	Depreciation			
	At 1 April 2022	-	-	-
	Charge for the year	7	7	14
	At 31 March 2023	<u>7</u>	<u>7</u>	<u>14</u>
	Net Book Value			
	At 31 March 2023	69	33	102
	At 31 March 2022	68	40	108
	Intangible Fixed Assets - Charity	Website		Total Charity
		£000		£000
	Cost			
	At 1 April 2022	68		68
	Additions	8		8
	At 31 March 2023	<u>76</u>		<u>76</u>
	Depreciation			
	At 1 April 2022	-		-
	Charge for the year	7		7
	At 31 March 2023	<u>7</u>		<u>7</u>
	Net Book Value			
	At 31 March 2023	69		69
	At 31 March 2022	68		68
15	Investment Property		Freehold Buildings	Total Group
	Consolidated		£000	£000
	At 1 April 2022		3,207	3,207
	Gain on Revaluation		287	287
	At 31 March 2023		<u>3,494</u>	<u>3,494</u>
	Net Book Value			
	At 31 March 2023		3,494	3,494
	At 31 March 2022		3,207	3,207

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 a Chartered Surveyors' valuations in February 2023.

Notes to the financial statements for the year ended 31 March 2023

16	Investments - Charity	2023	2022
		£000	£000
	Unlisted investments		
	Demelza House Trading Limited	-	-
	South East Medical Services Limited	-	-
	ACG Lettings Ltd	3,635	3,347
	Total	3,635	3,347

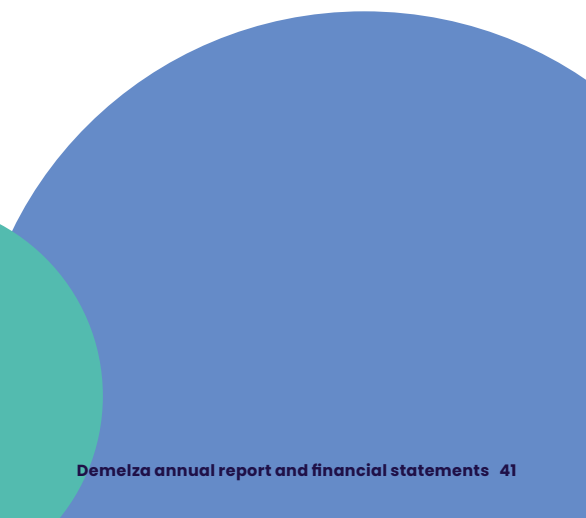
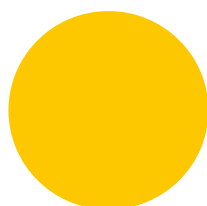
The £101 unlisted investments represent a 100% shareholding in Demelza House Trading Limited and a 100% shareholding in South East Medical Services Ltd. The charity has three subsidiaries as follows:

	Class of Shares held	Nature of Business	Capital and Reserves at 31-Mar-23 £
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	2023 £000	2022 £000
At 1 April	12,284	11,781
Invested in the year	-	-
Dividends & Interest received	324	270
Investment Managers' Charge	(41)	(45)
Unrealised gains in the year	(827)	278
At 31 March	11,740	12,284

The historic cost of the investments was £9,618k (2022: £9,618k)

□



Notes to the financial statements for the year ended 31 March 2023

17 Stock	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Goods for resale	36	6	-	-
	36	6	-	-

18 Debtors	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Amounts due from subsidiaries	-	-	258	422
Trade debtors	281	75	243	59
Bad Debt Provision	(13)	(11)	(13)	(6)
Prepayments & Accrued Income	1,354	913	1,349	910
VAT	169	326	159	323
	1,791	1,303	1,996	1,708

19 Creditors: amounts falling due within one year	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade creditors	(339)	(238)	(310)	(213)
Tax and social security costs	(219)	(152)	(183)	(152)
Other creditors	(186)	(140)	(186)	(142)
Accruals and deferred income	(641)	(1,030)	(444)	(822)
	(1,385)	(1,560)	(1,123)	(1,329)

All the deferred income of £369k 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:

	2023	2022
	£000	£000
B/fwd	(894)	(398)
Amounts deferred in the year	(369)	(894)
Amounts released in the year	894	398
C/fwd	(369)	(894)

20 Provisions for Liabilities	Group		Charity	
	2023	2022	2023	2022
	£000	£000	£000	£000
Provisions	(72)	(72)	(72)	(72)
	(72)	(72)	(72)	(72)

The provision of £72k (2022: £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 2023

21 Funds

Restricted Funds	Balance at 1 April 2022 £000	Incoming Resources £000	Resources Expended £000	Transfer Between Funds £000	Balance at 31 March 2023 £000
NHS England Covid-19 funding	-	-	-	-	-
Grant contribution funded by NHS England	-	1,398	(1,398)	-	-
East Kent CCGs Grant	32	-	(32)	-	-
Care Where You Are	44	567	(339)	-	272
Bereavement Services and Family Fund	17	4	(21)	-	-
Hill Farm	-	222	-	-	222
Building and Ground Improvement Projects	99	2	(10)	-	91
East Sussex Community Equipment & Running Costs	73	28	(101)	-	-
Kent Hospice Equipment and Running Costs	71	63	(108)	-	26
S. E. London Hospice Equipment and Running Costs	42	14	(51)	-	5
	378	2,298	(2,060)	-	616

	Balance at 1 April 2021 £000	Incoming Resources £000	Resources Expended £000	Transfer Between Funds £000	Balance at 31 March 2022 £000
NHS England Covid 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
S. E. London Hospice Equipment and Running Costs	37	42	(37)	-	42
	487	1,436	(1,545)	-	378

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 supports services at Kent, S.E. London and E. Sussex.

Hill Farm is the accommodation which will be donated by the property developers in Bobbing in August 2023. Demelza will pay for the specialist adaptations to the property for children with all kinds of physical and medical needs.

Building and Ground Improvement Projects funds building works and improvements to the grounds at Kent, S.E. London and E. 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.

S. E. London Hospice Equipment and Running Costs funds the work of the S.E. London team and equipment required.

Notes to the financial statements for the year ended 31 March 2023

21 Funds (continued)

		Incoming Resources including gain on investments £000	Resources Expended including loss on investments £000	Transfer Between Funds £000	Balance at 31 March 2023 £000
Unrestricted Funds	Balance at 1 April 2022 £000				
Group					
Designated funds					
Fixed assets & Investment Property fund	10,345	-	(425)	530	10,450
Care and Resources Strategy Fund	3,560	-	(831)	-	2,729
Digital transformation Fund	1,353	-	(444)	-	909
Capital Covid Recovery Fund	150	-	-	(150)	-
Capital Asset Fund	-	-	-	300	300
Unrestricted general funds	11,606	12,475	(13,218)	(680)	10,183
Total unrestricted funds	27,014	12,475	(14,918)	-	24,571

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

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 specific 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 2023

21 Funds (continued)

Summary of Total Group Funds

	Balance at 1 April 2022	Incoming Resources including gains on investments	Resources Expended including loss on investments	Transfer Between Funds	Balance at 31 March 2023
	£000	£000	£000	£000	£000
Restricted funds	378	2,298	(2,060)	-	616
Unrestricted funds	27,014	12,475	(14,918)	-	24,571
Total funds	27,392	14,773	(16,978)	-	25,187

	Balance at 1 April 2021	Incoming Resources including gains on investments	Resources Expended including loss on investments	Transfer Between Funds	Balance at 31 March 2022
	£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	27,753	12,275	(12,636)	-	27,392

Notes to the financial statements for the year ended 31 March 2023

22 Analysis of Group Net Assets Between Funds

	Unrestricted Funds 2023 £000	Restricted Funds 2023 £000	Total 2023 £000	Unrestricted Funds 2022 £000	Restricted Funds 2022 £000	Total 2022 £000
Group						
Fund balances at 31 March are represented by:						
Fixed assets and investments	22,190	-	22,190	22,629	-	22,629
Current assets	3,838	616	4,454	6,017	378	6,395
Creditors falling due within one year	(1,385)	-	(1,385)	(1,560)	-	(1,560)
Provision for liabilities	(72)	-	(72)	(72)	-	(72)
	24,571	616	25,187	27,014	378	27,392

Charity

Fund balances at 31 March are represented by:

Fixed assets and investments	22,222	-	22,222	22,649	-	22,649
Current assets	3,544	616	4,160	5,766	378	6,144
Creditors falling due within one year	(1,123)	-	(1,123)	(1,329)	-	(1,329)
Provision for liabilities	(72)	-	(72)	(72)	-	(72)
	24,571	616	25,187	27,014	378	27,392

23 Reconciliation of Net cash flow to movement in funds

	2023 £000	2022 £000
Net incoming / (outgoing) resources	(2,205)	(361)
Depreciation charges	425	362
(Gain) on revaluation of investment property	(287)	-
(Gain) on sale of fixed assets	-	-
(Gains)/Losses on investments	827	(278)
Less Investment Income	(324)	(269)
Add investment management fee	41	45
(Increase)/ Decrease in stock	(28)	4
(Increase)/Decrease in debtors	(490)	(60)
Increase/(Decrease) in creditors	(175)	669
Increase/(Decrease) in provision	-	72
Net cash inflowing	(2,216)	184

24 Analysis of cash and cash equivalents

	Short term Deposit £000	Cash at bank and in hand £000	Total £000
Balance at 1 April 2022	1,400	3,686	5,086
Net cash movement	(765)	(1,694)	(2,459)
Balance at 31 March 2023	635	1,992	2,627
Balance at 1 April 2021	1,900	3,429	5,329
Net cash movement	(500)	257	(243)
Balance at 31 March 2022	1,400	3,686	5,086

Notes to the financial statements for the year ended 31 March 2023

25 Analysis in Changes of Net Debt

	At 1 April 2022	Cash movements	At 31 March 2023
	£000	£000	£000
Cash at bank	5,086	(2,459)	2,627

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

26 Pensions

	2023 £000	2022 £000
Defined Contribution Scheme	328	233
NHS Pension Scheme	290	347
Total Pension Costs (Note 10)	618	580

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 £328k (2022: £233k).

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 2022-23 was £290k (2022: £347k). 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 2023

27 Capital Commitments

At the year end, Demelza had contracted for the installation of hoists and specialist equipment at Hill Farm, Bobbing, Sittingbourne to enable children with all kinds of disabilities to live there. The cost of £317k was paid in August 2023.

28 Operating Leases

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

	2023	2023	2022	2022
	Land and	Other	Land and	Other
	Buildings		Buildings	
	£000	£000	£000	£000
Up to one year	393	67	362	51
Between one and five years	1,400	96	879	75
Over five years	31	-	74	-
	1,824	163	1,315	126

29 Commitments by Lessors

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

	2023	2022
	£000	£000
Up to one year	51	51
Between one and five years	-	1
Over five years	-	-
	51	52

30 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 2023

31 Comparative Statement of Financial Activities for the year ended 31 March 2022

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000
Income				
Donations and legacies	2	3,842	173	4,015
Other trading activities	3	4,892	-	4,892
Income from Charitable Activities	4	1,423	1,047	2,470
Income from Investments	5	273	-	273
Government COVID Support	6	131	216	347
Total income		10,561	1,436	11,997
Expenditure				
Expenditure on Raising funds	7			
Generating donations and legacies		1,299	-	1,299
Fundraising events		267	-	267
Trading Expenditure		3,658	-	3,658
Investment management fees		45	-	45
Total Expenditure on Raising funds		5,269	-	5,269
Expenditure on Charitable activities	8			
Residential service		5,009	1,298	6,307
Community Service		813	247	1,060
Total Expenditure on Charitable activities		5,822	1,545	7,367
Total Expenditure		11,091	1,545	12,636
Deficit before investment gains/(losses)		(530)	(109)	(639)
Net Gains / Loss on investment	16	278	-	278
Loss on disposals of investment property		-	-	-
Net income / (expenditure)		(252)	(109)	(361)
Transfers between funds		1	1	-
Net movement in funds		(251)	(108)	(361)
Fund balances brought forward at 1 st Apr 2021		27,266	487	27,753
Fund balances carried forward at 31st March 2022		27,015	379	27,394

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 Nursing and 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 that 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 expectant mothers, babies, 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 babies, children and young people with serious and life-limiting conditions and their families, and expectant mothers, 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 care teams. Support services include family support, therapies and pre and post bereavement support for the child and their immediate family.

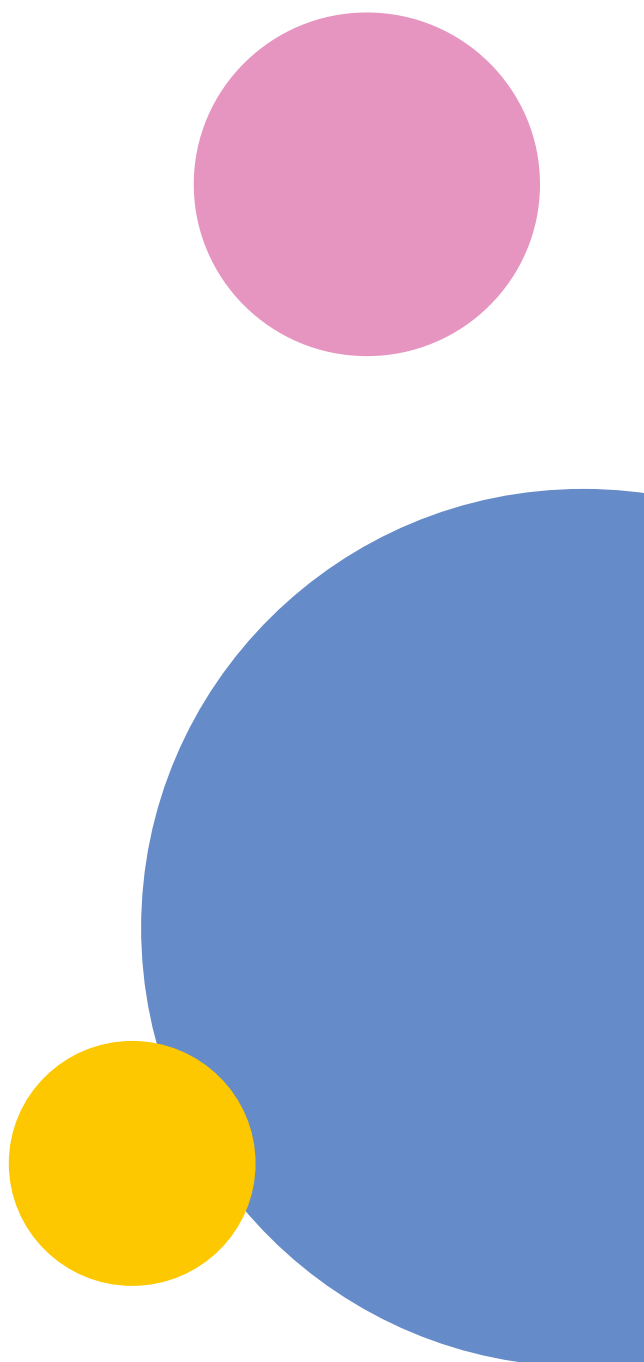
The monitored benefits include whether assessed needs within individual care plans have been met, and improvements (including increased social functioning, resilience, and emotional wellbeing) monitored through standardised tools. We also regularly consult with our beneficiaries, for example

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 (formerly Demelza House Children's Hospice).

A company limited by guarantee Company No. 2948500. **Charity No. 1039651**

Registered office: Rook Lane, Bobbing, Sittingbourne, Kent, ME9 8DZ

Website: demelza.org.uk Telephone: 01795 845200

Subsidiary companies:

Demelza Trading Limited (formerly known as Demelza House Trading Ltd) Company No 03090528.

A private limited company ACG Lettings Ltd, Company No. 03031999. A private limited company

Trustee board

David Highton (Chairman) to May 2023

Sean Reynolds CB CBE DFC (Chairman) appointed May 2023

Robert Alexander

Darren Anstee

Pippa Barber

Paul Smith

Kate Stephens retired June 2022

Susan Lowson retired June 2023

Yvonne Parks

Debbie Kemp

Pedro Avery

Nicola Porter (Tyers)

Charlotte Parry-Jones

Richard Douglas appointed Oct 2022

Richard Finn appointed Oct 2022

Alex Parry-Jones appointed Oct 2022

George Hunter appointed Oct 2022

Natasha Smith appointed Oct 2022

Paul Hewish appointed Oct 2022

Vinit Shah appointed Oct 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

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

Company Secretary

James Niblett

Chief Executive Officer

Lavinia Jarrett

Director of Finance & Business Planning

James Niblett

Acting Director of Clinical Services

Katie Stevens

Director of People, Culture & Resources

Hayley Clark

Director of Fundraising & Marketing

Hayley Richardson

Director of Retail

Ashley Henson

Director of Quality Improvement & Clinical Governance

Liz Bray

Auditors

Saffery LLP

71 Queen Victoria Street,

London,

EC4V 4BE

Bankers

National Westminster Bank Plc

2nd Floor County Gate,

Stacey's Street, Maidstone, Kent

ME14 1ST

Principal Solicitor

Mayo Wynne Baxter Solicitors

3 Bell Lane, Lewes, East Sussex

BN7 1JU

Investment Manager

Brewin Dolphin

12 Smithfield Street

London

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Find out more at:

demelza.org.uk

Registered Charity No. 1039651



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