

**Annual report and financial statements**  
**For the year ended 31 March 2021**

**Bevan&Buckland LLP**



Tŷ Hafan – the hospice for children in Wales  
[www.tyhafan.org](http://www.tyhafan.org)  
Registered Charity No. 1047912  
Company No. 3077406

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The trustees confirm that their annual report and the accounts of the Charity and its subsidiaries for the year ending 31 March 2021, have been prepared in accordance with:

- the Companies Act 2006
- the Charities Act 2011
- Tŷ Hafan's Articles of Association
- the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

While the pandemic created challenges across society, the impact on children with life-limiting conditions and their families in Wales was extreme. Already facing unimaginable difficulties in daily life, COVID-19 conditions required them to maintain shielding across the entire year. In response, Tŷ Hafan needed to adapt and innovate our services to ensure that we could continue to provide support for children and families in the ways that they needed us. We did so by the introduction of a virtual community hospice model designed to reach our families in their homes, allowing families across Wales to receive expert support and care from familiar faces at the time when it was needed most.

I am proud to say that the hospice remained open throughout the year. Families requiring emergency admissions, offering end of life care and post death transfers from hospitals were served by our dedicated care services team, who rose to the challenge of working under full PPE conditions in accordance with Welsh Government and Public Health Wales guidance.

This level of resilience was present across the organisation with our fundraising and support teams maintaining focus on our key relationship with our supporters.

Tŷ Hafan relies on the continued support of the public with their generous donations to deliver our vision and mission, and this was unwavering during the year. We saw huge support for our fundraising appeals, continued participation in our lottery, donation from major donors and business partners, and much more besides. The continued generosity of the Welsh public during a period of unprecedented anxiety and uncertainty is both humbling and heart-warming.

Martin Davies  
Chairman of the Board

In a year that saw the world catapulted into the grips of a global pandemic, with unprecedented disruption to both personal and professional lives, I am proud to report that Tŷ Hafan's determination to be there for the children and families who needed us became ever more resolute. Our response was to collaborate, to become more agile and to adapt and innovate to meet the myriad of new challenges that seemed to unfold by the day.

At the start of the financial year 2020/21, across the Charity, over half of our 203 staff were on furlough, and all of our near 500 volunteers had to step away. Colleagues showed remarkable resilience in the face of this challenge, whether on front-line or in the back-office, with those who continued to work taking on a range of responsibilities to enable us to continue to be there. Having joined the Charity in May, and working remotely, the imminent challenge for myself and the executive team was to ensure we could continue to operate safely, adapting both services and ways of working to ensure continuity and support for the children and families who describe us as their 'lifeline'. The prevalence of the virus, and the related restrictions, impacted every aspect of the Charity – our care provision, our service users and service providers, our staff and volunteers, and, importantly our finances, as inevitably our income generation activities were severely curtailed.

As the children who access our services are amongst the most vulnerable members of society requiring them to 'shield' throughout the various lockdowns, remaining COVID-secure was our ultimate priority so that we could keep our doors open for those children and families who needed crisis or end-of-life care. Our care team implemented close adherence to public health guidance, including wearing the highest levels of PPE, and I am incredibly proud that we were able to keep our doors open throughout the pandemic, with no outbreaks of COVID-19 relating to our service provision; this notwithstanding the ongoing major refurbishment of our hospice. Our community and partnerships team adapted to provide virtual services, ensuring that families did not feel isolated and that they were appropriately supported during this most challenging of times. Despite our initial trepidation (and the usual technical 'glitches'), we discovered some positives which we will embrace going forward. For example, we delivered our annual memorial event virtually, enabling many more families to participate, and our online therapeutic interventions enabled us to reach more children who were geographically distant to the hospice. Where possible we embraced remote working so as not to miss a beat.

Inevitably, finances were severely impacted, requiring us to release reserves to fund day-to-day operations as key sources of income were curtailed. Typically receiving less than 5% of our funds from Welsh Government, we were pleased to be the beneficiaries of government hospice grant funding, and job retention ('furlough') schemes. Our retail shops remained closed for over half of the financial year, and our events schedule for 2020/21 was cancelled in its entirety resulting in the very difficult decision to restructure our events team. Opportunities for promoting lottery and collecting cash door-to-door were curtailed. Our engagement with corporates was severely compromised. Throughout our tireless fundraising efforts, we were buoyed by the generosity of our donors, supporters, grant funders and the amazing Welsh public, who responded positively to both initial virtual activities and our 'fit for future' campaign, yielding higher than usual income from both raffles and appeals.

As we continued to invest in our organisation and our people, we onboarded many new joiners throughout the year, most of whom outside of care and retail were required to work virtually for several months before meeting their new colleagues and teams.

The board met with us regularly, monthly at the height of the uncertainty, to provide oversight and support. They endorsed our ambition to continue to invest in strategic and foundational projects designed to enable the charity to emerge stronger from this difficult period. I am delighted to report we made excellent progress with these initiatives whilst juggling the inevitable and often unforeseen day-to-day challenges of restrictions, illness and self-isolation. Notably, these projects included:

- Family Voices ([www.tyhafan.org/familyvoices](http://www.tyhafan.org/familyvoices)) jointly commissioned with Tŷ Gobaith, the children's hospice in north Wales – to understand the needs of children with life-limiting conditions and their families whom we support across Wales. The key messages, recapped below, were insightful, reiterating the importance of the services we provide:
  - Hospice services provide essential support to families (94% say respite care is essential).
  - The hospices are often their main, or only, source of support (85% say the hospice is their only source of respite).
  - Access to respite/short break care is essential to family coping and wellbeing (75% identified they would benefit from more respite provision at the hospice).
  - The impact on family life of providing complex care (20% said they were isolated, 16% said they were lonely, 35% reported life is difficult and 45% said life is stressful).
  - The whole family need support (counselling and emotional support in the top three services families reported they wanted, but do not always receive at the level/frequency they need).
  - The importance of end-of-life care in a preferred setting (74% of families reported that knowing they can access end-of-life care makes a big difference to their lives and 95% of families who experienced their end-of-life care at the hospice identified it as their preferred setting).
  - Young people (aged 18 to 25) leaving hospice services need more support (over 75% of young people identified that access to a break away was the most valued service provided by the hospice).
  - Bereavement support and counselling make a difference (over 80% of bereaved families felt that the support they had received did meet their needs, leaving c. 20% feeling that they needed more).
  - Services are not always easy to access (73% face barriers when it comes to accessing hospice services, almost 60% of respondents reported that respite is only sometimes available when needed, plus 72% of families have to travel more than 30 minutes to access respite services).
  - Families are experiencing serious financial challenges (51% of families have an annual income less than £25,000, 21% of families rely on less than £12,000 a year, 87% identified that they have experienced financial hardship and 54% incurred debt to cover expenses within the last two years).
  - Describing us as their 'lifeline' the majority of families said more respite and longer breaks would make a difference to their lives.

The findings prompted us to further collaborate to represent their voices in an ongoing proposal for sustainable government funding: A Lifeline Fund for Wales ([tyhafan.org](http://tyhafan.org)) through a joint investment in public affairs. It has also informed several ongoing strategic projects at Tŷ Hafan, including an extension of our reach,

advocacy for families, and support for those young people who transition to adult services.

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- Independent Care Services Review – in Spring of 2021 we received the findings of this review and are currently in the process of implementing a plan to address its recommendations (*see report by the Director of Care on page 14*).
- 'Fit for Future' – we progressed a project initiated in 2020/21 involving a comprehensive upgrade to our 22 year old hospice facilities, funded through a public appeal. At the time of writing, the major phases of this refurbishment are drawing to a close, and we are grateful to the project team including ambassador, Steve Knapton, who acted as project manager, our employer agent, Capita and main contractors Knox and Wells as well as our own care services and facilities teams for their incredible tenacity and resilience in seeing this through at an incredibly difficult time. We also owe a debt of gratitude to the Charity's major donors and corporate supporters who funded additional alterations that were identified as the project was underway.
- Governance and Risk Management – we commenced the implementation of a quality and assurance compliance system to enable more efficient processes, improved communication, data analysis, data security and overall improvements to end-to-end clinical governance and to embed risk management across the organisation.

While inevitably the wellbeing of our colleagues was compromised through the strain of both living and working through a pandemic, as well as dealing with illnesses or the loss of loved ones, there was never any doubt about our collective commitment to the vision and mission of the Charity. Care services colleagues embraced the additional burden of PPE and worked flexibly to protect and support the young people and families they care about so deeply. Income generation teams, including our fundraising, philanthropy, lottery and retail teams worked incredibly hard to generate much needed funds, supported by corporate and support services who worked tirelessly behind the scenes to ensure our colleagues were supported. Retail colleagues re-engaged with the public, focused on keeping them safe and secure while also adapting to a new ePOS system which launched at the end of the financial year. We also launched a new wellbeing initiative which is going from strength to strength and supported colleagues to work from home where possible while planning to transition to hybrid working arrangements where, and when, this is feasible.

As we embrace another winter and the uncertainties around variants of the virus, we are inspired by the children and families whose lives are unfairly challenging every day. Carrying on the legacy of the Charity's founder, Suzanne Goodall, we are motivated to continue to give 110% to ensure we can make a difference. We remain deeply indebted to those who support us and enable us to contribute to the work for this wonderful charity.

Maria Timon Samra  
Chief Executive

Tŷ Hafan exists to provide paediatric palliative care and support services for children and young people with life-limiting conditions and their families in Wales.

Children and young people are described as being life-limited if they are not expected to live beyond 18 years of age. As a charity we support children with many different conditions which include Duchenne muscular dystrophy, cystic fibrosis, severe cerebral palsy, cancer, and very rare genetic conditions.

Some of the children we care for have been diagnosed at, or before birth, some in early childhood whilst others receive no diagnosis and live with unpredictable health over an extended period of time with an uncertain prognosis.

In every case, the care we provide for children and families is tailored and heartfelt, and designed to meet their individual needs. It is holistic and family integrated, focusing on physical, emotional, social, and spiritual needs.

In order to deliver the best possible standard of care, Tŷ Hafan has a skilled and experienced multi-disciplinary care team, which includes medical consultants, specialist nurses and therapists, family support and play workers.

The care and support provided by a children's hospice is different to the services typically offered by an adult hospice whose primary focus is care in the last year of life. At Tŷ Hafan, our care and support is lifelong, family focused, and extends over many years. For teenagers, our dedicated support continues as they move towards their 18th birthday, helping them and their family navigate the often difficult transition to adult services. Our aim is to be there for families when and where they need us most, and to help them share precious moments over whatever time they have together.

Such long periods of illness and extended uncertainty inevitably places a huge strain on family life, so our support is inclusive, encompassing the wider family including parents and siblings. Our support continues after the death of a child, and we are always there for bereaved families.

Tŷ Hafan is a more than a building, it is a diverse and flexible service that extends into homes, hospital and communities across Wales. Tŷ Hafan's services, including the hospice in Sully, Vale of Glamorgan, have continue to be there for children and families throughout the pandemic, providing a wide range of services adapted to minimise COVID-19 risks for children, families and colleagues

Wherever and however our services are provided, they are available completely free of charge for children and families.

The COVID-19 pandemic brought unprecedented challenges for the children and families who access Tŷ Hafan services. Many children with life-limiting conditions are extremely clinically vulnerable, meaning they were required to shield for extended periods of time. Already unfairly hard lives became suddenly more difficult. An unwavering focus on being there for children and families ensured that services were transformed to be available, and accessible for as many children and families as possible, as well as safe and COVID-secure.

Side by side services traditionally provided by Tŷ Hafan in family homes or community settings have been delivered through a virtual community hospice model, using video enabled technology to reach into family homes across our geography – familiar faces delivering valued support differently.

Residential care and support at the hospice has been available for families requiring emergency admissions, and for children and young people needing end of life care. Post death transfers from hospital have also been available, meaning families separated by restrictions, were able to spend precious final moments with their children after they had died.

Telephone support has also been available around the clock for families, and health and social care professionals, ensuring a listening ear and access to specialist advice.

Service recovery plans ensured we were well prepared to step services up or down in response to changes to Welsh Government and Public Health Wales guidance. This resulted in the timely re-introduction of community, hospice and hospital-based services, included providing activities for families in the summer of 2020 and in the December before the second national lockdown.

We have continued to provide lifeline support for children and families. While the pandemic has required changes to be made to how our services have been delivered, our care and support has been defined by compassion, skill and understanding, focused on providing the best possible quality of family life. Practical and emotional care for the child and family was maintained as much as possible, and during a time of additional financial strain, our experts were able to sign post sources of additional support.

The range of services offered by Tŷ Hafan is broad and diverse. The complexity of need as well as the unique circumstances of each child and family means over a lifetime of support most children and families require a mix of services. Services are designed to be delivered independently, but in reality, operate in a complimentary way that ensures support is seamless.

### *Respite care*

Respite care is a lifeline service for many families. While this core service was disrupted by the restrictions imposed by the pandemic, families were able to access emergency respite care at the hospice. Recognising the impact of shielding on families, the virtual hospice model provided a range of bespoke activities to children and families to relieve isolation and provide distraction. The resumption of residential respite care remains a high priority for the hospice and will be reintroduced when it is safe to do so. Respite care offers families the opportunity to enjoy a short break secure in the knowledge their children are being well cared for.

### *Emotional support*

Caring for a child with a life-limiting illness is exhausting for families who have little time to rest and who fulfil their role as parent carers with skill and expertise. Our skilled family support team is available around the clock every day of the year. The strain experienced by families during the pandemic has been intensified. The family support team has played a pivotal role in sustaining coping through regular support that is tailored to an individual family's unique needs. This support has been available through the virtual hospice model, and through one to one sessions at the hospice and in local communities.

### *Play and specialist therapies*

Play is at the heart of a happy childhood, and it is central to all of our work with children and families. Play specialists are a core part of our team, and skilfully help children understand or communicate their emotions, as well as maximise fun and enjoyment in their short lives. Art and music therapies also offer an essential way for children to express themselves. Specialist physiotherapy, hydrotherapy and occupational therapy is also available. Play and therapy support is available through the virtual hospice model, in family homes, in community settings, in hospitals, and at the hospice.

### *Sibling support*

The siblings of children with life-limiting conditions face unique challenges themselves. Tŷ Hafan offers specialist support that recognises the impact of this, and provides opportunities to understand and express their thoughts and feelings as well as develop mechanisms to help them cope and thrive against a backdrop of isolation and loss. Sibling support is age appropriate and flexes to meet needs over a lifetime of support. Support is offered at the hospice and closer to home on a one to one basis as well as groups.

### *Practical support*

Families of children with life-limiting conditions are more likely to experience financial hardship and can find it difficult to access additional support. Tŷ Hafan is able offer signposting to sources of financial support that can make a world of difference for families already living under incredible strain.

### *End of life care*

Families live with the reality that the time they share with their children will be short. When it becomes clear that this time is drawing closer, Tŷ Hafan is always there. We support the family as they make decisions and talk to them about their wishes, including where they would prefer their child to be cared for. Our skilled teams help them navigate this difficult time, providing support and specialist care when and where they need it. At the very end of life, we are often by their side, at the hospice, at home, or in hospital. When they have said their final goodbyes, our family support team support them as they face the challenges of registering their child's death and making plans for a funeral.

### *Transitional care and support*

When a young person expected to die in childhood approaches their 18th birthday, they and their family, need to navigate the transition from children's services to adult services. Some families describe this time as a 'cliff edge' where they move away from all that is known and familiar, and need to form new relationships with adult services. Tŷ Hafan has a range of services that work with individual families to make this experience less daunting. This includes working across organisational boundaries so that families feel safe and supported and includes joint work with adult hospices and other specialist teams.

***Bereavement care***

Tŷ Hafan continues to provide support for families after bereavement. This support is designed with the individual needs of families in mind, but also includes opportunities for families to come together to remember their children through dedicated events and remembrance services. Bereavement is experienced uniquely, and we are here for families for as long as they need us.

***Peer support***

Children and young people, and families, including siblings, can feel different and isolated with few others really knowing and understanding the challenges they face. Peer support is important and builds a sense of community for the families we meet. This is enabled through groups events but also through private social media groups that are facilitated by Tŷ Hafan. This includes groups for mums, dads, siblings, young people, and bereaved families.

**Key facts for 2020/21**

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Number of children and young people supported: 273

Number of families supported: 406

Number of siblings supported: 72

Number of community interventions: 7,341

Services to young people transitioning to adult care: 24

Under the Charities Act 2011 we have a duty to report on our organisation's public benefit. The board is confident that we meet those public benefit requirements having taken Charity Commission guidance into consideration, and that our activities are consistent with our aims and objectives.

Through the Charity's vision, mission and strategic objectives, we believe that we meet the public benefit requirements as a result of the breadth of the services that we deliver free of any charge to the Charity's beneficiaries.

### **Vision**

A Wales where all children who may die in childhood live a fulfilling family life.

### **Mission**

To offer a high standard of free care to children in Wales who may die in childhood in order to enrich their quality of life and support their families during life, at end-of-life and through bereavement.

### **Strategic objectives**

Tŷ Hafan's strategy is intended to achieve four core goals; expand the reach of the Charity, develop our services, build resilience within the organisation, and invest in our people. We are committed to demonstrating transparency and openness across all these goals and objectives.

#### **Objectives:**

- To support the identification of all children with life-limiting conditions in Wales who may die in childhood and, in cooperation with others, offer them and their families, needs assessed palliative care and support.
- To ensure best practice in the delivery of a range of unique, high quality and complementary bespoke care services to children and their families.
- Aim to position Tŷ Hafan as the primary authority leading collaborative efforts to facilitate the development of paediatric palliative care in Wales, and as the most recognised charity in Wales.
- To provide sustainable funding to support the provision of care, now and in the future, and ensure the effective and efficient use of resources.
- To attract, retain, engage, and nurture the best people to achieve the Charity's objectives.

The restrictions resulting from the COVID-19 crisis and the need for Tŷ Hafan children and families to shield meant that care services had to be delivered through the virtual community hospice model with crisis and end of life admissions facilitated by the hospice as required. Despite these conditions there were a number of notable achievements across the year.

### *Hospice refurbishment*

The success of the 'Fit for the Future' cash appeal enabled us to progress with the refurbishment of our hospice building. The hospice was opened 22 years ago and over time the building had become tired and outdated, whilst the needs of children accessing our services have grown more complex. The aim of the refurbishment has been to retain the warm and welcoming nature of the hospice but modernise and ensure a safe and secure environment in which to care for the children and allow them to enjoy their time at the facility. The needs of families have been paramount in the preparation of the refurbishment plan and the beach-themed development should enable them to spend time together having fun and creating special memories.

Over the course of the year a number of phases of the refurbishment have been completed with further completion due in the year ahead. All of this work has been completed under covid-secure conditions and with the hospice remaining open throughout.

### *Lifeline fund*

Tŷ Hafan joined forces with North Wales based Tŷ Gobaith to call for a new sustainable 'Lifeline Fund' and funding parity with the rest of the UK's children's hospices to ensure that all children with life-limiting conditions and their families can receive the support they desperately need.

Combined, the two hospices provide respite and palliative care for more than 400 families with children with life-limiting conditions but receive less than 10% of their annual funding from the Welsh Government.

Children's hospices in England receive 21% of their funding from the UK Government while those in Northern Ireland and Scotland receive 25% and 50% respectively from their government bodies.

The proposal stems from the 'Family Voices' report published jointly by Tŷ Hafan and Tŷ Gobaith in 2020. In the report, families from across Wales expressed their experiences, hopes and fears, and described children's hospices as "our lifeline". The report set out the urgent need for more of the care that only hospices can provide, especially in relation to respite care.

The only two children's hospices in Wales are working constructively with Welsh Government, Members of the Senedd, and the End-of-Life Care Board to find a sustainable funding solution.

The coronavirus pandemic has had a devastating impact on so many, and Tŷ Hafan's fundraising activities suffered unprecedented disruption as a result of the global crisis.

However, despite the turmoil and uncertainty that characterised the year, the generous donations of supporters continued throughout. By adapting and innovating our approach to fundraising our donors were able to maintain their support for us even during the bleakest periods of the crisis.

Unfortunately, the pandemic caused the cancellation of all of Tŷ Hafan's mass fundraising events, but we were able to establish virtual events, which allowed supporters to continue to fundraise on our behalf in a COVID-secure manner and generate much needed funds for the charity. We also encouraged individuals to set themselves challenge tasks as a way of replacing the marathon runs or cycle rides that were not able to take place.

Individual supporters continued to help us by making one-off gifts or establishing regular donations via digital platforms as they were prevented from filling our collection boxes during lockdown periods. Legacy donations from supporters remembering us with a gift in their will remained a poignant and important source of funds for the Charity.

The generosity of philanthropic individuals making large donations once again played a vital role in Tŷ Hafan's fundraising activities this year while awards from grant making bodies such as trusts and foundations also formed an important part of our income.

Friends of Tŷ Hafan groups have always played a fundamental role in raising much needed donations for the charity. However, lockdown conditions curtailed the ability to conduct their normal activities. Their continued support was evident as restrictions relaxed and they continue to play a pivotal role for our organisation.

We were once again fortunate to receive support from businesses and corporate sponsors who were responsible for delivering much needed funds across the year. The ability to reach into a business workforce to raise awareness was limited over the year but the mutual benefits of business partnerships remain an essential part of fundraising activities.

The financial support from our donors were supported by Tŷ Hafan's commercial activities, which play an important role in enabling the charity to create diversified income sources.

A lottery was established from the inception of the charity and has grown to become one of the largest hospice lotteries in the UK. Crackerjackpot, a wholly owned subsidiary of Tŷ Hafan, is a stable revenue source and has been able to operate continuously throughout the pandemic.

Tŷ Hafan's network of shops allow the Charity to reach across Wales and both generate income and increase awareness in the local communities that we serve. The network was severely impacted by the pandemic with closures during lockdown periods but as these were lifted supporters returned to shop with us and generate with much needed income.

These income streams combine to provide Tŷ Hafan with a stable financial foundation to continue providing care and support for children with intellectual disabilities and the families in Wales.

#### *Fundraising performance*

Our fundraising efforts were severely impacted by the coronavirus pandemic. However, there were a number of significant highlights for fundraising activities over the year:

- £1.7m from entries into our Crackerjackpot lottery. Over 30,000 average weekly plays.
- £1.5m received from individual supporters responding to our appeals or giving by various means such as regular weekly donations.
- £1.1m received from individuals who have remembered us with a gift in their will
- £0.6m generated from our supporters shopping or donating at one of Tŷ Hafan's shops across Wales.
- £0.4m received in grant awards from institutions such as trusts and foundations.
- £0.3m from businesses and corporate organisations that have donated funds to help deliver care and support to Tŷ Hafan children and families.

### **Employees**

Over 200 staff are employed at Tŷ Hafan to ensure we achieve our aim of delivering the highest quality services to children with life-limiting conditions and their families. Whilst we are relatively small organisation, the need to deliver care services, and fundraise to support them, requires a broad and diverse range of skills. Our staff includes pharmacists and play workers, corporate fundraisers and shop managers, lottery canvassers and registered nurses, and much more besides. Support from IT, finance, HR and facilities professionals enables the organisation to operate efficiently.

Staff wellbeing is of paramount importance to us. The issues created by the pandemic were many and complex, with staff contending with the need to operate in a covid-secure manner, working from home or furloughed under the government job retention scheme. Maintaining staff health and well-being under these circumstances meant a greater focus was required, and beyond the implementation of government guidance the charity applied a range of measures to ensure that staff were supported and nurtured during this period of uncertainty and concern.

Training and personal development provide the foundation for excellence across the organisation. Bespoke training plans with both internal and external programmes were implemented alongside statutory training to ensure that staff have the skills required to deliver our strategic goals.

Diversity and inclusion are fundamental to Tŷ Hafan as an organisation. Our processes ensure that no member of staff or job applicant receives less favourable treatment on grounds of age, disability, gender reassignment, marital status, pregnancy and maternity, religion or philosophical belief, sex and sexual orientation.

### **Volunteers**

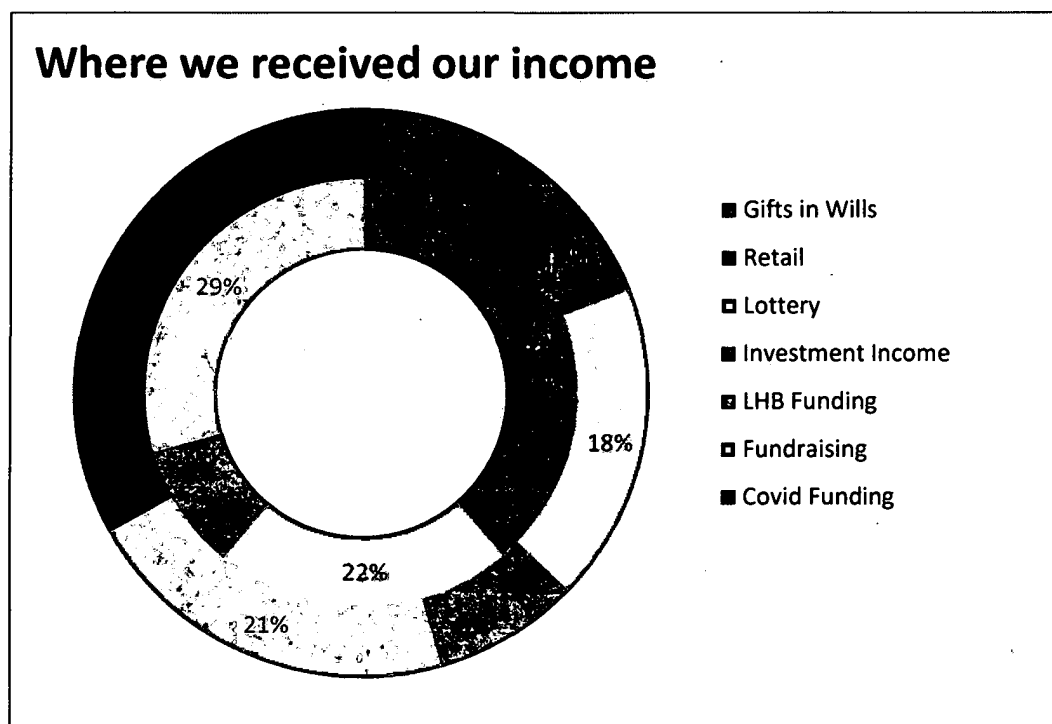
Volunteers play a vital role in the enabling Tŷ Hafan to support children with life-limiting conditions and their families. The scope of volunteering at the charity is too broad to detail but is fundamental in all aspects of the of the organisation from Tŷ Hafan's shops and the Charity's fundraising activities to its ambassadors promoting awareness, raising income, or securing gifts in wills. Volunteers devote their time to the maintenance of our extensive grounds, and even working directly with children and families at the hospice and beyond.

We are unable to capture the importance of volunteers to our organisation within our financial accounts, but the organisation would not be able to function without them and we offer our sincere thanks to each and every one.

Results for the year ended 31 March 2021 are shown in the Consolidated Statement of Financial Activities on page 31. This shows the financial results for Tŷ Hafan and its trading subsidiaries, Tŷ Hafan Trading Limited and Crackerjackpot Limited, which both donate their profits to the charity.

### *Income*

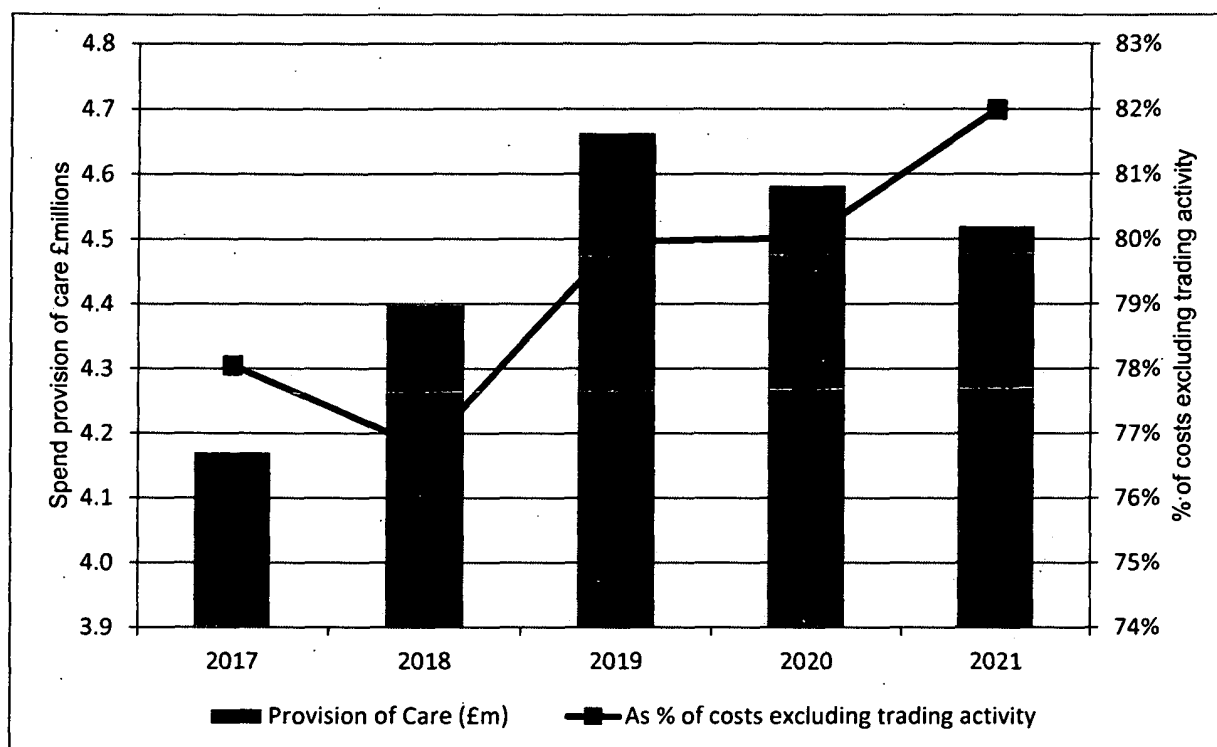
Total income received in 2020/21 increased to £9,157,070 (2019/20 £8,506,379). This represents an 8% increase from the previous year.



It is important to acknowledge the significant impact the pandemic had on income generation. Without support from the various government COVID funding schemes, total income would have reduced to £6.1m, a 28% reduction to 2019/20. Retail income was the hardest hit as our shops were closed due to lockdown restrictions for large periods of the year. Unfortunately, as a result of the pandemic we took the decision to close six of our 25 shops as they were no longer commercially viable.

### *Expenditure*

Total expenditure in 2020/21 fell by £864,968 (9%) to £8,527,720 (2019/20 £9,392,688). There was a slight reduction of spend in the provision of care of £62,307 (1%) with the majority of the expenditure reduction coming in retail which fell by £534,764 (21%) mainly due to shop closures in the year.



Excluding our trading activity in retail and lottery, 82 pence of every pound of expenditure is spent on charitable activity. This is in line with our objective to ensure more of our donations are used directly on our beneficiaries.

#### Cashflow

Overall, in 2020/21 there was a net cash outflow of £119,136 reducing the cash held to £249,541 as at 31 March 2021. This included the withdrawal of £500,000 of funds from our investment portfolio during the year.

#### Reserves

The board considers the maintenance of unrestricted reserves as an essential safeguard to mitigate the risks faced by the Charity and their potential impact on income and planned expenditure. The Charity has a responsibility to give confidence to its beneficiaries that we can provide our services even during times of economic uncertainty.

The board has established the level of reserves using the methodology outlined in the Charity Commission guidance and has considered the level of required reserves based on the assets used in the Charity and the risks to the Charity and likelihood of an event occurring.

The reserves policy is reviewed and agreed each year by the board.

The Charity's reserves are detailed in note 22 and 23 of the accounts.

At 31 March 2021, the Charity held £9,898,183 in unrestricted free reserves (2020: £9,760,950). The reserves were broken down as follows.

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	<b>31/03/2021</b>	<b>31/03/2020</b>
Net Assets	£18,718,536	£15,895,977
Less Designated Reserves	(£7,937,068)	(£5,019,414)
Less Restricted Reserves	(£883,285)	(£1,115,613)
<b>Unrestricted Free Reserves</b>	<b>£9,898,183</b>	<b>£9,760,950</b>

Unrestricted free reserves have increased by £137,233 (1%) during the year. Designated reserves have increased by £2,917,654 (58%) due to the inclusion of the provision for planned deficits in 2021/22 and 2022/23 totalling £2,136,000. Designated reserves also include the net book value of property owned by Tŷ Hafan.

#### *Going concern*

The Charity's financial position and performance has been outlined in the financial review above. The board has assessed projected future income, expenditure and cash flows, and analysed the strength of the Charity's reserves, liquid assets and its ability to withstand a material fall in income. Consideration has been given to the stability and diversity of various income streams in making this assessment and the challenges currently faced by the Charity due to the pandemic.

The board has concluded that there is a reasonable expectation that Tŷ Hafan and its trading subsidiaries, Tŷ Hafan Trading Limited and Crackerjackpot Limited, have adequate resources to continue activities for the foreseeable future. Therefore, they have continued to adopt the going concern basis in preparing the financial statements.

#### *Approach to financial investments*

Decisions about the investment strategy and policy are governed by the finance with governance committee and approved by the board. The investment policy is reviewed annually by the board.

Tŷ Hafan's investment portfolio is managed by investment managers according to the board's instructions. The investment strategy is formally reviewed with our investment managers and finance with governance committee annually and more frequently when considered necessary.

During 2020/21 the investment portfolio was transferred to newly appointed investment managers, Brewin Dolphin following the periodic review of investment management services.

Tŷ Hafan's investment risk appetite for its investment portfolio is consistent with a strategy of seeking to preserve and generate longer term capital growth and income ahead of the rate of inflation in order to grow the free reserves of the Charity. Tŷ Hafan does not depend on investment returns to fund its short-term operational requirements and is, therefore, able to tolerate short to medium term volatility of its investment portfolio.

The total value of the investment portfolio as at 31 March 2021 was £12,530,466 (2020: £10,664,014) representing an overall increase in value for the year of £1,866,452 or +18% (2020: -10%).

During the year, there was a cash withdrawal from the portfolio totalling £500,000 (2020: £300,000).

The board recognises it has a responsibility to consider any ethical implications of its investments. This could lead to conflicting objectives between delivering the targeted returns and excluding certain investments that go against Tŷ Hafan's ethos and purpose. It is, therefore, Tŷ Hafan's policy to use a negative screening approach avoiding investment in companies or sectors undertaking a particular activity or operating in a way which may be harmful to Tŷ Hafan's interests. This is reviewed annually alongside the investment policy review.

Tŷ Hafan is a registered charitable company limited by guarantee and an independent hospital. It is subject to company law, charity law, trust law and bound by legislation governing the safe delivery of healthcare. As a result of its activities, Tŷ Hafan is accountable to a range of regulators:

- the Charity Commission
- the Fundraising Regulator
- the Gambling Commission
- Healthcare Inspectorate Wales (HIW)
- HMRC.

The board of directors is legally responsible for financial probity, legal and regulatory compliance, and the Charity's registration as a private voluntary hospital under the Independent Healthcare (Wales) Regulations 2011.

The board, as the accountable body, governs Tŷ Hafan through its constitution. Tŷ Hafan's Articles of Association, Scheme of Governance (including Standing Orders, Matters reserved for Board, and Scheme of Delegation) and Statement of Purpose form the Charity's governance framework for implementing the Charity's strategic objectives, monitoring progress, and managing the Charity's activities effectively, honestly, prudently, safely, transparently, and without personal gain.

### *Trustee recruitment and development*

A trustee code of conduct ensures trustees continue to act within their powers to deliver the Charity's objectives for the long-term benefit of the Charity's beneficiaries. They must exercise their duties, individually and collectively, according to the Charity's constitution and charity law.

In line with best practice and the Charity Governance Code, the board continuously seeks to augment the diversity of its skillset through a continuous succession plan. Trustees are subject to a rigorous interview process, probationary period, due diligence checks and induction to ensure they become effective members of the board, working in the best interest of the Charity. Trustees play an engaged role, volunteering their time and support freely. They contribute the benefit of their professional expertise, and collaborate to protect and develop the Charity in a heavily regulated environment.

Trustees may serve up to a maximum of six years and may be nominated for re-election at the end of the first three-year term. The board and senior executives of Tŷ Hafan are listed within the 'reference and administrative details' section of the accounts.

### *Delegation*

Although specific authority is delegated to the chairman, committees and the chief executive, the board remains ultimately accountable for the Charity's affairs, financial probity, legal and regulatory compliance and registration as an independent hospital. The board sets the long-term goals for the Charity and the chief executive, who is responsible for operational activity, translates this into a strategy and business plan to be delivered by the executive team. The board oversees the management of the Charity and meets regularly to receive reports from its committees, executive directors and officers of the board.

### *Committees*

The board benefits from the support of four standing committees, and various ad hoc committees, with specific remits to scrutinise the management of the Charity's operations. Each committee comprises a chair, members selected by the nominations committee and committee chair, and executive directors, as advisors to the board.

Standing committees include:

- Clinical governance committee, upholding excellence in clinical care by monitoring the quality of safeguarding and care service delivery.
- Directorate and operations committee, which considers operational management and fundraising activity
- Finance with governance committee examines financial, fiduciary and investment issues, as well as the Charity's governance arrangements
- Remuneration committee reviews issues relating to staff financial compensation, and terms, conditions and benefits.

The nominations committee meets as required to ensure an effective board is in place to govern the Charity with financial probity and transparency. This committee scrutinises the board's composition and performance, ensures robust recruitment and succession planning, and that the board complies with the Charity's governing documents and policy framework.

### *Pay structure*

The board ensures that there is a transparent process in place for the setting of salaries within the Charity to ensure fair and equitable pay, determined by affordability, economic indicators, and competitiveness. This is achieved by an annual review to benchmark every paid role within the Charity against comparable roles in similar organisations. Recommendations for proposing annual pay awards are considered by the remuneration committee and, if endorsed, require board approval. Remuneration for members of the executive team, including the chief executive, is considered separately, and agreed by the board. In 2020/21 there was no pay award due to the financial position of the Charity.

### *Subsidiary companies*

As disclosed in note 16 to the financial statements, Tŷ Hafan owns two subsidiaries, Tŷ Hafan Trading Limited and Crackerjackpot Limited, which are independently governed and gift surplus funds to the Charity.

Tŷ Hafan conducts a broad range of activities including the delivery of specialist paediatric palliative care within a hospice environment, operating a network of retail shops, organising fundraising, marketing, and events activities, and conducting regulated gambling through the Charity's subsidiary, Crackerjackpot.

The breadth of these activities requires a careful and systematic approach to risk and uncertainty to safeguard the Charity's people and resources whilst delivering on charitable objectives.

We were unable to predict the massive impact that the global pandemic would have on the whole organisation, but we have been able to rely on robust risk management processes to ensure continuity of the highest standards of clinical and charity governance. The trustees are confident that with careful planning and the continued generous support of our donors that we will continue to deliver our objectives successfully and maintain our financial position.

Tŷ Hafan's risk management framework, as part of our risk management policy, is central to Tŷ Hafan's Scheme of Governance and is based upon the principles of BSI ISO 31000 and COSO Enterprise Risk Management framework. The aim is to integrate the risk management policy in the Charity's business planning processes enabling trustees to comply with the regulatory requirement to publicly account for the effectiveness of the Charity's risk management processes.

### *Process of risk management*

The corporate risk register is scrutinised regularly by the executive team and risk management group to ensure that adequate control measures are in place for each risk identified. Recommended actions are attached to each risk and assigned to an owner to reduce the likelihood of the risk occurring or mitigate the consequences should it do so. The recommendations are examined by the relevant committees and passed forward to the board for approval at least on an annual basis.

Principal risks identified for the Charity include:

- the impact of COVID-19
- economic uncertainty
- environmental challenges
- financial stability and safeguarding the Charity's assets
- information governance
- reputational risk
- safeguarding

The board is satisfied that risk management is regularly assessed to ensure that actions and controls are effective and ensure that the Charity remains compliant and works to best practice in caring for children and their families.

Tŷ Hafan is not aware of any principal uncertainties as at 31 March 2021, nor in the period before signing the annual report and accounts.

## Reference and administrative details

# BevanBuckland LLP

Registered Company Number	3077406
Registered Charity Number	1047912
Registered Office	Tŷ Hafan, Hayes Road, Sully, CF64 5XX
Auditors	Bevan Buckland LLP, Swansea
Principal Solicitors	Hutchinson Thomas, Swansea
Principal Bankers	HSBC Plc, Cardiff, Barclays Bank, Cardiff
Investment Managers	Brewin Dolphin Investment Managers

## The board

The trustees, who are also company directors, served the Charitable Company during the period were as follows:

Martin Davies	Chairman of the board from 24 August 2017, appointed as a trustee 11 December 2014
Dr Keith Holgate	Deputy chair of the board Appointed 26 March 2020, appointed as a trustee 20 April 2017
Dr Huw Jenkins	Appointed 3 May 2018
James Pepper	Appointed 9 April 2020
Elizabeth Thomas	Appointed 29 May 2019
Sian Thomas	Appointed 29 May 2019
Sue Carter	Appointed 9 December 2019
Gareth Morgan	Appointed 19 December 2018, resigned 30 March 2021
Richard Adams	Appointed 9 December 2019, resigned 21 May 2021

## Co-opted member

James Pepper	from 29 May 2019 to 9 April 2020 when appointed as a trustee
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## Chief Executive and Company Secretary

Maria Timon Samra	Chief executive from 11 May 2020
Rob Jones	Chief Executive, resigned 13 July 2020
Rob Jones	Company Secretary from 29 November 2018 to 16 June 2020

## Executive Team

Deborah Ho	Director of Care from 16 March 2020
Jason Foster	Director of Finance
Julian Hall	Director of Fundraising and Marketing from 29 July 2019 to 4 September 2020
Phae Jones	Director of Income Generation from 12 October 2020

## Trustees' responsibilities in relation to the financial statements

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The trustees (who are also the directors of Tŷ Hafan for the purposes of company law) are responsible for preparing the trustees' annual report and financial statements in accordance applicable law and United Kingdom accounting standards (United Kingdom Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORPS
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to operate.

The trustees are responsible for keeping adequate accounting records that disclose, with reasonable accuracy at any time, the financial position of the charitable company and to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### In so far as the trustees are aware:

- there is no relevant audit information (as defined by Section 418 of the Companies Act 2006), of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make them aware of any relevant audit information and to establish that the auditor is aware of that information.

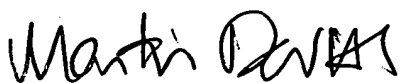
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Auditors

The auditors, Bevan Buckland LLP, will be proposed for reappointment at the forthcoming general meeting.

### Approval

This report was approved by the trustees as members of the charitable company on 7 December 2021 and was signed on their behalf by



**Martin Davies, Trustee and Chairman of the Board**

Date...15/12/2021

## **Opinion**

We have audited the financial statements of Tŷ Hafan (the 'parent charitable company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprises the consolidated statement of financial activities, the Consolidated and Parent Charitable Company balance sheets, the Group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2021 and of the group's profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that individually or collectively, may cast significant doubt on the group's and 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 authorized 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**

# **Bevan::Buckland LLP**

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements and
- the Report of the Trustees 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept 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, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Bevan..Buckland LLP**

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

### **Our responsibilities for the audit of the financial statements**

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

We design procedures in line with our responsibilities outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

enquiring of management, including obtaining and reviewing supporting documentation, concerning the Group's and parent charitable company's policies and procedures relating to:

- identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud
- Internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations

Discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas.

Obtaining an understanding of the legal and regulatory frameworks that the Group and Parent Charitable company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Group and Parent Charitable Company, the key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

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

In addition to the above, our procedures to respond to risks identified included the following:

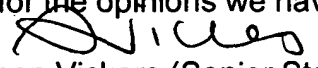
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

### **Use of our report**

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

  
Alison Vickers (Senior Statutory Auditor)  
For and on behalf of Bevan Buckland LLP, Statutory Auditor  
Ground Floor  
Cardigan House  
Castle Court  
Swansea Enterprise Park  
Swansea  
SA7 9LA

Date: 15/12/2024

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
<b>Income from:</b>					
<b>Donations and Legacies</b>	2	5,682,000	432,280	6,114,280	3,306,634
<b>Charitable Activities</b>					
- Provision of Care	3	529,164	-	529,164	489,370
<b>Other Trading Activities</b>	4	2,270,547	-	2,270,547	4,385,681
<b>Investments and other income</b>	5	243,079	-	243,079	324,694
<b>Total income</b>		<b>8,724,790</b>	<b>432,280</b>	<b>9,157,070</b>	<b>8,506,379</b>
<b>Expenditure on:</b>					
- Trading Activities	6	3,015,442	-	3,015,442	3,665,971
<b>Total income net of trading expenditure</b>		<b>5,709,348</b>	<b>432,280</b>	<b>6,141,628</b>	<b>4,840,408</b>
<b>Expenditure on:</b>					
- Raising Funds	6	922,501	-	922,501	1,070,616
- Investment Management	6	69,782	-	69,782	73,799
<b>Net income available for Charitable Activities</b>		<b>4,717,065</b>	<b>432,280</b>	<b>5,149,345</b>	<b>3,695,993</b>
<b>Charitable Activities</b>					
- Provision of Care	7	4,453,152	66,843	4,519,995	4,582,302
<b>Total Expenditure</b>		<b>8,460,877</b>	<b>66,843</b>	<b>8,527,720</b>	<b>9,392,688</b>
<b>Net income before gains/(losses) on investments</b>		<b>263,913</b>	<b>365,437</b>	<b>629,350</b>	<b>(886,309)</b>
Net gains/(losses) on investments		2,193,209	-	2,193,209	(1,112,361)
<b>Net Income / (Expenditure)</b>		<b>2,457,122</b>	<b>365,437</b>	<b>2,822,559</b>	<b>(1,998,670)</b>
Gross transfers between funds	22	597,765	(597,765)	-	-
<b>Net movement in funds</b>		<b>3,054,887</b>	<b>(232,328)</b>	<b>2,822,559</b>	<b>(1,998,670)</b>
<b>Reconciliation of Funds</b>					
Funds balances brought forward	22	14,780,364	1,115,613	15,895,977	17,894,647
<b>Fund balances carried forward</b>	22	<b>17,835,251</b>	<b>883,285</b>	<b>18,718,536</b>	<b>15,895,977</b>

The consolidated statement of financial activities includes all gains and losses recognised in the year.  
All incoming resources and resources expended derive from continuing activities.

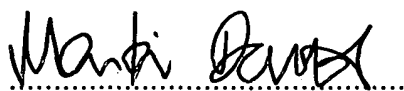
**Tŷ Hafan**  
**Group and Charity Balance Sheet**  
**At 31 March 2021**

**Bevan & Buckland LLP**

		2021		2020	
		£	£	£	£
	Note	Group	Charity	Group	Charity
<b>Fixed assets</b>					
Tangible Assets	15	6,198,015	6,198,015	5,788,945	5,788,945
Investments	16	12,530,466	12,540,467	10,664,014	10,674,015
		<u>18,728,481</u>	<u>18,738,482</u>	<u>16,452,959</u>	<u>16,462,960</u>
<b>Current assets</b>					
Stock	17	16,302	-	33,016	12,700
Debtors	18	1,208,746	1,195,818	655,478	697,435
Cash at bank		249,541	152,973	368,677	115,853
		<u>1,474,589</u>	<u>1,348,791</u>	<u>1,057,171</u>	<u>825,988</u>
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	19	(869,171)	(765,552)	(935,528)	(740,499)
<b>Net current assets</b>		<u>605,418</u>	<u>583,239</u>	<u>121,643</u>	<u>85,489</u>
<b>Provisions for liabilities and charges</b>					
	20	(615,363)	(615,363)	(678,625)	(678,625)
<b>Net Assets</b>		<u>18,718,536</u>	<u>18,706,358</u>	<u>15,895,977</u>	<u>15,869,824</u>
<b>Funds</b>					
Restricted	22	883,285	883,285	1,115,613	1,115,613
Unrestricted	22	17,835,251	17,823,073	14,780,364	14,754,211
		<u>18,718,536</u>	<u>18,706,358</u>	<u>15,895,977</u>	<u>15,869,824</u>

The financial statements were approved by the Board of Directors on

..... 15 December 2021 ..... and were signed on its behalf by:



Martin Davies - Trustee and Chair of the Board

Registered Company Number: 3077406

**Tŷ Hafan**  
**Group Statement of Cash Flows**  
**for the year ended 31 March 2021**

**Bevan&Buckland LLP**

	Note	2021 £	2020 £
<b>Net cash provided by (used in) operating activities</b>	24	<b>315,385</b>	<b>(549,163)</b>
<b>Cash flows from investing activities:</b>			
Deposit Interest received	5	53	703
Payments to acquire tangible fixed assets	15	(1,004,357)	(480,409)
Investment portfolio management fees	6	69,782	73,799
Transfer of cash held from investments		500,000	300,000
<b>Net cash provided by (used in) investing activities</b>		<b>(434,521)</b>	<b>(105,907)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(119,136)</b>	<b>(655,070)</b>
Cash and cash equivalents at the beginning of the year		368,677	1,023,747
Cash and cash equivalents at the end of the year		<b>249,541</b>	<b>368,677</b>
<b>Analysis of cash and cash equivalents</b>		<b>31 March 2021</b>	<b>31 March 2020</b>
		£	£
Cash at bank and in hand		249,541	368,677
<b>Total cash and cash equivalents</b>		<b>249,541</b>	<b>368,677</b>
<b>Analysis of changes in net debt</b>	<b>31 March 2020</b>	<b>Cash flow</b>	<b>31 March 2021</b>
	£	£	£
Cash	368,677	(119,136)	249,541
<b>Total</b>	<b>368,677</b>	<b>(119,136)</b>	<b>249,541</b>

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**I. ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements of the Charitable Company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Charitable Company's functional and presentational currency is the pound sterling (£), and balances are rounded to the nearest £1.

**Preparation of the accounts on a going concern basis**

At the time of approving the accounts, the Trustees have a reasonable expectation that the Charity, and the Group, have adequate resources to continue in operational existence for the foreseeable future. The Trustees have reviewed the reserves policy which supports the long-term business plan of the Charity. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

**Basis of consolidation**

The group financial statements consolidate those of Tŷ Hafan and its subsidiary undertakings, Tŷ Hafan Trading Limited and Crackerjackpot Limited (see note 16), made up to 31 March 2021, on a line by line basis.

The consolidated entity is known as the 'Group'. Accounting policies specific to the Charitable Company or group in total are laid out below.

No separate company Statement of Financial Activities (SOFA) has been prepared for the Charitable Company as permitted by Section 408 of the Companies Act 2006.

**Incoming resources**

Income is recognised when the Charitable Company has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measure reliably. It is derived from the activities outlined below.

Donations and similar incoming resources are recognised when they are received. Where refundable income is received in respect of a specified event or project, the income is deferred until completion of that event or project.

Pecuniary and residuary legacies are recognised on a case by case basis following the granting of probate and when the administrator/executor for the estate has communicated in writing the amount and of the legacy. In the event that the legacy is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value for the legacy being reliably measurable

with a degree of reasonable accuracy and the title to the asset being transferred to the Charitable Company. Reversionary legacies are not recognised during the lifetime of the original beneficiary under the will. An estimate of the total number and value of all open legacy cases which do not meet the above conditions, but to which the Charitable Company may be entitled is disclosed within the notes to the accounts.

Donated goods capitalised as tangible fixed assets are included as 'Income from Donations and Legacies' at their market value at the time of receipt.

Gift Aid receivable is included in income when there is a valid declaration from the donor.

Grants (including government grants) which are received to fund specific purposes are recognised as restricted incoming resources in the year in which the Charitable Company is entitled to the funds. Revenue grants are credited as incoming resources when they are receivable, provided conditions for receipt have been complied with.

During the year the following COVID-19 government support was received (as per note 2):

	£
Job Retention Scheme	710,256
Hospice Emergency Funding	1,584,869
Retail business grants	<u>737,500</u>
Total	<u>3,032,625</u>

There are no unfulfilled conditions attached to the above grants received

Fees receivable from Welsh Local Health Boards in respect of respite care are recognised on receipt.

The value of the goods donated for sale in the shops operated by the Charitable Company is recognised at the point of sale unless it is practicable for the goods to be measured at fair value on receipt. For these items the value is recognised as stock on the balance sheet and the released to the income statement when the item is sold.

The income for the weekly membership lottery is recognised when it is received except for money received in advance of the draw to which it relates, which is treated as deferred income.

Investment income comprises bank deposit interest and dividends and interest arising from discretionary investment activities. Investment income arising from discretionary investment activities is re-invested by the Investment Managers.

### **Expenditure**

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

- Costs of raising funds; includes the direct costs of operating the Charitable Company's shops, membership lottery and appeals office together with an apportionment of head office costs to reflect the support provided to the fundraising operations. The direct costs of operating the Charitable Company's shops do not include any valuation of donated goods sold.

- Costs of charitable activities; includes the direct costs of operating care services together with an apportionment of head office costs to reflect the support provided to these activities.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

### **Allocation of support and governance costs**

Support costs are those functions that assist the work of the Charitable Company but do not directly undertake charitable activities. Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the Charitable Company and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

The bases on which support costs have been allocated are set out in note 8.

### **Taxation**

The charitable members of the group are exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects. The trading subsidiaries do not generally pay UK Corporation Tax because their policy is to pay taxable profits to the Charitable Company as gift aid.

### **Tangible fixed assets**

All tangible fixed assets are included at cost less accumulated depreciation. Items of a capital nature costing less than £1,000 are not capitalised. There are no heritage assets.

At present there are no circumstances existing to suggest that an impairment review of the carrying value of fixed assets is required. This position is reviewed on an annual basis. Any impairment is recognised in the year in which it occurs.

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Hospice development and equipment	5%, 10% and 20% on cost
Freehold Land & Building	2% on cost
Shops and office equipment	20% on cost
Computer equipment	33% on cost
Fixtures and fittings	20% on cost
Motor Vehicles	25% reducing balance

Assets under construction are carried at cost and are not depreciated until they come into use.

### **Investments**

Assets held for investment purposes are valued at fair value (their market value) at the balance sheet date, except for investments in trading subsidiaries, which are held at cost, as the trustees believe that the market value of the trading subsidiary is not materially different to its cost.

Realised gains and losses on investments are calculated as the difference between sales proceeds of these investments and their market value at the start of the year, or

their subsequent costs, and are charged or credited to the statement of financial activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year-end.

### **Investments in Subsidiaries**

Investment in subsidiary entities are held at cost less impairment.

### **Debtors**

Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

### **Stocks**

Stocks represent purchased stock items only and are stated at the lower of cost and estimated net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Stock does not include goods donated for sale in the Group's charity shops unless it is practicable for the goods to be measured at fair value on receipt.

### **Cash at bank and in hand**

Cash at bank and in hand 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.

### **Creditors and provisions**

Creditors and provisions are recognised where the Charitable Company 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.

### **Financial instruments**

The Charitable Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

### **Fund accounting policy**

Unrestricted funds are those which are available for use at the discretion of the Board of Directors in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes of the financial statements.

Designated funds are unrestricted funds of the Charitable Company, which the trustees have decided at their discretion to set aside to use for a specific purpose.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the period of the lease.

### **Pension costs**

Contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the period in which they are payable.

The Charitable Company also participates in the NHS Pension Scheme, a defined benefit pension scheme, but it is unable to identify its share of the underlying assets and liabilities. The pension costs charged against net incoming resources are the contributions payable to the scheme in respect of the accounting period.

### **Critical accounting estimates and assumptions**

The Charitable Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

#### **(I) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimate useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimate, based on technological advancement, future investments, economic utilisation and the physical condition of the assets, see note 15 for the carrying amount of each class of asset held, and above for the useful economic lives for each class of assets.

#### **(II) Impairment of debtors**

The Charitable Company makes estimates of the recoverable value of debtors. When assessing the impairment of debtors, management consider factors including the current credit rating of the debtor, the ageing profile of debtors and historic experience. See note 18 for the net carrying amount of debtors and associated impairment provision.

#### **(III) Provisions**

Provision is made for the dilapidation on leasehold premises. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. (See note 20).

#### **(IV) Income recognition of legacies**

Residuary legacies have been recognised using a case by case basis when the amount receivable can be measured accurately following written confirmation from the estate executor/administrator. Management have accrued for a percentage of the legacy pipeline which is consistent with experience over the last four years.

**Notes to the Financial Statements - continued  
for the year ended 31 March 2021**

**2. INCOME FROM DONATIONS AND LEGACIES**

	Unrestricted Funds	Restricted Funds	Total Funds 2021	Total Funds 2020
	£	£	£	£
Donations, appeals and similar income	1,517,211	432,280	1,949,491	2,502,799
Legacies	1,132,164	-	1,132,164	803,835
Covid Funding	3,032,625	-	3,032,625	-
	<u>5,682,000</u>	<u>432,280</u>	<u>6,114,280</u>	<u>3,306,634</u>

In accordance with the Charities SORP (FRS102) the Charitable Company accounts for legacies as receivable when conditions for entitlement have been met; and receipt of the income can be measured accurately. An external notification service is used to notify the Charitable Company of bequests and a system of monitoring ensures that the legacy is tracked until receipt.

At the year-end the Charitable Company had 36 (2020: 27) open legacy cases which had not met all of the above conditions. Should indicative amounts be received in respect of these legacies the Charity could benefit from a further £561,169 (2020 £478,430) in the future. In applying the requirements of the Charities SORP (FRS 102) in measuring income when it can be accurately measured, an accrual of £15,300 (2020: £92,632) has been included in the accounts for legacy bequests.

**3. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds	Restricted Funds	Total Funds 2021	Total Funds 2020
	£	£	£	£
Local Health Authorities	486,176	-	486,176	443,913
Public Funding	42,988	-	42,988	45,457
	<u>529,164</u>	<u>-</u>	<u>529,164</u>	<u>489,370</u>

**4. INCOME FROM OTHER TRADING ACTIVITIES**

	Unrestricted Funds	Restricted Funds	Total Funds 2021	Total Funds 2020
	£	£	£	£
Retail activities	612,881	-	612,881	2,484,694
Membership lottery	1,657,666	-	1,657,666	1,900,987
	<u>2,270,547</u>	<u>-</u>	<u>2,270,547</u>	<u>4,385,681</u>

**5. INVESTMENT AND OTHER INCOME**

	Unrestricted Funds	Restricted Funds	Total Funds 2021	Total Funds 2020
	£	£	£	£
Listed investment Income	243,026	-	243,026	323,991
Interest Received	53	-	53	703
	<u>243,079</u>	<u>-</u>	<u>243,079</u>	<u>324,694</u>

**6. EXPENDITURE ON RAISING FUNDS**

	Unrestricted	Restricted	Total 2021	Total 2020
	£	£	£	£
Donations, appeals, legacies and similar income	922,501	-	922,501	1,070,616
Membership Lottery	1,009,442	-	1,009,442	1,125,207
Investment Management Costs	69,782	-	69,782	73,799
Retail Expenditure	<u>2,006,000</u>	<u>-</u>	<u>2,006,000</u>	<u>2,540,764</u>
	<u>4,007,725</u>	<u>-</u>	<u>4,007,725</u>	<u>4,810,386</u>

**7. EXPENDITURE ON CHARITABLE ACTIVITIES**

	Unrestricted	Restricted	Total 2021	Total 2020
	£	£	£	£
Provision of Care:				
Direct Costs	3,507,904	66,843	3,574,747	3,616,216
Support Costs (see note 8)	<u>945,248</u>	<u>-</u>	<u>945,248</u>	<u>966,086</u>
	<u>4,453,152</u>	<u>66,843</u>	<u>4,519,995</u>	<u>4,582,302</u>

## 8. SUPPORT COSTS

Cost Categories	Charitable Activities	Donations & Legacies	Membership Lottery	Retail	Total 2021	Basis
	£	£	£	£	£	
Management	133,515	30,508	27,767	47,475	239,265	Average Head Count
Finance	241,208	55,788	48,225	94,649	439,870	Average Head Count
Governance (note 9)	110,110	-	-	-	110,110	Time Spent
IT	108,094	25,101	21,320	43,750	198,265	Average Head Count
Human Resources	183,662	42,651	36,223	74,348	336,884	Average Head Count
PR & Marketing	168,659	39,131	33,365	67,809	308,964	Time Spent
	<u>945,248</u>	<u>193,179</u>	<u>166,900</u>	<u>328,031</u>	<u>1,633,358</u>	

All costs are attributed by activity on the basis of head count or time spent on each activity. As the Charitable Company has only one charitable activity all support costs are allocated to this activity.

## 9. GOVERNANCE COSTS

Analysed as:	Unrestricted	Restricted	Total 2021	Total 2020
	£	£	£	£
Salary costs	94,629	-	94,629	89,378
Audit fees	11,040	-	11,040	10,000
Accounting services	4,259	-	4,259	5,000
Legal and professional	176	-	176	24
Trustee's expenses	6	-	6	2,379
	<u>110,110</u>	<u>-</u>	<u>110,110</u>	<u>106,781</u>

**10. NET INCOME**

The net surplus / (deficit) is stated after charging:

	2021	2020
	£	£
Operating leases	398,172	524,885
Fees payable to the Charitable Company's auditor for the audit of the parent	10,299	10,000
Depreciation of owned assets	<u>345,361</u>	<u>346,972</u>

**11. TRUSTEES' REMUNERATION AND BENEFITS**

	2021	2020
	£	£
Trustees Expenses	<u>6</u>	<u>2,379</u>

During the year, 1 (2020:1) Trustee was reimbursed for miscellaneous expenses.

**12. EMPLOYEES' REMUNERATION****a) Staff costs**

Staff costs during the year were:

	Group	
	2021	2020
	£	£
Wages and salaries	4,877,398	5,369,175
Social security costs	400,307	435,213
Pension costs	311,000	292,149
Redundancy and Termination Costs	<u>63,448</u>	<u>20,937</u>
	<u>5,652,153</u>	<u>6,117,474</u>

The key management personnel of the Charitable Company are the Chief Executive Officer, the Director of Care, the Director of Finance and Corporate Services, the Director of Income Generation and the Director of Lottery. The employee benefits of key management personnel for the year totalled £366,929 (2020: £383,818). During the year there have been no ex-gratia payments to staff.

**b) Staff numbers**

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Care Staff	<b>92</b>	103
Donations & Legacies	<b>27</b>	28
Retail Staff	<b>55</b>	68
Lottery staff	<b>17</b>	18
Central services	<b>22</b>	22
	<b>213</b>	230

**c) Higher paid staff**

The number of employees whose gross emoluments fall within each band of £10,000 from £60,000 upwards are as follows:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
£60,001 to £70,000	<b>1</b>	1
£70,001 to £80,000	<b>2</b>	1
£80,001 to £90,000	-	-
£90,001 to £100,000	-	1
£100,001 to £110,001	-	-

The Charitable Company also made pension contributions on behalf of the above employees totalling £27,519 (2020: £35,287) which have not been included within the banding categories above.

**13. TAXATION**

As a registered charity, Tŷ Hafan is entitled to the exemptions from taxation in respect of income and capital gains received within Sections 478 - 489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that these are applied to its charitable objects purposes only.

The trading subsidiary, Tŷ Hafan Trading Limited, has utilised previous taxation losses against taxable profit for the year and hence there are no amounts chargeable to corporation tax.

The trading subsidiary, Crackerjackpot Limited, has gifted taxable profits arising during the year to its charitable parent Tŷ Hafan Limited and hence there are no amounts chargeable to corporation tax.

As a consequence of the above, no tax charges have arisen in the group.

#### 14. CHARITABLE COMPANY RESULTS

The Charitable Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements. The results of Tŷ Hafan (the Charitable Company) are summarised below:

	2021	2020
	£	£
Total incoming resources	8,285,776	7,451,488
Total resources expended	<u>(7,642,451)</u>	<u>(8,332,955)</u>
Net incoming resources	643,325	(881,467)
Net unrealised investment gain/(loss)	<u>2,193,209</u>	<u>(1,112,361)</u>
Net movement in funds	2,836,534	(1,993,828)
Funds:		
As 1 April 2020	<u>15,869,824</u>	<u>17,863,652</u>
At 31 March 2021	<u>18,706,358</u>	<u>15,869,824</u>

The above results include £820,380 (2020: £823,707) in gift aid donations received by the Charitable Company from its trading subsidiary Crackerjackpot Limited.

## 15. TANGIBLE FIXED ASSETS

### Group and Charity

	Freehold Land and Buildings	Fixtures and Fittings	Equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2020	7,520,450	1,164,506	438,884	106,898	9,230,738
Additions	823,982	45,489	134,886	-	1,004,357
Revaluations	-	-	-	-	-
Disposals	(426,826)	-	(9,446)	-	(436,272)
At 31 March 2021	<u>7,917,606</u>	<u>1,209,995</u>	<u>564,324</u>	<u>106,898</u>	<u>9,798,823</u>
<b>Depreciation</b>					
At 1 April 2020	2,062,873	1,005,154	290,274	83,492	3,441,793
Charge for the year	202,051	59,880	77,578	5,852	345,361
Revaluations	-	-	-	-	-
Disposals	(186,346)	-	-	-	(186,346)
At 31 March 2021	<u>2,078,578</u>	<u>1,065,034</u>	<u>367,852</u>	<u>89,344</u>	<u>3,600,808</u>
<b>Net Book Value</b>					
At 31 March 2021	<u>5,839,028</u>	<u>144,961</u>	<u>196,472</u>	<u>17,554</u>	<u>6,198,015</u>
At 31 March 2020	<u>5,457,577</u>	<u>159,352</u>	<u>148,610</u>	<u>23,406</u>	<u>5,788,945</u>

## 16. FIXED ASSET INVESTMENTS

Total fixed asset investments comprise:

	2021		2020	
	Group	Charity	Group	Charity
	£	£	£	£
Interests in subsidiary undertakings	-	10,001	-	10,001
Market value of other fixed asset investments	<u>12,530,466</u>	<u>12,530,466</u>	<u>10,664,014</u>	<u>10,664,014</u>
	<u>12,530,466</u>	<u>12,540,467</u>	<u>10,664,014</u>	<u>10,674,015</u>

## FIXED ASSET INVESTMENTS (CONTINUED)

### Interests in group undertakings

At 31 March 2021, the Charitable Company held 100% of the allotted ordinary share capital of the following subsidiaries:

	Country of Incorporation	Class of Share Capital Held	Company Number	Nature of Business	Capital and Reserves £	Result for the Financial Year £
Tŷ Hafan Trading Limited	England & Wales	Ordinary shares	05129825	Trading Merchandise	12,182	(13,976)
Crackerjackpot Limited	England & Wales	Ordinary shares	08221671	Lottery Operations	10,000	-

Other fixed asset investments were held as follows:

	2021 Group and Charity £	2020 Group and Charity £
<b>Listed Investments</b>		
Market value at 1 April	10,664,014	11,826,182
Additions	9,462,878	1,597,397
Disposals	(9,823,889)	(1,925,041)
Cash movement	34,254	277,837
Revaluation	2,193,209	(1,112,361)
Market value at 31 March	<u>12,530,466</u>	<u>10,664,014</u>
Cash included in total	<u>680,814</u>	<u>648,100</u>
Historical cost	<u>11,554,921</u>	<u>9,937,105</u>

The market value at 31 March 2021 comprises a sum of £12,459,404 managed by Brewin Dolphin (2020: £5,053,379 managed by Barclays Plc and £5,548,756 managed by Rathbones). Also included in the market value are £71,062 (2020: £61,879) of shares which were bequeathed to the Charity taking the investment portfolio to £12,530,466 at the balance sheet date.

Income generated totalling £243,026 (2020: £323,991) was invested after deduction of management charges of £69,782 (2020: £73,799). The investments are unrestricted. During the year there were £500,000 (2020: £300,000) withdrawals from the investment portfolio to fund capital and other programme expenditure. The portfolio includes £6,630,922 (2020: £6,986,553) invested in UK investments and £5,899,544 (2020: £3,677,461) invested in overseas investments.

**17. STOCKS**

	2021		2020	
	Group	Charity	Group	Charity
	£	£	£	£
Retail goods held for sale	<u>16,302</u>	<u>-</u>	<u>33,016</u>	<u>12,700</u>

**18. DEBTORS**

	2021		2020	
	Group	Charity	Group	Charity
	£	£	£	£
Trade Debtors	755,495	755,495	34,373	28,373
Prepayments and accrued income	364,646	347,598	514,774	509,960
Due from subsidiary undertakings	-	4,120	-	52,771
Employee benefit schemes	377	377	922	922
VAT recoverable	<u>88,228</u>	<u>88,228</u>	<u>105,409</u>	<u>105,409</u>
	<u>1,208,746</u>	<u>1,195,818</u>	<u>655,478</u>	<u>697,435</u>

Debtors are stated after provisions for impairment of £Nil (2020: £Nil).

**19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021		2020	
	Group £	Charity £	Group £	Charity £
Trade creditors	219,125	211,203	345,788	333,925
Owed to subsidiary undertakings	-	81,282	-	5,842
Social security and other taxes	140,907	131,900	155,962	143,627
Accruals	204,570	192,890	166,267	155,829
Deferred income	304,569	148,277	267,511	101,276
	<u>869,171</u>	<u>765,552</u>	<u>935,528</u>	<u>740,499</u>

**CREDITORS: DEFERRED INCOME**

Deferred income consists of income received in respect of future draws of the group's weekly membership lottery, and grants to be utilised in future periods.

	2021		2020	
	Group	Charity	Group	Charity
	£	£	£	£
As at 1 April	267,511	101,276	273,158	106,199
Amounts released to incoming resources	(166,235)	-	(174,673)	(7,714)
Amounts deferred in the year	203,293	47,001	169,026	2,791
As at 31 March	<u>304,569</u>	<u>148,277</u>	<u>267,511</u>	<u>101,276</u>

**20. PROVISIONS FOR LIABILITIES AND CHARGES**

	2021		2020	
	Group	Charity	Group	Charity
	£	£	£	£
As at 1 April	678,625	678,625	646,570	646,570
Additions	120,977	120,977	182,742	182,742
Charged during the year	(184,239)	(184,239)	(150,687)	(150,687)
As at 31 March	<u>615,363</u>	<u>615,363</u>	<u>678,625</u>	<u>678,625</u>

The nature of the Charitable Company's activities requires it to enter into lease agreements for various items of equipment, property and vehicles.

The provision relates to management's best estimate of costs in respect of such items beyond fair wear and tear for which the Charitable Company is liable under the terms of each agreement.

## 21. PENSION SCHEMES

The Charitable Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Charitable Company to the scheme and amounted to £232,863 (2020: £254,093).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The Charitable Company also contributes to the NHS Pension scheme, whose fund is held independently of the Charitable Company. The scheme is an unfunded defined benefit scheme but the Charitable Company is unable to identify its share of the underlying assets and liabilities.

Employer contribution rates are reviewed every four years following a scheme valuation carried out by the government actuary. On the advice of actuary, the contributions may be varied from time to time to reflect changes in the scheme's liabilities.

The last formal actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016 (published in February 2019). The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable, pay from this date.

Completion of the 2020 valuation is expected from HMT in summer 2021, and the results of the 2020 valuation and the employer cost cap will be reported in the 2021- 22 NHS Pension Scheme accounts.

The contributions to this NHS scheme in the year were £88,282 (2020: £88,282)

The Charitable Company has made no employer contributions into employee personal pension schemes.

## 22. MOVEMENT IN FUNDS - GROUP

	Balance at 1 Apr 2020 £	Incoming resources £	Outgoing resources £	Transfers £	Unrealised gain on Investments £	Balance at 31 Mar 2021 £
<b>Unrestricted funds</b>						
General funds	<u>9,760,950</u>	<u>8,724,790</u>	<u>(8,440,270)</u>	<u>(2,340,496)</u>	<u>2,193,209</u>	<u>9,898,183</u>
<b>Designated Funds</b>						
Care in Community	52,827	-	(20,607)	-	-	32,220
Fixed Assets	4,593,730	-	-	802,261	-	5,395,991
Planned Deficits	-	-	-	2,136,000	-	2,136,000
Hospice Staff Costs	125,000	-	-	-	-	125,000
Transition	<u>247,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,857</u>
	<u>5,019,414</u>	<u>-</u>	<u>(20,607)</u>	<u>2,938,261</u>	<u>-</u>	<u>7,937,068</u>
<b>Restricted funds</b>						
Building	436,154	15,000	-	(8,117)	-	443,037
Hospice Equipment	52,339	9,390	(760)	-	-	60,969
Hospice Staff Costs	122,448	76,240	(34,775)	-	-	163,913
Hospice Service Users	23,809	5,240	(14,898)	-	-	14,151
Hospice Refurbishment	427,692	325,110	-	(589,648)	-	163,154
Hospice IT	-	300	(300)	-	-	-
Garden Works Project	38,061	1,000	(1,000)	-	-	38,061
Care in Community	15,110	-	(15,110)	-	-	-
	<u>1,115,613</u>	<u>432,280</u>	<u>(66,843)</u>	<u>(597,765)</u>	<u>-</u>	<u>883,285</u>
	<u>15,895,977</u>	<u>9,157,070</u>	<u>(8,527,720)</u>	<u>-</u>	<u>2,193,209</u>	<u>18,718,536</u>

Included within the above general funds are funds of the subsidiaries amounts to £12,182 (2020: £26,158) all of which are unrestricted.

## MOVEMENT IN FUNDS – GROUP (CONTINUED)

### General Funds:

General funds are available for use at the trustees' discretion in furtherance of the objectives of the Charitable Company. Included in general funds is the revaluation gain of investments to market value of £2,193,209 (2020: revaluation loss of £1,112,361).

### Fund Transfers:

During the year £597,765 was transferred from restricted funds to unrestricted funds. The Hospice Refurbishment restricted funds are restricted in nature as the funds are for use specifically for the refurbishment project. Once the monies are spent, and all conditions met, the donations/grants are held for a general and not a restricted purpose. During the year £589,648 has been transferred to unrestricted funds following the satisfaction of all conditions surrounding the spend.

### Restricted Funds:

The Big Lottery provided funds towards an extension to the hospice in 2015 and equipment. This fund is charged with the depreciation arising thereon.

Welsh Government provided funding towards the purchase of the hospice freehold land. This land was purchased in 2010 and has been capitalised in the financial statements.

During the year we were also kindly donated funds towards the refurbishment of the hospice, staffing for play and music therapy and towards solar panels for the hospice.

### Designated Funds:

Included in the Unrestricted Funds are 3 donations received that have been designated for specific future expenditure, a total of £125,000 has been ring fenced for hospice staff costs, £32,220 for providing care in the community and a legacy donation of £247,857 which will be spent on resources to help the transition between child and adult services. There is also an allowance for the funds invested in the hospice and office building of £5,754,978 and a provision of £2,136,000 to cover planned deficits for the 2021/22 and 2022/23 financial years.

### 23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

#### GROUP

	Fixed assets £	Investments £	Net current assets £	Provision £	Total £
Unrestricted funds	5,754,978	12,090,218	605,418	(615,363)	17,835,251
Restricted funds	443,037	440,248	-	-	883,285
<b>Total funds</b>	<b>6,198,015</b>	<b>12,530,466</b>	<b>605,418</b>	<b>(615,363)</b>	<b>18,718,536</b>

#### CHARITY

	Fixed assets £	Investments £	Net current assets/ (liabilities) £	Provision £	Total £
Unrestricted funds	5,754,978	12,100,219	583,239	(615,363)	17,823,073
Restricted funds	443,037	440,248	-	-	883,285
<b>Total funds</b>	<b>6,198,015</b>	<b>12,540,467</b>	<b>583,239</b>	<b>(615,363)</b>	<b>18,706,358</b>

## Tŷ Hafan

### Notes to the Financial Statements - continued for the year ended 31 March 2021

#### 24. RECONCILIATION OF INCOME/(EXPENDITURE) TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2021 £	2020 £
Surplus / (Deficit) of income over expenditure		2,822,559	(1,998,670)
(Gains) / Losses on investments	16	(2,193,209)	1,112,361
Net investment income and bank interest payable	5	(243,079)	(324,694)
Depreciation	15	345,361	346,972
Disposals / Revaluation Movement	15	249,926	72,296
Decrease in stock	17	16,714	1,828
Increase in debtors	18	(553,268)	185,385
Decrease in creditors	19	(66,357)	23,304
Movement in provision for liabilities and charges	20	(63,262)	32,055
Net cash outflow from operating activities		<u>315,385</u>	<u>(549,163)</u>

#### 25. CAPITAL COMMITMENTS

As at 31 March 2021, the Charity had capital commitments totalling £313,790 (2020: £761,321) for the hospice refurbishment which commenced in January 2020.

#### 26. OPERATING LEASE COMMITMENTS

As at 31 March 2021, the group had annual commitments under non-cancellable operating lease arrangement as follows:

	2021		2020	
	Group £	Company £	Group £	Company £
<b>Land and Buildings</b>				
Leases expiring within one year	243,341	243,341	425,583	425,583
Leases expiring within 2 to 5 years	336,258	336,258	886,875	886,875
Leases expiring within greater than 5 years	0	0	78,500	78,500
	<u>579,599</u>	<u>579,599</u>	<u>1,390,958</u>	<u>1,390,958</u>
<b>Other Operating</b>				
Leases expiring within one year	12,216	12,216	29,524	29,524
Leases expiring within 2 to 5 years	4,430	4,430	47,312	47,312
Leases expiring within greater than 5 years	-	-	-	-
	<u>16,646</u>	<u>16,646</u>	<u>76,836</u>	<u>76,836</u>

## **Tŷ Hafan**

### **Notes to the Financial Statements - continued for the year ended 31 March 2021**

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#### **27. LEGAL CHARGE**

The Charitable Company has entered into a covenant with the New Opportunities Fund to discharge all monies and liabilities which shall from time to time be due as set out in the grant contract. As part of the agreement to award the Charitable Company a grant to fund the building of the new Hospice extension as continuing security for the payment and discharge of the liabilities, the New Opportunities Fund have been granted a first legal mortgage over the land and premises at Sully, Penarth, which has a net book value of £5,839,028 (2020: £5,457,577), and the Charitable Company assigns to the fund by way of first fixed equitable charge each and all of the insurance and all future easements and other rights at any time vested in or conferred on the Charitable Company in connection with or otherwise for the benefit of the property.

#### **28. CONTINGENT LIABILITY**

##### **Sale of Land**

As part of the agreement to purchase the freehold of the land on which the hospice is built an overage agreement applies to future development which is payable to the previous freeholder. The restriction is in place until 2035. It is not possible at this time to quantify any contingent liability arising.

#### **29. MEMBERS' LIABILITY**

The Charitable Company is a private company limited by guarantee and consequently has no share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Charitable Company in event of liquidation.

#### **30. RELATED PARTY DISCLOSURES**

The Charitable Company is exempt from disclosing transactions with its subsidiaries under the provisions of FRS 102, as the subsidiaries are 100% controlled by the Charitable Company.

#### **31. INDEMNITY INSURANCE**

The group has taken out Charity and Charity Trustees Indemnity Insurance at a cost of £498 (2020: £498).