

LIFELITES
TRUSTEES ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Charity Number: 1165791

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TRUSTEES ANNUAL REPORT

Report and Accounts of the Trustees of Lifelites for the year ended 31 March 2022

In accordance with statutory requirements and the Statement of Recommended Practice (2015), "Accounting and Reporting by Charities" (FRS102), the Trustees of Lifelites submit their report for the year ended 31 March 2022.

These financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

1. Administrative information

Name and registered office of the Charity

The name of the Charity is Lifelites and registered charity number is 1165791.
The registered office is 60 Great Queen Street, London WC2B 5AZ.

Constitution

Charitable status was granted by the Charity Commission on 2 August 2006. The Charity became a CIO on 29 February 2016 with a change of charity number from 1115655 to 1165791

Lifelites Trustees

JB Aspden, BSc, MRPharmS (*Resigned 1 March 2022*)

ADG Harvey, FRSA, FCMI, FCIPD, FITOL, FInstLM

(*Appointed 15 December 2021*)

CK Knight (*Resigned 15 September 2021*)

NS Springer

Treasurer

D Strudley CBE, FRSA

CG White, BSc (Hons) (*Resigned 15 December 2021*)

HG Wilson (Appointed 15 December 2021)

PD Withams, FCIBS, FCMI

L Shattock (*Appointed 18 May 2022*)

M Woodcock, JP, DLitt, CIntMC

Chairman of the Board of Trustees

SD Woolf, BA (Hons), FCCA

S Umradia (*Appointed 15 September 2021*)

Lifelites executive

S Enefer-Doy, BA (Hons), CIOF (Retired 31 March 2022)

Chief Executive

RW Lightfoot, BA (Hons) (Appointed 4 January 2022)

Chief Executive

Relevant addresses

Auditor: Kreston Reeves LLP

9 Donnington Park, 85 Birdham Road, Chichester, West Sussex PO20 7AJ

Bankers: National Westminster Bank Plc

Bloomsbury Parr's Branch, 214 High Holborn, London WC1V 7BX

Solicitors: Stone King LLP

16 St John's Lane, London EC1M 4BS

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2. Structure, governance and management

Governing document – The trust deed sets out the objectives of Lifelites, the powers of the Trustees, the manner of appointment, resignation and removal of Trustees, and the procedures and controls which govern the administration of the Charity.

Trustees – Trustees are appointed for a period of three years. The number of Trustees cannot be less than five or more than 13. One third of the total number of Trustees are nominated by the Masonic Charitable Foundation (MCF). Each appointed trustee shall serve an initial term of three years, and shall be eligible to serve up to 3 consecutive terms, after which the appointed trustee must resign, and cannot be reappointed for a period of 12 months.

Induction and training of new Trustees – It is the policy of Lifelites to provide appropriate induction and training for new Trustees. Every trustee is encouraged to contribute effectively to the governance and fundraising of the Charity.

Committees – The Trustees have the power to delegate functions to committees, provided that any such committee comprises two or more persons and that at least two of the members are Trustees. Non-Trustees may be co-opted to these committees. The Trustees have appointed a **Charitable Projects Committee** to support the Charity's service delivery and act as technical advisers to provide policy recommendations to the Trustees and a **Fundraising and PR Committee** to assist with fundraising strategy and communications planning.

Risk management – The Trustees have implemented a new comprehensive risk register to review the governance, operational, financial, regulatory, legal and strategic risks affecting Lifelites. The risk management process involves; risk identification; impact analysis; existing controls; residual risk analysis; and additional mitigation actions. High and emerging risk items are reviewed at each Trustees meeting, with a bi-annual review of all risks. The Trustees use this risk management process to structure workstreams and target activity to reduce risks.

Listed below are risks identified with high residual risks after existing controls and agreed mitigations.

Risk Details	Impact	Existing Controls	Mitigation
Lifelites lacking strategic direction / no written strategic plan	Mission drift Reputational damage Conflict between strategy / operations Loss of funding	Simple & high impact charitable objectives Well defined operational calendar of activities to deliver	Refresh Vision, Mission & Values Create Strategic Plan Establish working groups & action plan to deliver strategic priorities
Loss of key personnel / poor succession planning	Strategic & operational disruption Short-term increase in expenditure Staff cover / burnout Failure to deliver objectives Low morale Loss of clear leadership	Appropriate notice periods for senior staff Supervision & Performance Development Reviews Shared responsibilities at Board Level (committees etc.)	Board/SLT skills audit Refresh Trustee Recruitment Policy Refresh sub-committee Terms of Reference Establish succession plan for leadership roles

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		Need to consider succession planning for Chair, FPRC Chair & Treasurer	Develop strategic plan with defined objectives and continuity planning
Sole trader - See IT Work - gives notice or unavailable for protracted period	Failure to deliver services Reputational damage Service quality reduced Loss of income	3-year contract covers eventualities and responsibilities for cover Maintained close contact and good relationship Lifelites 'owns' hospice relationships Service contract specification in place if replacement required	Establish contract review process Negotiate new contract from 2024
Donor / Hospice database breakdown / unsuitable database for strategic development	Service disruption Funding relationships damaged Data protection breach Loss of data High expenditure to resolve	System held on Lifelites servers Some internal database knowledge	Review database needs Consider consultation for upgrade / cloud-based CRM system Consider integration with new website Develop automated stakeholder engagement plans in-built to new CRM
Loss of income due to competition, lack of public awareness etc	Loss of income Failure to deliver strategic objectives Loss of relevance	Emotive & unique cause Case studies articulate impact Strong relationships with existing supporters	Rebranding & digital campaign in development New website Marketing & communications plan
Income dependency on Freemasonry & major partners	Longer-term sustainability Service impact Depleting reserves	Monthly income projections High prioritisation on stewardship Digital fundraising development	Fundraising Strategy development Targetted approach to Freemasonry & other major partners Develop & implement rebrand & digital fundraising strategy

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Fundraising Standards – Lifelites operates its direct fundraising activities in accordance with the Chartered Institute of Fundraising Codes of Fundraising Practice, as follows:

- During the financial year pertaining to this report, no public fundraising activities were undertaken directly by Lifelites or its staff, including public collections, street face to face fundraising or telephone fundraising.
- During the financial year pertaining to this report, neither the Charity nor any person acting on behalf of the Charity was subject to an undertaking to be bound by any voluntary scheme for regulating fundraising.
- No complaints were received by the Charity or any person acting on its behalf about the activities by the Charity or by a person on behalf of the Charity for the purposes of fundraising. In order to ensure that vulnerable people and other members of the public are protected from: a) unreasonable intrusion on a person's privacy, b) unreasonable or persistent approaches for the purposes of soliciting or otherwise procuring money or other property on behalf of the Charity, c) placing undue pressure on a person to give money or other property all Lifelites staff have been trained on the latest data protection procedures which were implemented on 25 May 2018.

3. Public benefit

The Trustees of Lifelites have had due regard to guidance published by the Charity Commission on public benefit. The purpose of Lifelites is to provide assistive technology and related services for children and young people cared for in children's hospices and similar environments in the British Isles with the primary intention of enhancing their lives. As such, the Trustees are satisfied that the requirements of the public benefit test are being met.

4. Objectives and activities

Lifelites donates and maintains packages of special recreational and educational technologies for children and young people cared for by hospice services and other similar environments, with a particular focus on equipment for those with disabilities and life-limiting conditions. The objective is to provide the special equipment and services for every children's hospice service in the British Isles.

Lifelites also provides initial and on-going training in the use of this equipment for hospice staff, as well as a free helpline and on-site technical support to help staff maximise the impact of the technology for its intended purpose.

The Lifelites Charitable Project Committee plays an essential role in the work of the Charity by regularly exploring advances in technology and suggesting ways that these might benefit and add value. This enables the children and young people to benefit from the provision of a full range of cutting edge technologies to enhance their quality of life.

5. Role and contribution of volunteers

Fundraising and administration – volunteers (individuals and groups) and Trustees play major roles in fundraising, administration and other essential support. Volunteers actively support fundraising activities and serve on the Fundraising and PR Committee, which supports staff to set Lifelites' fundraising strategy and communications plan.

Technical advice and support – The Worshipful Company of Information Technologists (WCIT) was one of the architects of the Lifelites project and continues to advise Lifelites on service developments along with funding, thus maintaining this strong partnership. The Charity benefits from other volunteers who serve on the Charitable Project Committee, who provide specialist advice and support on new technology and its application within children's hospices.

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6. Achievements and performance

Projects for life-limited children and young people – During the period, Lifelites continued to adapt and deploy its services creatively to combat the ongoing Covid-19 restrictions.

Lifelites works hard to ensure that their provision stays relevant to developments in children's hospice services, in hospice buildings as well as in the community.

- The Charity successfully installed packages of new technology in 13 children's hospices across the British Isles.
- Children's Hospice at Home Services became much more important during 2021-22 as many life-limited and disabled children with compromised immune systems were forced to isolate. Children's hospices have greatly expanded their services to reach more life-limited children by providing palliative care in their homes and Lifelites has adapted its packages and training to help hospices extend their reach into the community. With the expansion of Children's Hospice at Home services, the Lifelites "Tech Trunks" - a range of the most portable technologies which can be taken by hospice care staff for use with the children in their own homes – came into their own.

Hospice staff training – During the period, Lifelites worked to return to face-to-face provision of initial training to coincide with the 13 new installations. In addition, the Charity provided initial training for 5 hospices which had been postponed from the previous year due to the pandemic.

Lifelites has continued to deliver on-going training for hospice staff online, which has enabled the Charity to remain cost-effective without compromising on quality. This suite of training has proved highly effective, combining the more intensive, practical face-to-face training at the point of installation, in addition to an extended online offer, allowing new and existing hospice staff to refresh their knowledge and seek support with specific items of technology. During the period, Lifelites delivered training for 118 hospice staff over nearly 200 hours.

Lifelites Showcase – Following the success of last year's Showcase, Lifelites produced a new video to highlight the extensive range of technology available to hospices and provide insight into how the technology can make a difference to the lives of the children cared for by the hospice services.

Understanding need – Lifelites has always sought to work closely with partners across the children's hospice and palliative care system. Over the period staff have kept pace with developments by attending industry seminars, meetings of the Children and Young People with Cancer consortium, and membership of Together for Short Lives and other support groups.

Supporter engagement and celebrations – As the world moved into the new phase of the pandemic, Lifelites worked hard to reconnect with new and existing supporters. In addition to regular e-news and stewardship, the Charity took its traditional hospice celebration events online, producing videos featuring the project and training team, hospice staff and supporters to help promote the installation of new technology packages. These videos were broadcast via social media channels to help tell the story of Lifelites' services.

Building relationships – Like most charities, the pandemic served to transform our service delivery processes and our funding model. In fundraising, Lifelites used the opportunity to rethink the strategy and innovate. This approach brought exciting new partnerships within the gaming industry, including our own Lifelites Game Time event and culminating in being selected as a charity partner of Jingle Jam, the world's biggest charity gaming event. The fundraising team also identified new ways to work with existing supporters within our traditional Freemasonry and Trust partners. The pinnacle of this new approach was our Lifelites Live series, which sought to highlight the unparalleled support of Freemasons Provinces providing funds for children's hospices in their local area. Lifelites was also delighted to work with The Edward Gostling Foundation, who provided a 10-year expendable endowment fund to enable the Charity to invest in the very latest technologies to help children to play, create and communicate.

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During the period, Lifelites moved offices to the Charities Floor at Freemasons' Hall to work more closely with partners across Freemasonry.

End of an era and looking forward – In March, Lifelites celebrated the 16-year tenure of our outgoing Chief Executive, Simone Enefer-Doy, who retired at the end of the period. Simone was instrumental in establishing Lifelites' credentials as an innovative children's charity and laid strong foundations for the Charity to look forward with ambition and confidence. As incoming Chief Executive, Rob Lightfoot led a Strategic Review across key strategic and operational areas and presented a series of overarching recommendations, which were adopted by the Trustees in March.

7. Plans for the future

Strategic Plan – The Strategic Review, conducted through a series of meetings, forums and desk research, identified a number of areas for development and unique opportunities to build on a strong foundation. The plans for the future outlined are designed to align with Lifelites' existing operational commitments for the next 12 months, with a view to setting a 4-year strategy for 2023-27.

Governance – Lifelites is a well-governed organisation with effective operational procedures. Over the coming 12 months, the Senior Leadership Team will review and consolidate these policies and procedures, including a more proactive, robust risk management mechanism and establishing a more systematic approach to its governance processes.

Board development – From its origins as a Millennium Project of the Royal Masonic Trust for Girls and Boys (RMTGB), latterly also enjoying support from MCF, Lifelites has always benefitted from a committed Board of Trustees, primarily selected from these organisations. Moving forward, as Lifelites seeks to attract new audiences and supporters, so to advance this work, it is seeking to increase diversity at Board level to bring in different skills, perspectives and experiences. Work is underway to audit existing skills and develop a recruitment programme to attract new talent onto the Board.

Brand and communications refresh – Over the next five years, Lifelites is seeking to diversify income streams, attract new audiences and increase service reach and impact. To facilitate this journey, the Charity plans to engage internal and external stakeholders in a consultation about Lifelites' mission and values. Following this, Lifelites will evaluate its existing brand, marketing and communications assets to understand the effectiveness of its brand presence and marketing strategy. The results of this exercise will provide Trustees with recommendations and an action plan to refresh the brand to facilitate the strategic development of the Charity into a well-resourced, vibrant and modern provider of services for life-limited children.

Fundraising strategy – Lifelites has benefitted from excellent relationships from Freemasonry, Livery Companies and other Trusts and Foundations. Over the coming year, the Charity will refocus efforts on building strong, mutually beneficial relationships with key supporters and seek to generate more sustainable income from multi-year commitments with these high value supporters. In addition, as the Charity seeks to modernise and increase impact, Lifelites will seek to diversify income streams further. This will see Lifelites building on a programme of digital fundraising and corporate partnerships particularly with the tech and gaming industries. Whilst testing these new approaches, Lifelites intends to develop a new 4-year fundraising plan to facilitate the delivery of Lifelites' strategy.

The Trustees are aware that, in current economic climate, and whilst these new fundraising streams are developed, income certainty may reduce, and they are monitoring developments closely and will take remedial action if required.

Building our partnerships – Lifelites will maintain close working relationships with Together for Short Lives - the children's palliative care umbrella charity - and every children's hospice service in the British Isles. In addition, the Charity intends to cement working relationships with MCF, WCIT to align objectives

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and maximise our collective voice. We are also keen to maintain and build upon our strong relationships with the BMJ and City Livery Companies.

Needs analysis and service development – In research by Together for Short Lives, children's hospice services indicated that 10,000 children and families access their services. However, the research suggested that there are around 100,000 children and young people in need of palliative care services in the UK. As a solution-provider, Lifelites intends to work with partners across the children's palliative care sector to identify the needs of potential service users and develop or extend services to increase accessibility, reach and impact.

Funding for new technology packages - With its status as the only charity in the British Isles focused on the provision and maintenance of technologies for life-limited children in hospices, Lifelites is committed to its current programme for replacing and maintaining equipment at each existing site. The Charity has identified 14 services around the country in need of new packages from Lifelites, which will be installed between September and March.

Developing resources for hospice staff and parents – Using the learning and efficiencies initiated during the pandemic, Lifelites will dedicate more resources to encourage best practice and maximise usage of the Lifelites technologies in hospices. These training guides will be available online via the Charity's website for hospice staff and parents. Lifelites will continue to provide initial and on-going training and is seeking to improve quality and increase uptake from hospice staff.

8. Financial summary

During the 12 months to 31 March 2022, investments generated income of £76k (2020/21 £77k) and investment gains of £346k (2020/21 £763k). Donations and legacies amounted to £978k (2020/21 £497k). Donations made to Lifelites during this period included support for installations at specific sites, hospice staff training, project management and the specialist maintenance of all its projects.

The cost of all the projects including equipment, training and installation and maintenance work carried out by Lifelites during this 12 month period was £593k (2020/21 £479k).

As at 31 March 2022, Lifelites held funds to the value of £4,888k (31 Mar 2021 £4,232k). Office facilities were provided by the RMTGB and financial and HR administrative support was given by the Masonic Charitable Foundation (MCF), both at no cost to Lifelites.

Staff Pay and Remuneration – The pay of charity staff and key management personal is reviewed annually and any changes suggested are discussed and approved by the Trustees. As far as possible, salaries are set in line with current market trends in the sector.

Reserves Policy

When Lifelites was established as a separate charity in 2006, the RMTGB made a donation to Lifelites comprising the residue of the fund created when Lifelites was set up as their Millennium project.

The purpose of these funds was act like an endowment to support the costs of generating sustainable sources of income and to further the charitable objects.

The Trustees have considered the purposes for which the Charity needs to hold reserves. They believe that the level of reserves should be sufficient to cover the risks to which the Charity is exposed, safeguard against the volatility of key income streams, to honour the Charity's long-term commitments to its partners and to maintain the strong culture of innovation, impact and continuous improvement.

To achieve these objectives, in addition to the restricted reserves, the Trustees have structured the Charity's reserves into defined funds, as follows:

	£,000
Total funds held at 31 March 2022	4,888
Restricted funds	288
Endowment – The Ted Gostling Fund	253
Designated funds - Hospice Support	2,464
Designated funds - Lifelites 25	1,000
Total free reserves at 31 March 2022	883

Designated funds – Hospice Support – Lifelites' Trustees have taken a responsible and prudent path to managing charitable donations, seeking to guarantee its moral commitment to install, maintain and replace each package of technology on a four-yearly basis. To achieve this commitment, the Trustees have designated funds to insure against potential future fundraising fluctuations and ensure the four-year commitment to each Lifelites project can be met, including regular hospice staff training, a technical helpline and onsite maintenance as required.

Designated funds – Lifelites 25 – Subject to the appropriate research, evaluation and project planning, the Trustees have designated a significant sum to enable Lifelites to celebrate its 25th anniversary with an investment in projects and services complementary to its existing hospice 'offer' and aligned to its charitable objectives. Over the coming 12 months, the Charity will evaluate options in discussion with

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key strategic partners. It is also the intention of the Charity to seek match-funding from partners to maximise the scale and impact of this programme, likely to commence in 2024/5.

Unrestricted funds – The Trustees have reviewed the required level of free reserves and determined that a minimum of 9 months is sufficient to cover the risks to which the charity is exposed. Lifelites reserve position has fluctuated due to external factors affecting the Charity's investments in recent years. To mitigate against the impact of further fluctuation, the Trustees include 5% of the total investment fund value, placing this in a low-risk cash reserve, to guard against losses, which could affect the Charity's short-term obligations. In addition, as the Charity seeks to reduce its historic reliance on support from Freemasonry, it is exploring a range of diverse income sources, which may take some time to yield sustainable funding.

The Charity is aware that the need for its services are increasing, with children's hospices facing unprecedented demand from life-limited children with complex conditions. Whilst demand remains high and this new fundraising strategy is implemented, the Trustees believe it is prudent to hold these free reserves to maintain financial security and operational flexibility.

The Trustees will monitor reserve levels periodically and take remedial action where necessary to ensure levels comply with the policy.

Investment Policy

Lifelites benefits from a CAIF – Charity Authorised Investment Fund professionally managed under the supervision of an MCF committee which is attended by the Treasurer. The MCF Committee is advised by Asset Risk Consultants (ARC). This is a unit trust with a highly efficient tax wrapper in which the MCF and all its subsidiary charities own their shares in the form of units. Units will be sold as required in order to top up the Cash Reserve on a quarterly basis. The investment strategy is directed for "Steady Growth", which is a medium-high risk strategy. Risk is managed through diversification, with the funds split between four different fund managers operating on multi asset mandates but utilising differing investment management styles. The overall fund manager is Thesis Unit Trust Management Limited and the custodian in Northern Trust. The Trustees regularly reviewed Lifelites' investments and fund manager performance throughout the year, and are satisfied that investment risks are being managed in such a manner as to protect the future of Lifelites charitable activities.

The income generated from Lifelites' investment portfolio is ring-fenced to the cost of generating income, which helps to maximise the impact of donations. To this end, the Charity is seeking to ensure that donated funds are utilised on its charitable activities.

9. Trustees' responsibilities

The Trustees are responsible for preparing the report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- observe the methods and principles in the Charities' SORP 2015 (FRS102);
- select suitable accounting standards and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departure disclosed and explained in the financial statements;

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- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

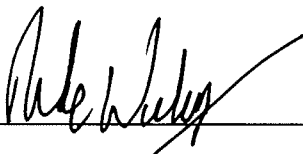
The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity, and to enable them to ensure that the financial statements of the Charity comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

So far as each trustee at the date of approval of this report is aware:

- there is no relevant audit information of which the Charity's auditors are unaware;
- and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The report was approved and signed on behalf of the Trustees by:

Signed  1 September 2022
Mike Woodcock, Chairman

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Independent Auditors' Report to the Trustees of Lifelites

Opinion

We have audited the financial statements of Lifelites (the 'charity') for the year ended 31 March 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, 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 charity's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on

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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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks.

Based on our understanding of the charity and industry, and through discussion with the trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements.

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We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Statement of Recommended Practice. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investments. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management; and
- Assessment of identified fraud risk factors; and
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and
- Testing of internal controls procedures relating to expenditure potentially more susceptible to fraud and other irregularities including payroll expenditure; and
- Checking and reperforming the reconciliation of key control accounts; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax and regulatory authorities; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation; and
- Corroboration of investment valuation with third party reports, and inspection of controls report on investment manager.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting

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and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the charity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditors' 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 charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Kreston Reeves LLP

Chartered Accountants
Statutory Auditor
9 Donnington Park
85 Birdham Road
Chichester
West Sussex
PO20 7AJ

Date: 20 September 2022

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

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STATEMENT OF FINANCIAL ACTIVITY

YEAR ENDED 31 MARCH 2022

(Including an Income and Expenditure Account)

	Note	Unrestricted	Restricted	The Ted Gosling Endowment	Total	Total
		funds	funds	funds	Funds	Funds
		2022	2022	2022	2022	2021
		£'000	£'000	£'000	£'000	£'000
INCOME						
Donations		444	284	250	978	497
Investment income	2	76	0	0	76	77
Grant (Furlough)		0	0	0	0	60
Total income		520	284	250	1,054	634
EXPENDITURE						
Cost of generating funds	3	(131)	0	0	(131)	(147)
Investment management costs		(20)	0	0	(20)	(18)
		(151)	0	0	(151)	(165)
Charitable activities	4	(390)	(203)	0	(593)	(479)
Total expenditure		(541)	(203)	0	(744)	(644)
Net gains/(losses) on investments	7	343	0	3	346	763
NET MOVEMENT IN FUNDS		322	81	253	656	753
Total funds brought forward		4,025	207	0	4,232	3,479
Total funds carried forward		4,347	288	253	4,888	4,232

All income and expenditure derive from continuing activities and all gains/losses are included in the statement of financial activities

The notes on pages 19 to 30 form part of these financial statements.

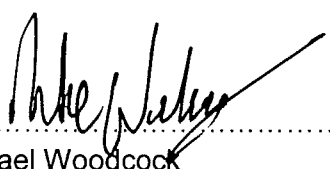
The prior year figures are analysed by fund in note 12 on page 29

LIFELITES

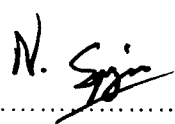
BALANCE SHEET as at 31 March 2022

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Tangible asset	6.	8	3
Investments	7.	4,504	3,901
		<u>4,512</u>	<u>3,904</u>
CURRENT ASSETS			
Debtors	8.	76	54
Investments	7.	103	104
Cash at bank and in hand		236	211
		<u>415</u>	<u>369</u>
CURRENT LIABILITIES			
Creditors falling due within one year	9.	(39)	(41)
		<u>376</u>	<u>328</u>
NET CURRENT ASSETS			
Total net assets		<u>4,888</u>	<u>4,232</u>
		<u>4,888</u>	<u>4,232</u>
CHARITABLE FUNDS			
Restricted income funds	10,11	288	207
The Ted Gosling Endowment Reserves	10,11	253	0
Unrestricted funds			
Designated reserves	10,11	2,464	2,579
Designated reserves 25 Anniversary	10,11	1,000	0
General reserves	10,11	883	1,446
Total charitable funds		<u>4,888</u>	<u>4,232</u>

The financial statements were approved and authorised for issue by the Trustee Board on 1st September 2022 and signed on their behalf by:



 Michael Woodcock
 Chairman



 Nicholas Springer
 Treasurer

The notes on pages 19 to 30 form part of these financial statements

CASH FLOW STATEMENT**YEAR ENDED 31 MARCH 2022**

2022 2021

£'000 £'000

Operating Activities**Net cash provided by/(used in) Operating Activities**

A 154 (86)

Cash flows from investing activities

Dividends, interest and rents from investments

76 77

Purchase of tangible fixed assets

(5) 1

Proceeds from the sale of investments

200 200

Purchase of investments

(400) (100)

Net cash provided by/(used in) Investing Activities

(129) 178

Change in cash and cash equivalents in the reporting period

25 92

Cash and cash equivalents at the beginning of the reporting period

211 119

Cash and cash equivalents at the end of the reporting period

B 236 211

Notes on the cash flow statement**A Reconciliation of net income/(expenditure) to net cash flow from operating activities**

Net movement in funds as per the Statement of Financial Activities

656 753

Adjustments for:

Dividends, interest and rents from investments

(76) (77)

Movements in investments

(402) (821)

(Increase)/decrease in debtors

(22) 45

Increase/(decrease) in creditors

(2) 14

Net cash provided by/(used in) Operating Activities

154 (86)

B Analysis of cash and cash equivalents

Cash held by investment managers

0 0

Cash at bank and in hand

236 211

Total cash and cash equivalents

236 211

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of Lifelites (the "Charity") have been prepared in accordance with applicable UK accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). Additionally, they comply with the Statement of Recommended Practice "Accounting and Reporting by Charities" published in 2015 (the "SORP") in all material respects. The Charity meets the definition of a public benefit entity under FRS 102.

(b) Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments, on a basis consistent with previous years. The functional currency of the Charity is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Charity operates.

(c) Going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. Any reduction in income caused by the Covid-19 pandemic will be covered by reserves and cost savings. After taking into account the impact of Covid-19, and these considerations, it is concluded that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as outlined in the statement of Trustees responsibilities.

(d) Incoming resources

Revenue is recognised when the significant risks and rewards of ownership have been transferred, the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the Charity and when the specific criteria relating to each of the Charity's revenue channels have been met, as described below:

- i. Monetary donations are brought into account when received.
- ii. Legacies are recognised where there has been a grant of probate, the executors have identified that there are sufficient assets in the estate after settlement of liabilities to pay the legacy and any conditions attached to the legacy are either in control of the Charity or have been met. Legacies subject to the interest of a life tenant are not recognised during the lifetime of the life tenant.
- iii. Dividends are recognised from the ex-dividend date when they become receivable.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

(e) Resources expended

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that settlement will be required and the amount of any obligation can be measured reliably. All resources expended are recognised on an accruals basis, with the exception of grants as noted below.

Expenditure on generating funds includes costs of fundraising and maintenance of donor records, together with the management of the investment portfolios. These costs include the allocation of support costs relating to these activities, as detailed in note 3.

Grants are recognised as expenditure in the year in which the grant is formally approved by the Charity and has been communicated in writing to the recipient, except to the extent that it is subject to conditions that enable the Charity to revoke the award. Support costs are allocated to these activities as laid out in note 4.

(f) Fund accounting

Unrestricted funds may be utilised for any purpose in accordance with the charitable objectives of the Charity. Restricted funds represent donations given to support the costs of donations of equipment, hospice staff training, project management, installation and maintenance of equipment for specific children's hospice services. Each Lifelites package is budgeted for on a four year basis in order to ensure maintenance of the equipment in good working order, provide regular training for hospice staff, and cover any regular subscription costs. The designated funds currently held are to cover this pledge and ensure the commitment over the four year cycle of each project can be met.

(g) Tangible fixed assets and depreciation

Tangible fixed assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, on the following bases.

Computers, equipment and furniture are depreciated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life, as follows:

	<u>Assets</u>	<u>Years</u>
i.	Computers and equipment	4

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

(h) **Investments**

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are stated at market value. All realised and unrealised gains and losses are recognised within the Statement of Financial Activities. Investments which the Charity holds for resale or pending their sale and cash or cash equivalents with a maturity date of less than one year, which are held for investment purposes, are disclosed as current asset investments.

(j) **Financial assets and liabilities**

The Charity has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities which qualify as basic financial instruments are initially recognised at the settlement amount after any trade discounts. They are subsequently valued at amortised cost and assessed for impairment at the end of each reporting period. Where settlement is not expected within 12 months of the balance sheet date, then the asset or liability is discounted using the long term return of inflation plus 4 percent used as the target for the Charity's investment portfolio. Basic financial instruments include debtors, cash and creditors within the balance sheet.

(k) **Foreign currencies**

Transactions denominated in foreign currencies are translated into Pounds Sterling at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised, are recognised in the Statement of Financial Activities.

(l) **Taxation**

The Charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and it is considered to pass the test set out in paragraph 1, schedule 6 of the Finance Act 2010, and therefore it meets the definition of a charity for U.K. Corporation Tax purposes. The Charity is unable to recover Valued Added Tax (VAT) incurred on expenditure. The amount of VAT that cannot be recovered is included within the underlying cost to which it relates.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

2. INVESTMENT INCOME	Unrestricted	Restricted	Endowment	Total	Total
	funds	funds	funds	Funds	Funds
	2022	2022	2022	2022	2021
	£'000	£'000	£'000	£'000	£'000
Income from investment portfolios	76	0	0	76	77
	76	0	0	76	77
3. COST OF GENERATING FUNDS	Unrestricted	Restricted	Endowment	Total	Total
	funds	funds	funds	Funds	Funds
	£'000	£'000	£'000	£'000	£'000
Salaries, NI and pension contributions	116	0	0	116	136
Printing, stationery and advertising	12	0	0	12	11
Travel expenses	2	0	0	2	0
Staff training, conferences, subscriptions & staff costs	1	0	0	1	0
	131	0	0	131	147
4. CHARITABLE ACTIVITIES	Unrestricted	Restricted	Endowment	Total	Total
	funds	funds	funds	Funds	Funds
	0	0	0	0	0
	£'000	£'000	£'000	£'000	£'000
Supply of equipment and technologies for use by beneficiaries	158	189	0	347	231
Service support and training:					
Salaries, NI and pension contributions	186	14	0	200	225
Printing, stationery, postage and telephone	3	0	0	3	6
Travel expenses	7	0	0	7	2
Professional fees	8	0	0	8	2
Staff training, conferences, subscriptions & staff costs	2	0	0	2	4
Sundry expenses	19	0	0	19	3
Audit fee	7	0	0	7	6
	232	14	0	246	248
	390	203	0	593	479

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

5. STAFF COSTS

	2022 £'000	2021 £'000
Wages and salaries	261	293
Social security costs	27	26
Pension contributions	26	29
Employee benefits	2	2
Redundancy	0	11
	316	361

AVERAGE NUMBER OF STAFF

	2022	2021
Generating funds	3	4
Charitable activities	4	5
	7	9

STAFF EARNING MORE THAN £60,000 (INC. BENEFITS)

	2022	2021
£70,001 to £80,000	1	1
Total	1	1

Senior management remuneration paid for the year totalled £113k (2021: £99k). No trustees received remuneration during the year (2021: £Nil). No trustees received payment for travel and subsistence expenses during the year (2021: £Nil).

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

6. TANGIBLE FIXED ASSETS

Equipment &
Furniture
£'000

Cost

Balance at 31 March 2021	5
Additions	6
Disposals	-
Balance at 31 March 2022	<u>11</u>

Depreciation

Balance at 31 March 2021	2
Charge for the year	1
Disposals	-
Balance at 31 March 2022	<u>3</u>

Net book value

At 31 March 2022	<u><u>8</u></u>
At 31 March 2021	<u><u>3</u></u>

LIFELITES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

7. INVESTMENTS	2022 £'000	2021 £'000
Fixed Asset Investments:		
- Managed Funds		
MCF CAIF	4,504	3,901
	4,504	3,901
Current Asset Investments		
- RLAM	103	104
	103	104
	4,607	4,005

MOVEMENTS IN INVESTMENTS

Listed

Balance at 1 April 2021	4,005	3,284
Additions	400	100
Disposals	(200)	(200)
Investment income	76	76
Management fees	(20)	(18)
Gains/(losses)	346	763
	4,607	4,005

RECONCILIATION TO SOFA

Gains/(losses) on listed investments	346	763
	346	763

LIFELITES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

8. DEBTORS	2022 £'000	2021 £'000
Prepayments and accrued income	76	54
	76	54

9. CREDITORS	2022 £'000	2021 £'000
--------------	---------------	---------------

Falling due within one year

Amounts owed to MCF	12	13
Accruals and deferred income	14	16
Taxation and social security	8	7
Other creditors	5	5
	39	41

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ASSETS AND LIABILITIES	Fixed Assets £000s	Investments £000s	Money Market Deposits £000s	Current Assets £000s	Current Liabilities £000s	Fund Total £000s
Restricted funds	0	0	288	0	0	288
Endowment Reserves						
The Ted Gosling Fund	0	253	0	0	0	253
Unrestricted funds						
Designated reserves	2,579	(115)	0	0	0	2,464
Designated reserves 25 Anniversary	0	1,000	0	0	0	1,000
General reserves	7	787	(52)	180	(39)	883
Total funds	2,586	1,925	236	180	(39)	4,888

11. MOVEMENT IN FUNDS

The financial summary of the funds is set out below, together with an analysis of the restricted funds. Some restricted donations are given to cover costs at a site over a four-year period and so are not spent in the year they are given; these are shown as restricted. There are 55 different restricted funds, and each is individually immaterial and as such they are combined in the disclosure that follows. Designated funds are amounts already committed to multi-year projects as explained on page 10 of the Trustees report.

	Balance 31 March 2021 £'000	Income £'000	Expenditure £'000	Gains/ (losses) £'000	Transfers £'000	Balance 31 March 2022 £'000
Restricted Funds	207	284	(203)	0	0	288
The Ted Gosling Fund	0	250	0	3	0	253
Unrestricted funds:						
General reserves	1,446	520	(541)	343	(885)	883
Designated reserves – 25 Anniversary	0	0	0	0	1,000	1,000
Designated reserves – Hopsice Support	2,579	0	0	0	(115)	2,464
Total funds	4,232	1,054	(744)	346	0	4,888

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NOTES TO THE FINANCIAL STATEMENTS

12. STATEMENT OF FINANCIAL ACTIVITIES

(Including an Income and Expenditure Account)

PERIOD ENDED 31 MARCH 2021

	Note	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Total Funds 2021 £'000
INCOME				
Donations		203	294	497
Legacies		0	0	0
Investment income	2	77	0	77
Grant (Furlough)		60	0	60
Total income		340	294	634
EXPENDITURE				
Cost of generating funds	3	(147)	0	(147)
Investment management costs		(18)	0	(18)
		(165)	0	(165)
Charitable activities	4	(262)	(217)	(479)
Total expenditure		(427)	(217)	(644)
Net gains/(losses) on investments	7	763	0	763
NET MOVEMENT IN FUNDS		676	77	753
Total funds brought forward		3,349	130	3,479
Total funds carried forward		4,025	207	4,232

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

13. PENSION COMMITMENTS

The Charity makes contributions to a defined contribution pension scheme for the benefit of eleven employees. The pension cost charge represents contributions payable by the Charity of £25,582 (2020/21: £29,001).

14. RELATED PARTY TRANSACTIONS

Financial services are provided by the Masonic Charitable Foundation, and office facilities are provided by the Royal Masonic Trust for Girls and Boys, both at no cost to the Charity.

Donations of £25k were received directly from trustees (2020/21: £3k). These donations had no conditions attached to them.

A balance of £12k (2020/21: £13k) was due to MCF at year end.