

Annual report and financial statements

For the year ended 31 March 2022

The Katharine House Hospice Trust
(Company limited by guarantee)
Company No. 02133391
Registered Charity No. 297099



**KATHARINE
HOUSE
HOSPICE**

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Reference and Administrative Details:

Registered name	The Katharine House Hospice Trust	
Status	<p>The organisation is a Charitable Company limited by guarantee, incorporated on 20 May 1987 and registered as a Charity on 26 June 1987.</p> <p>The Katharine House Hospice Trust is a Company limited by guarantee, having no share capital, with all Trustees being members of the Company. The liability of the members is limited to £1 in the event of the winding up of the Company.</p>	
Governing document	The Company was established under Memorandum and Articles of Association which established the objects and powers of the Charitable Company.	
Company number	02133391	
Charity number	297099	
Registered office	Aynho Road, Adderbury, Banbury OX17 3NL	
Trustees	<p>Ms Lindsey Bowser</p> <p>Ms Geraldine Burke</p> <p>Sir Tim Jenner (chair)</p> <p>Mr Richard Jones</p> <p>Dr Christina Lloyd</p> <p>Ms Carol Shaw (resigned 12 June 2021)</p> <p>Ms Catherine Teideman</p> <p>Ms Vicki Reay (resigned 15 July 2022)</p> <p>Ms Holly Spiers (resigned 17 August 2022)</p> <p>Mr Robert Cooke</p> <p>Mr Samuel Shadbolt (appointed 27 January 2022)</p>	
Senior Leadership Team	<p>Trevor Johnson</p> <p>Angharad Orchard</p> <p>Stephanie Lawless</p> <p>Justine Williams</p> <p>Jeremy Childerstone</p> <p>Chris Keeping</p> <p>Karen Welsh</p> <p>Scott Bloomfield</p>	<p>Chief Executive (from 10 May 2021)</p> <p>Chief Executive (to 10 May 2021)</p> <p>Head of Fundraising (from 15 November 2021)</p> <p>Director of Fundraising and Communications (to 18 August 2021)</p> <p>Head of Finance (from 23 August 2021)</p> <p>Head of Finance (to 9 September 2021)</p> <p>Head of Marketing and Communication (from 1 Sep 2021)</p> <p>Head of Retail</p>

Advisors:

Principal Bankers	Yorkshire Bank 7 Gold Street Northampton NN1 1EN
	HSBC 17 Market Place Banbury OX16 5ED
	NatWest 1 Town Hall Buildings Bridge Street Banbury OX16 5JS
Investment Managers	Investec Investment Wealth Limited 30 Gresham Street London EC2V 7QN
	CCLA Investment Management Ltd One Angel Lane London EC4R 3AB
	Quilter Cheviot Two Snowhill Birmingham B4 6GA
Solicitors	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES
Auditors	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford OX1 2EP

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2022
Report of the Board of Trustees (incorporating the Strategic Report)

The Trustees present their annual report together with the audited financial statements for the year ended 31 March 2022. The format and content of the report and the financial statements comply with current statutory requirements, the Charity's Memorandum and Articles of Association and the Charities Statement of Recommended Practice (FRS 102 second edition – October 2019) 'Accounting and Reporting by Charities'.

Following on from the exceptional work in 2020/21 to set in place the collaborative arrangement with Oxford University Hospitals NHS Foundation Trust (OUH), 2021/22 has been a period of significant change for the Charity. We have transitioned to a new team working in a very different way. It has been gratifying that the clinical activities, now provided by OUH with funding from ourselves, have continued to the same high standard. The acid test - that any visitor to the Hospice, or user of our wider services would not notice any change - has been emphatically passed, for that, the Board of Trustees wish to again record their heartfelt thanks for the unstinting work that all involved have provided.

Much of the year has seen new teams settling in and establishing a firm focus on our two primary aims – to generate increased income and to act as a clear advocate in the provision and development of clinical services. The Board of Trustees has been substantially refreshed, while the Senior Leadership Team has 80% new members. We are already seeing significant increases in fundraising and retail income, and have established a healthy high level relationship with OUH to oversee delivery of clinical services – progress that is testament to the dedication and effectiveness of all involved.

Challenges have not disappeared. Covid continues to have an impact on our people and on income, but it is good to note that clinical work has not been significantly affected. The wider environment surrounding Care Services remains less than clear. The introduction of Integrated Care is welcome, but we have yet to see its impact on End of Life and Palliative Care. The wider Social Care landscape is equally opaque and we will continue to do all we can to influence change for the benefit of our community. Finally, the global economic impact of war in Ukraine has had an impact in the final part of the year with cost of living growth impacting on fundraising.

The Board of Trustees is constantly monitoring change and risk but remains optimistic that the Charity is firmly set on a path to financial sustainability within two years, and possesses sufficient reserves to bridge the decreasing funding gap in the interim. At the same time, we believe there are opportunities for material enhancements to the clinical services we fund, and we will continue to work towards their implementation.

1. Structure, governance, and management

Governing document and structure

The Company was registered in May 1987 (No. 02133391) with the governing instrument being its Memorandum and Articles of Association. The Articles state that the Board of Trustees shall have full discretion as to the admission of any person to membership of the association.

The Katharine House Hospice Trust is a company limited by guarantee, having no share capital, with all Trustees being Members of the company. The liability of the Members is limited to £1 in the event of the winding up of the company.

The Trustee Board

The Board of Trustees meets quarterly to ensure effective governance of the Charity. The Chief Executive is appointed by the Board and has delegated responsibility for the day-to-day management of the Charity with the support of the Senior Leadership Team.

The Board of Trustees is fully committed to the financial stewardship, quality, and safety of the Charity.

The Trustees are guided by an agreed scheme of corporate governance which sets out their responsibilities and those of the executive management team. Potential conflicts of interest are addressed in a Conflict of Interests Policy and a register of Trustees' interests is maintained. Potential conflicts of interest are addressed at every meeting of the Trustees.

A Trustees' skills matrix is used to determine the skills requirements when vacancies occur. A search is then undertaken, applicants are interviewed, and a vote of members is taken to decide upon appointment.

New Trustees undertake an induction programme designed to ensure their understanding of the Trustee role and their knowledge of the hospice and wider hospice sector. As well as a review of core documents the induction provides opportunities to meet with staff and volunteers across the hospice, and to observe or shadow parts of our service delivery.

No Trustee received any remuneration during the year nor any reimbursement of expenses (see note 9) to the financial statements.

Sub-committees

The Board is advised by a range of sub-committees. From 1 April 2021 the sub-committees are:

- Finance Audit and Risk
- Income Generation
- General Management

Organisation structure and key management personnel

Trustees are responsible for the strategic direction of the organisation. Day to day management is delegated to the Senior Leadership Team. The pay of the Leadership Team is set by Trustees in line with the pay policy of the Charity, which is in line with market rates for similar roles in the charity sector.

2. Objectives, values, and public benefit statement

Objectives

We collaborate with Oxford University Hospitals NHS Foundation Trust (OUH) and other agencies to fund the provision of specialist palliative care for adults with life-limiting conditions across North Oxfordshire, South Northamptonshire, and South Warwickshire.

Whilst we fund care for people at end of life, we also fund care for the support of symptom management and pain relief throughout a person's illness. Care is not just about managing the physical symptoms of disease; we know that people need emotional and spiritual support, and the team works to support people in these areas as well as helping them to access the practical support they need.

Care is offered throughout the local community. Whilst many patients come into the Hospice, care is provided for many more in their own homes, care homes or in hospital.

Our vision and strategic values

Our vision is to ensure that every day is the best day possible for patients and families affected by incurable illness in our local community.

Our strategic values are:

1. Trust – To be trusted as a partner and as an advocate by those we work with, our community and supporters. To be trusted as we fundraise for the provision of advice and practical support on specialist palliative care across our catchment area.

We will:

- Be the voice of our community by advising and leading on the development of services which benefit those who need palliative care as well as their families.
- Demonstrate the benefits of the service provided by OUH & funded by KHH in clear numbers to the community and supporters, to show how donors' money has been spent responsibly.
- Be a trusted employer that champions staff wellbeing and development.

2. Community – To be the key community representative in palliative care. To be the charity of choice for our community.

We will:

- Be visible and reach all people in our community.
- Provide support on how to better access services, at all stages of illness, demonstrating the community benefits KHH brings across our catchment area.
- Enable our volunteers to fully understand the impact of their work and to expand our range of volunteering opportunities.
- Provide resources online and signpost to other organisations that can support our families.

3. Innovative – To utilise all resources, ensuring that we respond to fundraising opportunities and patient need in the most impactful and innovative ways possible.

We will:

- Develop new partnerships with supporters and use their technology to enable us to reach more people.
- Re-evaluate our practices and processes regularly to ensure we communicate with our supporters in a way that suits them.
- Be innovative and respond to the ongoing impact of the pandemic with new fundraising initiatives and ideas.

4. Accountable– To ensure that we communicate to our supporters the importance and the impact of their donations.

We will:

- Ensure our supporters understand how much our services cost and how their fundraising impacts our beneficiaries.
- Be vocal and clear on the benefits of the care that is provided.

5. Making Every Moment Matter – To enable our patients and families to make the most of life, by funding services that support them. To communicate how to live with a palliative diagnosis and how we can support that.

We will:

- Tell our patients' stories sensitively and in a way that allows others to feel that they can and should engage with the service at an earlier stage of diagnosis.
- Advocate for quality palliative care and service improvements in the hospice sector.
- Help people make the most of the time they have left and create memories with loved ones.

Public benefit statement

The Trustees have referred to the Charities Act 2011 for guidance on public benefit when reviewing the aims and objectives of Katharine House Hospice and in planning its future activities and the OUH partnership, and consequently are able to confirm their belief that the Hospice's activities are of public benefit and will continue to be in the future. Our activities and achievements in furtherance of the public benefit are set out below.

3. Grant Making and the provision of care and services provided by the hospice

Katharine House Hospice provides a grant to Oxford University Hospitals NHS Foundation Trust (OUH) to specifically fund the services below. The quality and provision of these services is monitored by Katharine House Hospice Trust against a set of performance criteria:

At the centre of the hospice philosophy is our belief in caring for the whole person, addressing the physical, psychological, social, and spiritual needs of our patients in equal balance to ensure they and their family are best supported. It recognises people as individuals and the multi-disciplinary team of specialist palliative care nurses, doctors and other professionals, work in collaboration with other health providers and volunteers to ensure the delivery of the right care for each patient and to support them in ways which reduce their symptoms, enhance quality of life, and help them to live as fully as possible with their illness.

Inpatient services

The inpatient ward at our hospice in Adderbury provides round the clock specialist care for people in a welcoming and safe environment and patients may be admitted for symptom control as well as end of life care.

Community services

Hospice community services enhance the care already available in the community meaning not everyone needs to visit the Hospice itself. Clinical Nurse Specialists are registered nurses who have specialised in palliative care. They give specialist advice and support to help manage patient's symptoms as well as helping them and their family to meet their social, emotional, and spiritual needs.

Hospital services

We fund the support of patients with incurable illnesses who have been admitted to other OUH facilities. The hospice team of two specialist doctors and a Clinical Nurse Specialist work alongside hospital teams in an advisory capacity.

Living Well services

The aim of Living Well is to enhance the wellbeing of people affected by life-limiting illness. Wellbeing means different things to different people and so our aim is to offer a programme of varied support and activities within which we hope everyone will find something right for them.

The service is run by a multi-professional team including a nurse, health care assistant, chaplain, social worker, physiotherapist, lymphoedema specialist nurse and bereavement lead and is supported by a team of volunteers. Due to Covid many of these services have been suspended for part of the year.

Volunteers & Social investments

Our staff and volunteers are our most important asset. Without the skills, expertise, and dedication of our volunteers we wouldn't be able to provide the care we do to patients and families throughout the year.

Our 269 regular volunteers make a huge contribution to our work. Working 62,140 hours in total, the work of our volunteers equates to approximately 32 full time staff. Were we to have to pay for the amazing work that they undertake then this would cost the charity approximately £1,029,000.

During 2022, we have seen significant growth in our supporter engagement as a result of running events that bring our community together and place the Hospice at the heart of our community.

Social investment is about investing in people. During the year we have invested in restructuring our team to bring new skills into the Charity. We also provide ongoing skills training - for example EPOS (Electronic Point of Sale) training for all of our retail staff. We have implemented a completely new staff mentoring and supportive management processes. In addition, we have established lone working and mental health support for our staff team.

4. Group Strategic Report

Activities, achievements, and performance. How did we do?

The charity continued to be impacted by COVID, both in its ability to fundraise and in a downturn in public engagement and willingness to take part in fundraising. As late as December, we were affected by a significant slowdown in relation to the Omicron wave. However, we still ran a successful Not the Midnight Walk in July, a Santa Fun Run, and were supported by RC Baker with a very successful Tractor Run in December. All of this activity helped the last quarter to show the start of a recovery in fundraising.

Fundraising and retail performance since the end of lockdown have exceeded our expectations.

During 2022 the charity has restructured the team to be fit to deliver the core fundraising activities. This long-term planning should generate success in subsequent years.

Fundraising disclosures under section 13 of the Charities Act 2016.

The fundraising approach taken by the charity in the year was to focus on recovery by maximising existing sources of revenue. At year end we were in the advanced stages of planning to obtain an enhanced licence from the Gambling Commission which will enable us to increase the scale of our lottery and raffles. During this work we realised that, due to administrative oversight, we had slightly exceeded the terms of our local authority licence. This has now been resolved.

In retail, we opened an e-commerce hub to ensure full advantage taken of this route. We have also installed Electronic Point of Sale equipment at all of our retail sites to enable growth. At the year-end we had established clear plans to refurbish our flagship unit in Banbury.

The Charity is a member of the Fundraising Regulator, The Charity Retail Association and The Institute of Fundraising.

Under the provisions of Section 13 of the Charities (Protection and Social Investment) Act 2016, Katharine House Hospice does not employ external fundraising agencies.

Katharine House Hospice works within the Fundraising code to ensure that vulnerable people are protected within all fundraising activities.

How did we do

During the course of the year the funding provided by Katharine House Hospice Trust enabled the care of the following numbers of patients and families.

All patients seen	815
IPU	172
CNS team	453
Living Well	60
Lymphoedema	112
Bereavement support patients	130

Financial review & significant events:

Katharine House Hospice has a three-year plan to achieve levels of income to sustainably support our aims and objectives. During the transition period any shortfall will be met from reserves and by transitional support from OUH.

As part of the transition process at year end, we received £650,000 of financial support grants from OUH. OUH also waived the Q4 grant payment from us for the provision of clinical services. These payments were primarily made because of uncertainties surrounding commissioning arrangements in 22/23 following the introduction of Integrated Care Boards and are not expected to be repeated.

Before revaluation of investments, the financial year ended with a surplus of £179k in unrestricted funds (2021, deficit £183k) and a gain of £227k in restricted funds (2021, gain £471k). After revaluation of investments, the net surplus for the year is £592k (2021, surplus £599k).

From 1 April 2022 our statutory funding has ceased as care is provided under the grant arrangements previously described. In addition, income from other sources has been materially affected by the exit from lockdown (as shown in the following table).

	Note	2022 £	2021 £	+/-%
Donations & legacies	2	1,104,537	999,480	10.5%
Charitable activities (including statutory funding)	3	694,362	2,972,773	-76.6%
Other trading	4a	1,158,368	777,727	48.9%
Investments	5	70,815	81,328	-12.9%
Business interruption claims	4b	-	88,951	n/a
		<u>3,028,082</u>	<u>4,920,259</u>	<u>-38.5%</u>

Staff costs remain our key expenditure but have fallen dramatically due to the TUPE transfer of clinical staff to OUH. These costs now represent 34.0% of our annual expenditure.

All current staff are offered a group personal pension scheme administered by Aviva.

Investment Policy and Performance

In accordance with the Memorandum and Articles of Association, the Trustees have the authority to invest in such stocks, shares, investments, and property as they see fit. An agreed Investment Policy describes the Trustees' investment aspirations which include:

- Providing income
- Providing enhanced value where possible
- Avoiding undue risk by investing diversely and monitoring investments carefully
- Avoiding investment in tobacco related industries

The combined performance of our Investment Fund Managers showed a net capital gain (realised and unrealised) of £186k for the year (2021: gain £428k). Investment income for the year fell by £11k.

Key risks

The Charity has a risk management system to identify key risks that could affect the achievement of our objectives. These are considered by each sub-committee and by the Board and mitigation measures are identified, put into effect, and monitored. The methodology within the risk register has been revised to ensure key risks are quickly brought to the attention of the sub-committees and Board.

The trustees consider the key risk for the future to be the geopolitical and economic situation commonly referred to as "the cost-of-living crisis." In common with the wider charity sector, this is already having an adverse impact on our fundraising activities and investments. These downward pressures are expected to continue until at least 31st March 2023. The situation is closely monitored by the Trustees.

Future plans

The Charity is an organisation that exists to provide support to the regional healthcare providers of palliative care. Our objectives are:

- to ensure that we will be the leading voice and advocate for those who need end of life care in our community and to be a strong voice nationally
- to continue to be the first choice for volunteering in our area
- to help to demonstrate the positivity that quality end of life care can bring to families as they create lasting memories
- to ensure that we can direct and support new service development and improvements for our supporters and service users.

The restructure and establishment of clear direction in fundraising is key to funding the achievement of these objectives. In parallel, we are developing a more outward facing team and culture within the charity and updating our supporter communication material and channels.

5. Reserves policy

The Charity has developed a Reserves Policy that includes a realistic assessment of the impact of a sudden and dramatic reduction in income, and Trustees judge that the Charity needs to retain £2.3m of free reserves to satisfy this requirement falling to £2.0m after investment of £300k in fundraising activity.

As at 31 March 2022 the level of free reserves held was £4.079m (2021: 3.699m). A detailed breakdown of reserves by category is shown in notes 18 & 19.

Our three-year plan to achieve financial sustainability is on track but there will continue to be a deficit for the immediate future. In addition, the general uncertainty over the state of the national economy, and its impact on

fundraising activities mean that shortfalls will have to be met from reserves. When the Trustees consider the Hospice to be financially self-sufficient a further review of the level of reserves will be undertaken.

6. Statement of accounting and reporting responsibilities

The Trustees are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practices).

Company and Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the group and of the group's incoming resources and application of resources, including the group's income and expenditure for that year. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements, and;
- prepare the financial statements on a 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 comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the 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.

7. Statement of disclosure of information to auditors

We confirm that, in so far as the Trustees are aware:

- there is no relevant audit information of which the Charity's auditor is 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 auditor is aware of that information.

The Directors & Trustees report (including Strategic report) is approved on behalf of the Trustees by:



Sir Tim Jenner
Chair of Trustees

15 OCTOBER 2022

Date:

**Independent Auditor's report to the members of
The Katharine House Hospice Trust for the year ended 31 March 2022**

Opinion

We have audited the financial statements of The Katharine House Hospice Trust for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheet, the Consolidated 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 2022 and of the group's incoming resources and application of resources 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 and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Katharine House Hospice Trust's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors 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, including the Trustees' report, other than the financial statements and our auditor's 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report included within the Trustees' report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 the Trustees

As explained more fully in the Trustees' responsibilities statement [set out on page 10], the Trustees (who are also the Directors of the group and parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 144 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of

irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and parent charitable company through discussions with Directors/Trustees, and from our knowledge and experience of the client's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and parent charitable company,
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's and parent charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Use of our report

This report is made solely to the group's and parent charitable company's members, as a body, in accordance with in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2022

been undertaken so that we might state to the group's and parent charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and parent charitable company, and the group's and parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Kirtland, Senior Statutory Auditor
for and on behalf of Critchleys Audit LLP
Statutory Auditors
Beaver House
23 – 38 Hythe Bridge Street
Oxford
OX1 2EP

18 October 2022

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2022
Consolidated Statement of Financial Activities
(Including Consolidated Income and Expenditure account)

		Unrestricted	Restricted	2022 Total	Unrestricted	Restricted	2021 Total
	Note	£	£	£	£	£	£
Income from:							
Donations and legacies	2	1,103,412	1,125	1,104,537	971,095	28,385	999,480
Charitable activities	3	444,362	250,000	694,362	2,388,702	584,071	2,972,773
Other trading activities	4a	1,158,368	-	1,158,368	777,727	-	777,727
Investments	5	70,815	-	70,815	81,328	-	81,328
Other	4b	-	-	-	88,951	-	88,951
Total income		2,776,957	251,125	3,028,082	4,307,803	612,456	4,920,259
Expenditure on:							
Raising funds	6	(1,507,297)	(3,608)	(1,510,905)	(1,030,011)	-	(1,030,011)
Charitable activities	6&7	(1,090,873)	(20,324)	(1,111,197)	(3,460,755)	(141,461)	(3,602,216)
Total expenditure	6	(2,598,170)	(23,932)	(2,622,102)	(4,490,766)	(141,461)	(4,632,227)
Net income/ (expenditure) before revaluation		178,787	227,193	405,980	(182,963)	470,995	288,032
Net gain/(loss) on investments		185,804	-	185,804	427,890	-	427,890
Loss on transfer of assets to OUH		-	-	-	(78,369)	(38,632)	(117,001)
Net income / (expenditure) for the year		364,591	227,193	591,784	166,558	432,363	598,921
Transfers between funds		-	-	-	-	-	-
Net movement of funds for the year		364,591	227,193	591,784	166,558	432,363	598,921
Reconciliation of funds:							
Balances brought forward 31 March	18	5,389,833	625,875	6,015,708	5,223,275	193,512	5,416,787
Balances carried forward 31 March	18	5,754,424	853,068	6,607,492	5,389,833	625,875	6,015,708

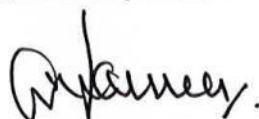
The notes on pages 17 to 31 form part of these financial statements.

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2022
Group and Charity Balance Sheet

		The Group		The Company	
		2022	2021	2022	2021
	Note	£	£	£	£
Fixed assets:					
Intangible assets	11	13	4,501	13	4,501
Tangible assets	12	1,675,113	1,685,988	1,675,113	1,685,988
Investments	13	3,437,776	3,247,803	3,437,777	3,247,804
		5,112,902	4,938,292	5,112,903	4,938,293
Current assets:					
Stock – goods for resale		1,704	-	1,704	-
Debtors	15	906,666	1,030,601	908,174	1,032,109
Cash at bank and in hand		837,740	526,650	836,231	525,141
		1,746,110	1,557,251	1,746,109	1,557,250
Liabilities:					
Creditors: amounts falling due within one year	16	(251,520)	(479,835)	(251,520)	(479,835)
		1,494,590	1,077,416	1,494,589	1,077,415
Net current assets					
		1,494,590	1,077,416	1,494,589	1,077,415
Total net assets					
	18	6,607,492	6,015,708	6,607,492	6,015,708
Funds:					
Restricted income funds	19	853,068	625,875	853,068	625,875
Unrestricted funds	19	5,754,424	5,389,833	5,754,424	5,389,833
		6,607,492	6,015,708	6,607,492	6,015,708

The notes on pages 17 to 31 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Trustees on 15 October 2022 and were signed on its behalf by:



Sir Tim Jenner

15 Oct 22

Chair of Trustees

Company Registration Number: 02133391

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2022
Consolidated Statement of Cash Flows

	Note	2022	2021
		£	£
Cash flows from operating activities			
Net income / (expenditure) for the reporting period (as per the Statement of Financial Activities)		405,980	288,032
Amortisation of intangible assets	8	4,488	1,532
Depreciation of fixed assets	8	68,258	113,521
Dividends, interest, and rent from investments	5	(70,815)	(81,328)
(Profit)/loss on the disposal of fixed assets	8	-	117,085
(Profit)/loss on the disposal of fixed assets to OUH		-	(117,001)
(Increase)/decrease in stock		(1,704)	-
Decrease/(increase) in debtors		123,935	(287,854)
(Decrease)/increase in creditors		(228,315)	(297,788)
Net cash from/ (used in) operating activities		301,827	(263,801)
Cash flows from investing activities:			
Interest received	5	7,113	26,070
Dividends received	5	63,702	55,258
Purchase of intangible fixed assets		-	-
Proceeds from sale of tangible fixed assets		-	3,166
Purchase of tangible fixed assets		(57,383)	(24,887)
Proceeds from sale of investments		1,027,716	1,723,075
Purchase of investments		(2,863,402)	(580,979)
Net cash provided by / (used in) investing activities		(1,822,254)	1,201,703
Change in cash and cash equivalents in the year		(1,520,427)	937,902
Cash and cash equivalents at the beginning of the year		2,446,053	1,508,151
Cash and cash equivalents at the end of the year		925,626	2,446,053
Cash and cash equivalents are held as follows:			
Cash at bank and in hand		837,740	526,650
Cash held in investments	13	87,886	1,919,403
Cash and cash equivalents at the end of the year		925,626	2,446,053

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

Statutory information

The Katherine House Hospice Trust Ltd is a private company limited by guarantee, registered in England and Wales, registration no 2133391. The registered office is Aynho Road, Adderbury, Banbury OX17 3NL.

Compliance with accounting standards

The format and content of the financial statements have been prepared in accordance with the Charities SORP (FRS 102), the Charities Act 2011, the Companies Act 2006 and FRS 102.

Public Benefit Entity

The Charity is a public benefit entity.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below and have remained unchanged from the previous period.

(a) Going Concern, Basis of Preparation, and Presentation currency

The financial statements have been prepared on a going concern basis under the historical cost convention, modified by the inclusion of fixed asset investments at their market value.

At the time of approving the accounts, the Trustees have a reasonable expectation that Katharine House Hospice has adequate resources to continue in operational existence for the foreseeable future. The Trustees consider there are no material uncertainties about the Charity's ability to continue and adopt the going concern basis of accounting in preparing the accounts.

The financial statements are prepared in £ sterling, rounded to the nearest £, which is the functional currency of the Company.

(b) Basis of preparation of group financial statements

These accounts are consolidated accounts. The group financial statements consolidate the financial statements of the Charitable Company and of its subsidiary undertaking, Katharine's Cupboard Limited, made up to 31 March 2022. The Charity has adapted the Companies Act format of the financial statements to reflect the special nature of the Charity's activities. No separate Statement of Financial Activities has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006 and the Charities SoRP (FRS 102).

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities when the Charity is legally entitled to the income, the amount can be quantified with reasonable accuracy, and it is probable that the income will be received. The following specific policies are applied to categories of income:

Donations are accounted for as received by the Charity.

Gifts in kind: Estimating the fair value of donated goods for resale is impractical because of the volume of low-value items received. Therefore, donated goods for resale are not recognised on receipt. Instead, the value to the Charity of the donated goods sold is recognised as income when sold. Other gifts in kind, including donated facilities and services, are recognised in income at their fair value.

Legacies are recognised at the earliest of either the Charity being notified of an impending distribution or when they are received and when they are quantifiable.

Shop income is recognised on a cash receipt basis.

Lottery income is recognised when allocated to the current week's draw. Lottery funds received and not drawn before the balance sheet date are recorded as deferred income and included within creditors in the balance sheet. Raffle income is also recognised when the raffle is drawn.

The income from fund raising ventures is shown gross, with the associated costs included within fund raising costs.

Investment income is included when receivable. Realised and unrealised gains and losses are dealt with in the Statement of Financial Activities.

Grant income, including government grants, is recognised when receivable and conditions for receipt have been complied with. The Charity considers that where a term or condition simply restricts the use of a grant, this does not affect a Charity's entitlement to the gift and recognition of income.

No amount is included in the financial statements for volunteer time in line with the SoRP(FRS 102).

(d) Expenditure Recognition

All expenditure is accounted for on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as irrecoverable VAT in the appropriate expense category. Expenditure is categorised under the following headings:

Expenditure on Charitable Activities comprises those costs incurred by the Charity in the delivery of specialist palliative care and associated services for patients with a terminal illness.

Costs of Raising Funds comprise costs incurred in encouraging people and organisations to contribute financially to the Charity's work. This includes the cost of advertising for donations, the running of the lottery including prize money, costs associated with the running of the shops, and the staging of special fundraising events, and investment managers' costs.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly to that activity, with remaining support costs (which include office costs, governance costs and administrative payroll costs) being allocated to a particular activity on an appropriate basis as set out in notes 6 and 7.

(e) Fixed Asset Investments

Fixed interest investments are held to maturity for the purposes of income generation and not capital appreciation; the Trustees consider it appropriate to show these at cost less amortisation of premium paid.

Listed Equities are stated at market value as at the balance sheet date. Realised and unrealised gains and losses on investments during the year are dealt with in the Statement of Financial Activities.

Cash held in investments is included in investments rather than cash at bank and in hand.

Net gain/ loss on investments includes both realised and unrealised gains/ losses on the revaluation/ sale of investments.

(f) Current Asset Investments

Investments held for resale are included in current assets.

(g) Intangible Assets

Intangible assets are amortised on a straight-line basis over their useful lives as follows:

Computer software	20%
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In the Statement of Financial Activities the amortisation charge is allocated between expenditure on raising funds and Charitable activities.

(h) Tangible Fixed Assets

Tangible fixed assets are included in the financial statements at historical cost, less accumulated depreciation. Depreciation of tangible fixed assets is provided on a straight-line basis, calculated at annual rates estimated to write off each asset over the term of its useful life. During the year the Trustee's considered it appropriate that some new items of IT equipment should be depreciated over 3 years. The depreciation rates applicable are:

Freehold land	nil
Freehold buildings	2%
Leasehold property	period of the lease
Motor vehicles, medical, office & catering & computer equipment	10%, 20% and 33 1/3%
Assets under construction	nil

(i) Stock

Any stocks of goods for resale are felt by the Trustees to be insignificant and are only carried at cost if purchased at the year end.

(j) Taxation

The Company is registered as a Charity and is not liable to corporation tax on its Charitable activities.

(k) Value Added Tax

The Company and its trading subsidiary have a group registration for VAT purposes. The Group is partially exempt for the purposes of VAT.

(l) Pension costs

Retirement benefits are provided to employees by way of various pension schemes as set out in note 10 to the financial statements. Contributions payable to these pension schemes are charged in the Statement of Financial Activities in the period to which they relate. Any differences between the contributions payable in the year and those actually paid are included within creditors in the Balance Sheet. FRS 102 requires fixed payments amounts to be included on the Balance Sheet.

(m) Operating leases

Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight-line basis over the term of the lease

(n) Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the 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, funding providers or which have been raised by the Company for a particular purpose. The costs of raising and administering such funds are charged against the specific fund.

(o) Debtors

Trade and other debtors are recognised at the settlement amount due after any discounts offered. Prepayments are valued at the amount prepaid net of any discounts due.

(p) Cash at bank and in hand

Cash at bank and cash 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.

(q) Creditors and provisions

Creditors are recognised where the 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(r) Financial Instruments

The Trust 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 except for bank loans which are subsequently measured at amortised cost using the effective interest method.

2. Income from donations & legacies

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Donations	731,728	1,125	732,853	880,512	28,385	908,897
Legacies	371,684	-	371,684	90,583	-	90,583
	<u>1,103,412</u>	<u>1,125</u>	<u>1,104,537</u>	<u>971,095</u>	<u>28,385</u>	<u>999,480</u>

3. Income from Charitable activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Statutory NHS funding	-	-	-	2,204,548	535,000	2,739,548
Fees & Grants	444,362	250,000	694,362	184,154	-	184,154
Gifts in Kind	-	-	-	-	49,071	49,071
	<u>444,362</u>	<u>250,000</u>	<u>694,362</u>	<u>2,388,702</u>	<u>584,071</u>	<u>2,972,773</u>

Katharine House Hospice provides a grant to Oxford University Hospitals NHS Foundation Trust (OUH) to specifically fund provision of services. As part of the transfer of service provision to OUH, Oxfordshire Clinical Commissioning Group (CCG) agreed to share the risk with Katharine House Hospice Trust that fundraising activity alone would not cover the costs of grant payments to OUH (the risk share). During the year ended 31st March 2022, £400,000 of unrestricted income was received from the CCG to cover its share of risk for the year ended 31st March 2022 and buy out its remaining risk share for the year ended 31st March 2023. This payment was primarily made because of uncertainties over NHS commissioning arrangements in 2022/23 following the introduction of Integrated Care Boards.

During the year ended 31st March 2022, as a part of the transfer to Oxford University Hospitals NHS Foundation Trust, £250,000 of restricted income was received to cover future capital works and transition expenses (2021: £535,000). In addition, as part of the risk share negotiations OUH waived the quarter 4 grant payment of £350,000 to allow Katharine House Hospice Trust to manage fundraising risk in 2022/23 and, if sufficient, to build up further the funds available for repairs and maintenance in future years.

During the year ended 31st March 2021, the Company received gifts in kind in the form of donated services for a Specialist Registrar. An amount of £49,071 has been shown as incoming and expended resource with a net nil effect on the results of the Company.

4a. Income from other trading activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Charity shop income	743,894	-	743,894	245,763	-	245,763
Lottery	173,868	-	173,868	194,964	-	194,964
Retail grant	24,751	-	24,751	80,960	-	80,960
Furlough grant	2,477	-	2,477	112,596	-	112,596
Other fundraising income	213,378	-	213,378	142,191	-	142,191
Other generated income	-	-	-	1,253	-	1,253
	1,158,368	-	1,158,368	777,727	-	777,727

4b. Other Income

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Insurance claims	-	-	-	88,951	-	88,951

In 2021 this represents loss of profits from retail trading during the first government lockdown.

5. Income from investments

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Dividends – Equities	63,702	-	63,702	55,258	-	55,258
Interest - Fixed Interest Securities	7,113	-	7,113	26,070	-	26,070
Interest – Deposits	-	-	-	-	-	-
	70,815	-	70,815	81,328	-	81,328

6. Total expenditure

		-----Raising Funds-----					2022 Total	2021 Total
	Basis of Allocation	Charity shops	Charity lottery	Fund Raising	Investment income	Charitable activities		
		£	£	£	£	£	£	£
Costs directly allocated to Charitable activities								
OUH Grant payments*	Direct	-	-	-	-	1,050,000	1,050,000	-
OUH capital works*	Direct	-	-	-	-	6,504	6,504	-
Staff costs	Direct	274,747	-	361,771	-	-	636,518	2,904,709
Rent & other shop costs	Direct	168,883	-	-	-	-	168,883	133,519
Merchandise costs	Direct	25,023	-	-	-	-	25,023	2,255
Staff training, recruitment & welfare	Direct	2,337	-	22,229	-	-	24,566	19,633
Staff and patient travel	Direct	2,314	-	476	-	-	2,790	4,866
Waste removal	Direct	15,938	-	-	-	-	15,938	21,187
Lottery prizes & costs	Direct	-	85,064	-	-	-	85,064	88,578
Other fundraising costs	Direct	-	-	114,512	-	-	114,512	63,488
Irrecoverable VAT - in year (Recoverable)/ Irrecoverable VAT prior years	Direct	-	-	14,532	-	-	14,532	-
Investment manager costs	Direct	-	-	-	9,099	-	9,099	15,216
Repairs clinical equipment	Direct	-	-	-	-	-	-	18,765
Patient welfare	Direct	-	-	-	-	-	-	6,513
Medical consumables	Direct	-	-	-	-	-	-	122,511
Other costs	Direct	-	-	-	-	-	-	9,754
Depreciation	Direct	2,784	1,572	7,368	-	23,878	35,602	65,234
		492,026	86,636	520,888	9,099	1,080,382	2,189,031	3,449,866
Support costs allocated to other activities								
Catering costs	Floor	-	-	-	-	-	-	141,575
Housekeeping costs	Floor	-	-	-	-	-	-	133,139
Administration staff costs	income	120,707	-	150,339	-	-	271,046	449,172
Admin & office expenses	income	2,329	-	2,900	-	-	5,229	9,808
Admin & office expenses	income	16,948	-	21,114	-	-	38,062	127,548
Utilities, services & insurance	income	13,170	-	16,403	-	-	29,573	94,920
Repairs and maintenance	income	3,598	-	4,481	-	-	8,079	93,473
Governance	income	11,310	-	14,086	-	-	25,396	99,622
Irrecoverable VAT - in year	income	-	-	18,542	-	-	18,542	-
Recoverable VAT prior years	income	-	-	-	-	-	-	(16,716)
Depreciation	income	791	-	5,538	-	30,815	37,144	49,820
Total expenditure 2022		660,879	86,636	754,291	9,099	1,111,197	2,622,102	4,632,227
Total expenditure 2021		508,114	89,952	416,729	15,216	3,602,216	4,632,227	4,632,227

Represented by:

	Unrestricted	Restricted	2022 Total	Unrestricted	Restricted	2021 Total
	£	£	£	£	£	£
Raising funds	1,507,297	3,608	1,510,905	1,030,011	-	1,030,011
Charitable activities	1,090,873	20,324	1,111,197	3,460,755	141,461	3,602,216
	2,598,170	23,932	2,622,102	4,490,766	141,461	4,632,227

*Oxford University Hospitals NHS Foundation Trust

7. Expenditure on Charitable activities

	Basis of Allocation (2021)	2022 Total £	2021 Total £
Costs directly allocated to Charitable Activities:			
OUH Grant payments	Direct	1,050,000	-
OUH capital works	Direct	6,504	-
Clinical Staff Costs	Direct	-	1,810,130
Clinical Staff Costs	Usage	-	579,242
Staff training, recruitment & welfare	Direct	-	19,633
Staff and patient travel	Direct	-	3,721
Waste removal	Direct	-	15,282
Repairs to clinical equipment	Direct	-	18,765
Patient welfare	Direct	-	6,513
Medical consumables	Direct	-	122,511
Other Charitable Activities costs	Direct	-	9,754
Irrecoverable VAT prior years	Direct	-	-
Depreciation	Direct	23,878	56,739
		1,080,382	2,642,290
Support costs allocated:			
Catering costs	Head	-	141,575
Housekeeping costs	Floor	-	123,819
Administration staff costs	Head	-	305,437
Administration and office expenses	Head	-	6,866
Administration and office expenses	w.t.e	-	86,800
Utilities, services, and insurance	Floor	-	87,327
Repairs and maintenance	Floor	-	85,995
Governance	Floor	-	91,652
Irrecoverable VAT - in year	Floor	-	-
Recoverable VAT prior years	Floor	-	(15,380)
Depreciation	Floor	30,815	45,835
Total expenditure		1,111,197	3,602,216
Charitable Expenditure by Service			
		2022 £	2021 £
OUH Grant Payments (all Services)		1,050,000	-
OUH capital works (all services)		6,504	-
In Patient Unit		27,606	2,350,336
Living Well		19,383	175,609
CNS Home Care		3,082	688,943
Hospital Liaison		-	74,560
Lymphoedema		616	54,190
Bereavement Service		616	52,891
Welfare & Education		3,390	205,687
Total expenditure (all Services)		1,111,197	3,602,216

With effect from 1 April 2021, all the clinical services previously provided by Katharine House have been carried out by Oxford University Hospitals NHS Foundation Trust to the same high standards of care that were previously provided by Katharine House. Grants have been made to OUH totalling £1,050,000 for the purpose of providing

funding to facilitate the Trust in carrying out the services. As explained in note 3, OUH waived the quarter 4 grant payment.

8. Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2022 £	2021 £
Depreciation of fixed assets	68,258	113,521
Amortisation of intangible assets	4,488	1,532
(Profit) / loss on disposal of fixed assets	-	117,085
Operating lease rentals:		
Property	108,873	84,748
Other	2,059	-
Auditor's remuneration (excluding VAT):		
Audit	9,100	8,000
Other	-	-
	<u>68,258</u>	<u>113,521</u>

9. Staff costs and numbers

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	741,068	2,903,456
Redundancy and termination costs	33,075	-
Social security costs	59,221	255,578
Pension costs	57,939	327,575
	<u>891,303</u>	<u>3,486,609</u>

Redundancy and termination payments are accounted for in the period in which the payments were made. During the current financial year such payments amounted to £33,075 included a £3,000 ex gratia payment (2021: £nil) and were charged to unrestricted funds.

Staff numbers

The average number of employees, and full time equivalent (FTE) employees, employed by the Charity during the year was:

	2022 FTE	2021 FTE	2022 No.	2021 No.
Charitable activities	-	45	-	75
Support activities	6	18	8	28
Raising funds	22	21	29	36
	<u>28</u>	<u>84</u>	<u>37</u>	<u>139</u>

The number of employees whose total employee benefits (excluding employer pension costs) exceeded £60,000, for the reporting period fell within each band of £10,000 as follows:

	2022	2021
	No.	No.
£60,000 - £69,999	1	2
£70,000 - £79,999	-	1
£80,000 - £89,999	-	2
	<hr/>	<hr/>

The key management personnel of the Trust comprise the Trustees, the Chief Executive Officer, and the Senior Leadership Team. The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £289,884 (2021: £372,194).

The Charity Trustees were neither paid or received any other benefits from employment with the Trust or its subsidiary in the year (2021: £nil), neither were they reimbursed expenses during the year (2021: £nil). No Charity Trustee received payment for professional or other services supplied to the Charity (2021: £nil).

The role played by Volunteers is disclosed in the Trustees' report (page 6)

10. Pension costs

The Charity currently operates a single pension scheme for the benefit of all employees (2021: two schemes). The assets of the pension schemes are held separately from those of the Charity in independently administered funds.

Aviva Pension Scheme – Defined Contribution Scheme

The current scheme operated by the Company, is administered by Aviva and is a group personal pension scheme with defined contribution rules. The scheme was set up in 2008 with both a flexible contribution rate from the employer and an opportunity for employees to contribute via a salary sacrifice arrangement which the Trustees felt fairly reflected a modern pension scheme for its employees. Since May 2014, this scheme has been used as the Company's Auto Enrolment Scheme. Prior to 31 March 2021 this was also the default scheme for those who were not eligible to join the NHS scheme.

The Company's contributions to the scheme in the current year are based on a contribution rate of up to 13% of pensionable pay (2021: up to 13% of pensionable pay). There is also an option to make contributions to the scheme through a salary sacrifice – the company contribution rate with salary sacrifice is up to 21%, based on a 7% salary sacrifice (2021: up to 21%, based on a 7% salary sacrifice).

The pension costs for the year ended 31 March 2022, as included in the Statement of Financial Activities, amounted to £57,939 (2021: £164,888). The balance owing to the scheme as at 31 March 2022 is £7,580 (2021: £18,362).

NHS Pension Scheme - Defined Benefit Scheme

Prior to the implementation of the partnership with OUH that led to the transfer of Katharine House's clinical service to OUH, a number of the Company's employees were eligible to join the National Health Service pension scheme. The scheme is a defined benefit multi-employer pension scheme administered for the benefit of NHS employees, General Practices and other bodies allowed under the direction of the Secretary of State. The Company is unable to identify its share of the underlying notional assets and liabilities of the scheme with any certainty and accordingly has accounted for the scheme, as permitted by FRS102, as if it were a defined contribution scheme.

The pension costs for the year ended 31 March 2022 as included in the Statement of Financial Activities, amounted to £ nil (2021: £162,687). The Company's contributions to the scheme in the prior year were based on a contribution rate of 14.38% of pensionable pay with employees contributing between 5.6% and 13.5% of pensionable pay in accordance with NHS revised contribution rules.

The balance owing to the scheme as at 31 March 2022 is £ zero (2021: £24,204).

11. Fixed assets – Intangible (Group & Charity)

	Computer software £	Total £
Cost		
At 1 April 2021	7,661	7,661
Additions in year	-	-
Disposals in year	(7,390)	(7,390)
At 31 March 2022	271	271
Amortisation		
At 1 April 2021	3,160	3,160
Charge for the year	4,488	4,488
Eliminated on disposal	(7,390)	(7,390)
At 31 March 2022	258	258
Net book value		
At 31 March 2022	13	13
At 1 April 2021	4,501	4,501

All of the above assets are used for Charitable purposes.

12. Fixed assets – Tangible (Group & Charity)

	Freehold land and buildings £	Leasehold improvement £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2021	2,831,171	61,098	64,232	42,815	2,999,316
Additions in year	-	-	57,383	-	57,383
Disposals in year	-	(26,796)	-	-	(26,796)
At 31 March 2022	2,831,171	34,302	121,615	42,815	3,029,903
Depreciation					
At 1 April 2021	1,170,198	56,837	48,364	37,929	1,313,328
Charge for the year	56,223	2,181	8,704	1,150	68,258
Eliminated on disposal	-	(26,796)	-	-	(26,796)
At 31 March 2022	1,226,421	32,222	57,068	39,079	1,354,790
Net book value:					
At 31 March 2022	1,604,750	2,080	64,547	3,736	1,675,113
At 1 April 2021	1,660,973	4,261	15,868	4,886	1,685,988

Land with a value of £20,000 (2021: £20,000) is included in Freehold land and buildings and is not depreciated. All of the above assets are used for Charitable purposes.

13. Investments

	Fixed Interest £	Listed equities at market value £	Group total £	Unlisted £	Charity total £
Fair value at 1 April 2021	520,000	808,400	1,328,400	1	1,328,401
Additions	600,000	2,263,402	2,863,402	-	2,863,402
Disposals	(820,000)	(107,784)	(927,784)	-	(927,784)
Revaluation during the year	-	85,872	85,872	-	85,872
Fair value at 31 March 2022	300,000	3,049,890	3,349,890	1	3,349,891
Cash held in investments			87,886		87,886
Net book value at 31 March 2022			3,437,776		3,437,777
Fair value at 31 March 2021	520,000	808,400	1,328,400	1	1,328,401
Cash held in investments			1,919,403		1,919,403
Net book value at 31 March 2021			3,247,803		3,247,804

The historical cost of Listed Equity Investments included above at market value is £3,007,985 (2021: £1,102,367).

14. Subsidiary undertaking

The Company owns the whole of the issued ordinary share capital of Katharine's Cupboard Limited, a company registered in England with company number 06297831. The registered office address is East End, Adderbury, Banbury, Oxford, OX17 3NL. The company is non trading and will be closed in the year ended 31st March 2023.

The aggregate of the assets, liabilities and reserves was:	2022 £	2021 £
Assets	23,506	23,506
Liabilities	(23,505)	(23,505)
Reserves	1	1

The amounts owed to the parent undertaking are shown in note 15.

15. Debtors

	The Group		The Charity	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	695,326	550,549	695,326	550,549
Other debtors	26,060	16,147	26,060	16,147
Prepayments & accrued income	174,870	335,968	174,870	335,968
VAT recoverable	10,410	127,937	10,410	127,937
Amount owed by group undertaking	-	-	1,508	1,508
	906,666	1,030,601	908,174	1,032,109

16. Creditors: Amounts falling due within one year

	The Group		The Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	79,903	68,191	79,903	68,191
Taxation and social security	16,784	61,857	16,784	61,857
Other creditors	7,580	42,856	7,580	42,856
Accruals	45,303	196,215	45,303	196,215
Deferred income (note 17)	101,950	110,716	101,950	110,716
	251,520	479,835	251,520	479,835

17. Deferred Income – Group & Charity

	The Group		The Charity	
	2022	2021	2022	2021
	£	£	£	£
Balance at the beginning of the year	110,716	434,220	110,716	434,220
Amount released to income in the year	(19,129)	(372,337)	(19,129)	(372,337)
Amount deferred in the year	10,363	48,833	10,363	48,833
Balance at the end of the year	101,950	110,716	101,950	110,716

Lottery income received in advance is deferred to the date of the lottery draw. Raffle income is similarly deferred until the draw.

18 (a) Analysis of net assets between funds – current year

	General unrestricted	Restricted funds	Total funds
	£	£	£
Intangible assets	13	-	13
Tangible assets	1,675,113	-	1,675,113
Investments	3,437,776	-	3,437,776
Net current assets	641,522	853,068	1,494,590
Net assets at 31 March 2022	5,754,424	853,068	6,607,492

18 (b) Analysis of net assets between funds - prior year

	General unrestricted	Restricted funds	Total funds
	£	£	£
Intangible assets	4,501	-	4,501
Tangible assets	1,685,988	-	1,685,988
Investments	3,247,803	-	3,247,803
Net current assets	451,541	625,875	1,077,416
Net assets at 31 March 2021	5,389,833	625,875	6,015,708

19 (a) Movement on funds – current year

	As at 1 April 2021 £	Income £	Expenditure & Losses £	Transfers and Gains £	As at 31 March 2022 £
Restricted funds:					
Hospice Companion	14,011	-	-	-	14,011
Patient Welfare	-	1,125	(1,125)	-	-
Chapel	622	-	-	-	622
Equipment	15,069	-	(3,355)	-	11,714
Projects	58,679	-	(12,695)	-	45,984
Grounds and Gardens	2,494	-	(253)	-	2,241
Intangible Funding	-	-	-	-	-
OUH Capital	535,000	250,000	(6,504)	-	778,496
Total restricted funds	625,875	251,125	(23,932)	-	853,068
Unrestricted funds:					
General funds	5,389,833	2,776,957	(2,598,170)	185,804	5,754,424
Total funds	6,015,708	3,028,082	(2,622,102)	185,804	6,607,492

19 (b) Movement on funds – prior year

	As at 1 April 2020 £	Income £	Expenditure & Losses £	Transfers and Gains £	As at 31 March 2021 £
Restricted funds:					
Hospice Staffing	24,937	10,150	(35,087)	-	-
Hospice Companion	25,500	-	(11,489)	-	14,011
Patient Welfare	287	1,000	(1,287)	-	-
Chapel	1,152	-	(530)	-	622
Equipment	59,443	13,495	(19,237)	(38,632)	15,069
Projects	75,000	-	(16,321)	-	58,679
Grounds and Gardens	7,193	3,740	(8,439)	-	2,494
Intangible Funding	-	49,071	(49,071)	-	-
OUH Capital	-	535,000	-	-	535,000
Total restricted funds	193,512	612,456	(141,461)	(38,632)	625,875
Unrestricted funds:					
General funds	5,223,275	4,307,804	(4,490,767)	349,521	5,389,833
Total funds	5,416,787	4,920,260	(4,632,228)	310,889	6,015,708

Fund Descriptions and policy

The full reserves policy is provided in the Trustees' report. Overall, the Charity needs to retain £2.3m of free reserves to satisfy the full on-going reserves requirement. This will enable Katharine House Hospice Trust to manage short term losses of statutory or fundraising income and provide sufficient time to plan any changes required to future service delivery.

Restricted Funds:

Hospice Staffing Fund – This fund represents donations received with the specific request that they be used to defray the cost of Hospice staffing

Hospice Companion Fund – This fund represents donations received with the specific request that they be used to defray the cost of the Hospice companion service.

Patient Welfare Fund – This fund represents donations towards equipment and projects that enhance patient wellbeing and welfare. This includes Art Room supplies, massage and therapy supplies, musical instruments, games, and CDs.

Chapel Fund – This fund represents monies given to us for use by the chaplain in defraying certain expenses incurred in running of our chapel.

Equipment Fund – This fund is for donations given towards the purchase of new equipment.

Projects – This fund represents donations received towards the cost of projects.

Grounds & Gardens Fund - The fund represents donations towards the upkeep of our grounds and gardens, which help create an atmosphere of peace and tranquillity at the Hospice for all those who come to us.

Intangible Funds - The fund represents the provision of a Specialist Registrar (£49,071) by the Oxford University Hospitals NHS Foundation Trust . No direct charge is made to the Hospice for these services, but this treatment is felt to illustrate more fairly the costs involved in the provision of palliative care services by the Hospice.

Oxford University Hospital Fund – This fund represents income received from Oxford University Hospitals NHS Foundation Trust to cover future capital works and transition expenses.

Unrestricted Funds:

General Fund - This fund recognises the need to protect Hospice services and the high level of costs incurred by Katharine House alongside the challenges faced by all within the hospice sector of maintaining and building both statutory and fundraising income. This fund will continue to be treated as unrestricted funding, in line with the wider Charity sector.

20. Operating lease commitments payable as a lessee

The Group's total future minimum lease payments under non-cancellable operating leases was as follows:

	2022	2021
	£	£
Less than one year	110,813	88,333
One to five years	249,108	194,746
Over five years	16,114	52,833
	376,035	335,912

21. Commitments including Grant Commitments

As at 31 March 2022, the Group had no capital commitments (2021: £nil).

On 31st March 2021 Katharine House Hospice Trust (KHH) entered into an agreement with Oxford University Hospitals NHS Trust (OUH), to transfer the provision of hospice and palliative care services currently provided by KHH to OUH. KHH agreed to fund OUH £1.4m each year for two years until 31st March 2023, funded from ongoing fundraising activities and reserves.

22. Contingent liabilities

As at 31 March 2022 the Group had no contingent liabilities (2021: £nil).

23. Related party transactions

As at 31 March 2022 the sum of £1,509 was owed by Katharine's Cupboard Limited to The Katharine House Hospice Trust (2021: £1,509).

24. Parent Company/ Charity

The parent Charity's gross income and the net result for the year was as follows:

	2022	2021
	£	£
Gross income	3,028,082	4,920,259
Result for the year	591,784	598,921

25. Taxation

The Charity is exempt from corporation tax as all its income is Charitable and applied for Charitable purposes. The Charity's trading subsidiary, Katharine's Cupboard Ltd, did not trade during the year.

Katharine House Hospice
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