

Annual report and financial statements

For the year ended 31 March 2023

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 Katharine House Hospice Trust is a Charitable Company limited by guarantee, incorporated on 20 May 1987 and registered as a Charity on 26 June 1987.</p> <p>As the Katharine House Hospice Trust is a Company limited by guarantee it has 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 (registered in England and Wales)	
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 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</p> <p>Ms Claire Louise Dobbs (appointed 22 February 2023)</p>	
Senior Leadership Team	<p>Trevor Johnson</p> <p>Emma Radley</p> <p>Stephanie Lawless</p> <p>Jeremy Childerstone</p> <p>Karen Welsh</p> <p>Scott Bloomfield</p>	<p>Chief Executive (resigned 28 February 2023)</p> <p>Chief Executive (appointed 9 May 2023)</p> <p>Head of Fundraising</p> <p>Head of Finance</p> <p>Head of Marketing and Communication</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
Solicitors	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES
	Gisby Harrison Goffs Oak House Goffs Lane Goffs Oak Cheshunt Herts EN7 5HG
Auditors	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford OX1 2EP

The Trustees present their annual report together with the audited financial statements for the year ended 31 March 2023. 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'.

Statement from Sir Tim Jenner, Chair of Trustees.

Very few charities have prospered over the last 12 months given the pressures on cost of living resulting from the domestic and international environment, so it has been gratifying to report that Katharine House has performed well. The changes made to reflect the different nature of the charity have bedded in extremely well with the revised Board of Trustees and Senior Leadership Team working together to redefine our strategy and goals. This has been no easy task – forecasting the landscape in which we operate for the next few years is virtually impossible, but we have been able to concentrate on some realistic aims for the next two years.

I am grateful to our outgoing CEO, Trevor Johnson, who moved on at the end of the period to a well-deserved new appointment; his concentration on creating an outstanding internal team and fostering external relations has been the crucial cornerstone in our success. We wish him well in his new role.

The clinical service which we fund our partners at Oxford University Hospitals NHS Trust (OUH) to deliver, has continued to provide outstanding service within each of its areas of activity and is the key element in fostering the exceptional levels of support we receive from our local community. The clear link between recognisably excellent clinical output and the readiness of our supporters to contribute to our fundraising and retail activities is a focus for the efforts of our teams. The cohesion which exists within the hospice between the funders and the funded is fundamental to the continuing success of our collaborative endeavours. At the strategic level we continue to engage with OUH senior management to pursue our strategic aim of helping to enhance end of life and palliative care services. The relationship has not been without its challenges as the NHS grapples with funding and manpower issues, but we are working together to ensure the optimum output.

Our three-year horizon for achieving financial stability has been impacted by the cost-of-living challenges facing the UK. Although the Charity has performed well against the benchmark of similar organisations, we have not reduced the annual deficit by as much as we envisaged. We now expect it will take a further year before we reach a deficit-free position and can then begin to fund the enhanced services that our community deserves. Importantly, meeting the challenge is seen by all our team as being achievable. All of the Board of Trustees join me in recording our thanks and appreciation to all our staff and volunteers who continue to work so tirelessly on behalf of our beneficiaries.

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 Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2023
Report of the Board of Trustees (incorporating the Strategic Report)

The Trustees are guided by an agreed scheme of corporate governance which sets out their responsibilities and those of the Senior Leadership 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:

- 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:

- 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.
- Community – To be the key community representative in palliative care. To be the charity of choice for our community.
- Innovation – To utilise all resources, ensuring that we respond to fundraising opportunities and patient need in the most impactful and innovative ways possible.

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

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

Grant making

Katharine House Hospice Trust (KHH) provides a £1.4m grant to Oxford University Hospitals NHS Foundation Trust (OUH) to provide palliative and end of life care services as defined in the Integrated service model for palliative care. The vision is to provide equitable high quality holistic palliative and end of life care for the people of Oxfordshire and South Northamptonshire, and those close to them, with advice and support being available 24/7. The partnership is structured to enable the Hospice to become more resilient and able to influence changes to improve palliative and end of life care provision, to respond to unmet need, and to reach under-served communities.

In addition, OUH receives funding from Integrated Care Boards (ICBs). The total funding and charitable expenditure of the Hospice is shown in the table opposite – Katharine House Hospice Funding, Expenditure & Patient Numbers.

Hospice services

At the centre of the Hospice's philosophy is our belief in caring for the whole person. We address the physical, psychological, social, and spiritual needs of our patients in equal balance to ensure that they and their family are best supported. We recognise 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 to support each patient in ways which reduce their symptoms, enhance quality of life, and help them to live as fully as possible with their illness. The core services are as follows:

Inpatient unit (IPU)

The IPU 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.

Living Well

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, and lymphoedema nurse.

Community nursing (CNS homecare)

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

Bereavement, lymphoedema and other services


Coping with the loss of someone special is difficult and can be painful. Grief may leave loved ones feeling sad, lost, guilty, confused, relieved and exhausted, all at the same time. There may be many changes and adjustments to be made and loved ones might have questions or need practical and emotional support. The bereavement team of volunteers, overseen by the bereavement lead, is there for family and friends of people who have been in our care.

The Hospice lymphoedema nurse works with patients to manage and reduce swelling caused by cancer and cancer treatments.


The Hospice also supports patients with life limiting illnesses who have been admitted to other OUH facilities. The Hospice team works alongside hospital teams in an advisory capacity.

Katharine House Hospice Funding, Expenditure & Patient Numbers


Total 2023 £'000	
Hospice funding	
Grant payments	1,400
Equality, diversity and inclusion	18
Hospice communications	31
Building cost (depreciation)	55
Total KHH Trust funding	1,504
ICB funding	1,561
Total Hospice funding	3,065
Hospice expenditure	
Direct salary costs	2,418
Other medical costs (allocated)	160
Support costs (allocated)*	656
OUH costs	3,234
Equality, diversity, and Inclusion	18
Hospice communications	31
Building costs (depreciation)	55
KHH costs	104
Total Hospice expenditure	3,338
Notional deficit in OUH	-273



KATHARINE
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HOSPICE



NHS



49%

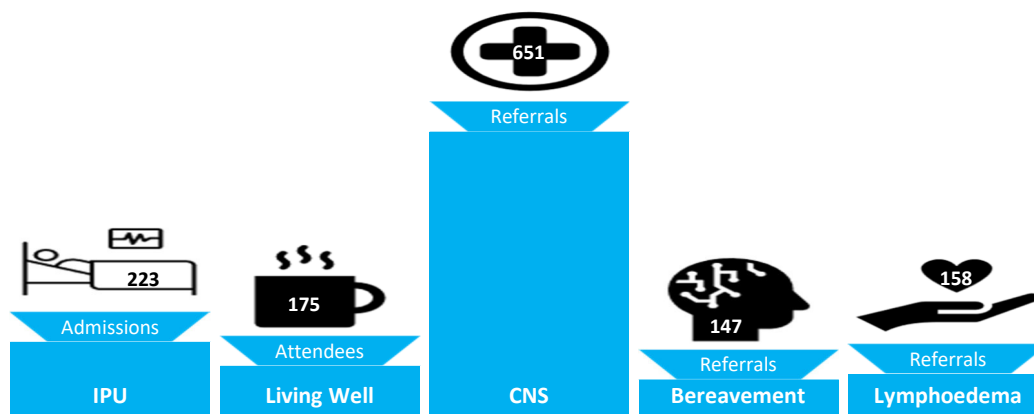
51%

IPU	Living Well	CNS	Bereavement & other services	EDI
1,621	259	379	159	-
107	17	25	11	-
441	70	103	43	-
2,169	346	507	213	
21	3	5	2	18
28	23	3	1	
49	26	8	3	18
2,218	372	515	216	18

*Support costs include catering, housekeeping, IT, and site costs & utilities



Patient Numbers



Volunteers & social investments

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

Our 241 regular volunteers make a huge contribution to our work. Working 55,804 hours in total, the work of our volunteers equates to approximately 29 full time staff. Were we to have to pay for the amazing work that they undertake then this would cost the charity approximately £999,470.

During the year we have continued to invest in restructuring our team to bring new skills into the Charity. We also provide ongoing skills training - for example how to better use our data, mental health first aider training, presentation and public speaking skills, and supporting key staff members via the apprenticeship scheme.

4. Strategic Report

Fundraising activities, achievements, and performance including fundraising disclosures under section 13 of the Charities Act 2016

The charity continued to recover from the COVID pandemic but has then suffered as a result of the cost of living crisis. This has affected the average level of donations and event income per head, but has not resulted in a downturn in public engagement and willingness to take part in fundraising events.

The Trustees believe we have performed better than many similar charities. We ran a successful, fully sponsored, Midnight Walk in June, a Santa Fun Run that was more successful than the previous year, and were supported by RC Baker with a very successful Tractor Run in December.

On 21 November the Charity was granted an enhanced gambling licence that will enable increased activity in lottery and raffles moving forward.

Retail has performed strongly, particularly influenced by the performance of our refurbished flagship shop in Banbury, and the further development of our online operation, including a new pricing strategy which has boosted income by 30%.

All of this activity has helped minimise the downturn in the second half year.

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

The Charity is a member of the Fundraising Regulator, The Charity Retail Association and The Institute of Fundraising. During the year the Charity upheld two complaints related to fundraising activity which were resolved without escalation. One related to a spelling error in the raffle, and the other to the omission of a loved one's name at an event. Our complaints policy and procedures are robust, and we take all supporter feedback seriously. We recognise the value of listening to all feedback and where a complaint indicates a shortcoming, we take the appropriate measures, whether in changing our procedures or providing training for staff to prevent recurrence of issues and improve supporter care.

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.

Financial review & significant events:

Before revaluation of investments, for the financial year ended 31 March 2023, the Hospice recorded a deficit of £460k in unrestricted funds (2022, surplus £179k) and a deficit of £2k in restricted funds (2022, surplus £227k).

After revaluation of investments, the net deficit for the year is £651k (2022, surplus £592k).

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2023
Report of the Board of Trustees (incorporating the Strategic Report)

In the financial year ended 31 March 2022, the Hospice received £1m of transitional support, made up of £650k of grants from OUH and the waiver of the £350k Q4 grant payment from us for the provision of clinical services. This support was primarily given because of uncertainties surrounding commissioning arrangements in 22/23 following the introduction of Integrated Care Boards.

Income

Total income received in the year decreased by 8.7% to £2,765k (2022: £3,028k) as shown below.

	Note	2023 £	2022 £	+/-%
Donations	2	692,416	732,853	-5.5%
Legacies	2	453,677	371,684	22.1%
Charitable activities (including statutory funding)	3	222,542	694,362	-68.0%
Retail income	4a	894,736	771,122	16.0%
Other trading	4a	366,875	387,246	-5.3%
Investments	5	109,721	70,815	54.9%
Other Income	4b	24,564	-	n/a
		<u>2,764,531</u>	<u>3,028,082</u>	<u>-8.7%</u>

Donations

Income from donations for the year was £692k (2022: £733k) slightly lower than the previous year. After a very positive first half year performance the Charity was impacted by the exceptionally tough fundraising environment, commonly referred to as the “cost of living crisis.” However, support for the Christmas appeal and events such as the Santa Fun Run and Tractor Run have been resilient due to the amazing support of our local community.

Legacies

Income from legacies for the year was £454k (2022: £372k). The Charity believes that there was a backlog in the probate system following Covid 19.

Charitable Activities (Fees & grants)

Income from fees and grants for the year are considerably down at £223k (2022: £694k). As stated above, In the financial year ended 31 March 2022, the Hospice received £650k of grants from OUH due to uncertainties surrounding commissioning arrangements in 22/23 following the introduction of Integrated Care Boards.

Retail income (charity shops)

The Hospice runs 6 shops and one online shop. Income from shops was £895k (2022: £771k) much higher than the previous year. Income from online sales more than doubled and all of our sites showed good growth. During the year the largest shop at Banbury was closed for a 6-week period for a major refurbishment. The shops were also briefly closed at the very start of the previous year due to Covid 19 restrictions and received furlough and retail grant income.

Investment income

Investment income was £110k (2022: £71k). The Covid pandemic followed by war in Ukraine in quick succession required central banks to raise interest rates rapidly in a bid to curb surging inflation. Higher bond yields then resulted in volatility and large negative capital losses as both bonds and equities fell in tandem. However, investment income has been more resilient, and in addition, the Charity has benefitted from much higher yields on money on deposit.

Expenditure and staff costs

The cost of raising funds has risen to £1,719k (2022: £1,496k). The main factor is the restructuring of the Fundraising Team which is essential for the charity to eliminate its current deficit. Reflecting this, during the year, the total average full time equivalent (FTE) headcount increased to 31 (2022: 28.) In addition, all staff salaries were benchmarked in the year against the charity sector. Staff costs remain our key expenditure and now represent 32.7% of our annual expenditure (2022: 34.0%).

Expenditure on charitable activities is also considerably higher at £1,504k (2022: £1,126k). In the financial year ended 31 March 2022 OUH waived the £350k Q4 grant payment from us for the provision of clinical services.

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 loss (realised and unrealised) of £192k for the year (2022: gain £186k).

Our investment portfolio decreased in value to £3,250k (2022: £3,349k.) We have not drawn down on our investment portfolio in 2022-23. In addition, cash held in investments has decreased to £27k (2022: £88k)

Our bank deposits have increased in value to £918k (2022: £nil). This is mainly due to placing on deposit most of the £1m of transitional support received from OUH. Higher interest rates have also made holding cash on deposit more attractive. These deposits are expected to be drawn down to cover future capital works and transition expenses.

Key risks

The Charity has a risk management system to identify key risks that could affect the achievement of our objectives. The process focuses on four potential areas of risks each falling under the auspices of one of the Trustee committees and one of the members of the Senior Leadership Team (SLT). They are retail, fundraising, finance, and general management (including the Hospice premises.)

The risk management process is conducted at least annually and comprises the following steps:

1. Risks are identified and reviewed together with any mitigation measures by the SLT
2. Risks are scored for impact and likelihood to give a risk score (before and after mitigation) by the SLT
3. Scored risks with mitigations are reviewed by the appropriate sub-committee and the risk register updated
4. Scored risks with mitigations are reviewed by the finance, audit and risk committee, which has delegated responsibility for managing risk
5. The final risk register is reviewed and approved by the Board of Trustees.

Katharine House Hospice is one year into a three-year plan to achieve sustainable levels of income. Therefore, the Charity has identified the key local risk, which is hardest to mitigate for, as the loss or long term absence of one or more members of the SLT during this critical period.

Globally, the Trustees consider the key risk to be the geopolitical and economic situation started by the war in Ukraine and 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 investment values. In addition, the Charity expects significant wage inflation, not least due to rises in the minimum wage. These pressures are expected to continue until at least 30 September 2023. The situation is closely monitored by the Trustees.

Future plans

The Charity is an organisation that exists to fund and direct the provision of palliative care to the community within our region. Our future plans include to:

- Invest in our Hospice buildings to improve our patients' experience
- Launch a new online support hub for those diagnosed with palliative care needs
- Increase the number of retail outlets and improve the existing retail estate
- Increase the number of players in our lottery
- Expand our fundraising reach to improve our presence beyond Banbury
- Increase the level of philanthropic giving
- Expand the range of volunteering opportunities

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. The Trustees judge that the Charity should aim to maintain £3.4m of free reserves sufficient to pay its operating expenses and Grant commitments for one year.

As at 31 March 2023 the level of free reserves held was £3.453m (2022: 4.079m), very slightly in excess of the reserves policy. However, after considerable early success, our three-year plan to achieve financial sustainability has been negatively impacted by the cost-of-living crisis. Against a backdrop of high inflation coupled with pressure on fundraising, the Trustees consider that there will continue to be deficits for the immediate future which will have to be met from free reserves.

When the Trustees consider the Hospice to be financially self-sufficient a further review of the level of reserves will be undertaken. A detailed breakdown of reserves by category is shown in notes 18 & 19.

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 of the Charity's incoming resources and application of resources, including the Charity'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

24 August 2023

Independent Auditor's report to the members of The Katharine House Hospice Trust for the year ended 31 March 2023

Opinion

We have audited the financial statements of The Katharine House Hospice Trust for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Charity Balance Sheet, the 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 charitable company's affairs as at 31 March 2023 and of its 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 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 9], the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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

- 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 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 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 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 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 been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2023
Independent Auditor's report (continued)

assume responsibility to anyone other than the charitable company and the 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.
19/9/2023

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2023
Statement of Financial Activities
(Including Income and Expenditure account)

		Unrestricted	Restricted	2023 Total	Unrestricted	Restricted	2022 Total
	Note	£	£	£	£	£	£
Income from:							
Donations and legacies	2	1,133,093	13,000	1,146,093	1,103,412	1,125	1,104,537
Charitable activities	3	169,267	53,275	222,542	444,362	250,000	694,362
Retail activities	4a	894,736	-	894,736	771,122	-	771,122
Other trading activities	4a	366,875	-	366,875	387,246	-	387,246
Investments	5	109,721	-	109,721	70,815	-	70,815
Other Income	4b	24,564	-	24,564	-	-	-
Total income		2,698,256	66,275	2,764,531	2,776,957	251,125	3,028,082
Expenditure on:							
Raising funds	6	(921,946)	(24,629)	(946,575)	(824,308)	(3,608)	(827,916)
Retail activities	6	(772,497)	-	(772,497)	(668,517)	-	(668,517)
Charitable activities	6&7	(1,463,779)	(40,090)	(1,503,869)	(1,105,345)	(20,324)	(1,125,669)
Total expenditure	6	(3,158,222)	(64,719)	(3,222,941)	(2,598,170)	(23,932)	(2,622,102)
Net (expenditure)/ income before revaluation		(459,966)	1,556	(458,410)	178,787	227,193	405,980
Net (loss)/ gain on investments		(192,447)	-	(192,447)	185,804	-	185,804
Net (expenditure)/ income for the year		(652,413)	1,556	(650,857)	364,591	227,193	591,784
Transfers between funds		-	-	-	-	-	-
Net movement of funds for the year		(652,413)	(1,556)	(650,857)	364,591	227,193	591,784
Reconciliation of funds:							
Balances brought forward 31 March	18	5,754,424	853,068	6,607,492	5,389,833	625,875	6,015,708
Balances carried forward 31 March	18	5,102,011	854,624	5,956,635	5,754,424	853,068	6,607,492

The notes on pages 19 to 32 form part of these financial statements.

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2023
Charity Balance Sheet

		2023	2022
	Note	£	£
Fixed assets:			
Intangible assets	11	-	13
Tangible assets	12	1,648,538	1,675,113
Investments	13	3,276,659	3,437,777
		4,925,197	5,112,903
Current assets:			
Stock – goods for resale		-	1,704
Debtors	15	297,773	908,174
Cash at bank and in hand		1,316,383	836,231
		1,614,156	1,746,109
Liabilities:			
Creditors: amounts falling due within one year	16	(582,718)	(251,520)
Net current assets		1,031,438	1,494,589
Total net assets	18	5,956,635	6,607,492
Funds:			
Restricted income funds	19	854,624	853,068
Unrestricted funds	19	5,102,011	5,754,424
Total funds	18	5,956,635	6,607,492

The notes on pages 19 to 32 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Trustees on 24 August 2023 and were signed on its behalf by:



Sir Tim Jenner

Chair of Trustees

Company Registration Number: 02133391

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2023
Statement of Cash Flows

	Note	2023	2022
		£	£
Cash flows from operating activities			
Net (expenditure) / income for the reporting period (as per the Statement of Financial Activities)		(458,410)	405,980
Amortisation of intangible assets	8	13	4,488
Depreciation of fixed assets	8	75,670	68,258
Dividends, interest, and rent from investments	5	(109,721)	(70,815)
(Profit) on the disposal of fixed assets	8	(14,123)	-
(Decrease)/(increase) in stock		1,704	(1,704)
Decrease in debtors		610,401	123,935
Increase/(decrease) in creditors		331,198	(228,315)
Net cash from operating activities		436,732	301,827
Cash flows from investing activities:			
Interest received	5	21,197	7,113
Dividends received	5	88,524	63,702
Proceeds from sale of tangible fixed assets		14,123	-
Purchase of tangible fixed assets		(49,095)	(57,383)
Proceeds from sale of investments		831,843	1,027,716
Purchase of investments		(924,010)	(2,863,402)
Net cash (used in) investing activities		(17,418)	(1,822,254)
Change in cash and cash equivalents in the year		419,314	(1,520,427)
Cash and cash equivalents at the beginning of the year		924,117	2,444,544
Cash and cash equivalents at the end of the year		1,343,431	924,117
Cash and cash equivalents are held as follows:			
Cash at bank and in hand		1,316,383	836,231
Cash held in investments	13	27,048	87,886
Cash and cash equivalents at the end of the year		1,343,431	924,117

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

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.

Hospice communication costs were previously included within Costs directly allocated to Charitable activities as fund raising (see note 6). During the current year the Hospice has launched the End-of-life and Palliative Care (EPIc) resource centre, a collaboration between expert research writers, clinical staff and service leads from across Katharine House Hospice. This has confirmed to the Trustees that Hospice Communication is also an important part of our charitable activities. Therefore, the Trustees have changed the presentation of Hospice Communication to be shown as a Support cost allocated to other activities (including charitable activities).

Similarly, support costs have been allocated to lottery for the first time following the grant of a society lottery licence from the Gambling Commission on 21 November 2022.

The prior year numbers have been restated to reflect both these changes of presentation.

(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 Charity financial statements

The Charity had one dormant subsidiary undertaking, Katharine's Cupboard Limited, which was dissolved in the year and was clearly immaterial in considering the financial position of the Charity (see Note 14). Therefore, the Charity has decided not to prepare consolidated accounts.

The Charity has adapted the Companies Act format of the financial statements to reflect the special nature of the Charity's activities.

(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.

Legacy income is recognised at the earlier of receipt or when all the following conditions have been met:

- Probate has been granted.
- The Charity is able to measure the value of its entitlement accurately and confirm that there are sufficient funds to pay the legacy.
- Any conditions attached to the legacy are either within the control of the Charity or have been met.

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 grant funding and supporting 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. 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 held 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 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 £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Donations	679,416	13,000	692,416	731,728	1,125	732,853
Legacies	453,667	-	453,677	371,684	-	371,684
	<u>1,133,093</u>	<u>13,000</u>	<u>1,146,093</u>	<u>1,103,412</u>	<u>1,125</u>	<u>1,104,537</u>

3. Income from charitable activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Fees & Grants	169,267	53,275	222,542	444,362	250,000	694,362
	<u>169,267</u>	<u>53,275</u>	<u>222,542</u>	<u>444,362</u>	<u>250,000</u>	<u>694,362</u>

During the year Katharine House Hospice received £96,443 from Hospice UK, funded by NHS England, for our support to help manage the impact of the Omicron wave of Covid on NHS services.

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 31 March 2022, £400,000 of unrestricted income was received from the CCG to cover its share of risk for the year ended 31 March 2022 and buy out its remaining risk share for the year ended 31 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 31 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. 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.

4a. Income from retail and other trading activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Charity shop income	894,736	-	894,736	743,894	-	743,894
Retail grant	-	-	-	24,751	-	24,751
Furlough grant	-	-	-	2,477	-	2,477
Total Retail	894,736	-	894,736	771,122	-	771,122
Lottery	165,038	-	165,038	173,868	-	173,868
Other fundraising income	201,837	-	201,837	213,378	-	213,378
Total other trading activities	366,875	-	366,875	387,246	-	387,246

4b. Other income

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Insurance Claims	10,441	-	10,441	-	-	-
Profit on disposal of fixed assets	14,123	-	14,123	-	-	-
	24,564	-	24,564	-	-	-

5. Income from investments

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Dividends – Equities	88,524	-	88,524	63,702	-	63,702
Interest - Fixed Interest Securities	759	-	759	7,113	-	7,113
Interest – Deposits	20,438	-	20,438	-	-	-
	109,721	-	109,721	70,815	-	70,815

6. Total expenditure

	Basis of Allocation	Retail	-----Raising Funds-----			Charitable	2023 Total	2022 (restated)
		Charity shops	Charity lottery	Fund Raising	Investment income	Charitable activities		
		£	£	£	£	£	£	£
Costs directly allocated to Charitable activities								
OUH Grant payments*	Direct					1,400,000	1,400,000	1,050,000
OUH capital works*	Direct						-	6,504
OUH EDI officer	Direct					17,661	17,661	-
Staff costs	Direct	326,785		387,738			714,523	590,888
Rent & other shop costs	Direct	220,341					220,341	168,883
Merchandise costs	Direct	33,341					33,341	25,023
Staff training, recruitment & welfare	Direct	1,828		29,251			31,079	23,321
Staff and patient travel	Direct	2,993		161			3,154	2,730
Waste removal	Direct	17,366					17,366	15,938
Lottery prizes & costs	Direct		89,179				89,179	85,064
Other fundraising costs	Direct			135,503			135,503	89,081
Irrecoverable VAT	Direct			20,845			20,845	14,532
Investment manager costs	Direct				14,002		14,002	9,099
Depreciation	Direct	7,759		4,059		23,878	35,696	35,095
		610,413	89,179	577,557	14,002	1,441,539	2,732,690	2,116,158
Support costs allocated to other activities								
Hospice communications	Hours	3,151	3,152	56,727		31,515	94,545	72,366
Administration staff costs	Income	121,206	22,357	121,140			264,703	271,046
Admin & office expenses	Income	22,681	4,184	22,671			49,536	43,291
Utilities, services & insurance	Income	6,503	1,200	6,499			14,202	29,573
Repairs and maintenance	Income	867	160	867			1,894	8,079
Governance	Income	6,620	1,221	6,617			14,458	25,396
Irrecoverable VAT	Income			10,926			10,926	18,542
Depreciation	Floor	1,056	905	7,211		30,815	39,987	37,651
		162,084	33,179	232,658	-	62,330	490,251	505,944
Total expenditure 2023		772,497	122,358	810,215	14,002	1,503,869	3,222,941	2,622,102
Total expenditure 2022 (restated)		668,517	121,405	697,412	9,099	1,125,669	2,622,102	2,622,102

Represented by:

	Unrestricted	Restricted	2023 Total	Unrestricted	Restricted	2022 Total
	£	£	£	£	£	£
Raising funds	921,946	24,629	946,575	824,308	3,608	827,916
Retail activities	772,497	-	772,497	668,517	-	668,517
Charitable activities	1,463,779	40,090	1,503,869	1,105,345	20,324	1,125,669
	3,158,222	64,719	3,222,941	2,598,170	23,932	2,622,102

*Oxford University Hospitals NHS Foundation Trust

7. Expenditure on Charitable activities

	Basis of Allocation	2023 £	2022 (restated) £
Costs directly allocated to Charitable activities:			
OUH Grant payments	Direct	1,400,000	1,050,000
OUH capital works	Direct	-	6,504
OUH EDI officer	Direct	17,661	-
Depreciation	Direct	23,878	23,878
		1,441,539	1,080,382
Support costs allocated:			
Hospice communications	Hours	31,515	14,472
Depreciation	Floor	30,815	30,815
Total expenditure		1,503,869	1,125,669
Charitable expenditure by service			
		2023 £	2022 £
OUH Grant payments (all services)		1,400,000	1,050,000
OUH capital works (all services)		-	6,504
OUH EDI officer (all services)		17,661	-
Hospice communications (all services)		31,515	14,472
In Patient Unit		27,606	27,606
Living Well		19,383	19,383
CNS Home Care		3,082	3,082
Lymphoedema		616	616
Bereavement service		616	616
Welfare & education		3,390	3,390
Total expenditure (all Services)		1,503,869	1,125,669

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 £1,400,000 (2022: £1,050,000) for the purpose of providing funding to facilitate the Trust in carrying out the services.

8. Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2023 £	2022 £
Depreciation of fixed assets	75,670	68,258
Amortisation of intangible assets	13	4,488
(Profit) / loss on disposal of fixed assets	(14,123)	-
Operating lease rentals:		
Property	130,740	108,873
Other	1,972	2,059
Auditor's remuneration (excluding VAT):		
Audit	9,600	9,100
Other	-	-

9. Staff costs and numbers

Staff costs were as follows:

	2023	2022
	£	£
Salaries and wages	919,410	741,068
Redundancy and termination costs	8,000	33,075
Social security costs	75,623	59,221
Pension costs	50,704	57,939
	<u>1,053,737</u>	<u>891,303</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 £8,000 including a £6,834 ex gratia payment (2022: £33,075 including a £3,000 ex gratia payment) 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:

	2023 FTE	2022 FTE	2023 No.	2022 No.
Charitable activities	-	-	-	-
Support activities	6	6	8	8
Raising funds	<u>25</u>	<u>22</u>	<u>32</u>	<u>29</u>
	<u>31</u>	<u>28</u>	<u>40</u>	<u>37</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:

	2023 No.	2022 No.
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-
£80,000 - £89,999	-	-
	<u>1</u>	<u>1</u>

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 £292,144 (2022: £289,884).

The Charity Trustees were neither paid or received any other benefits from employment with the Trust or its subsidiary in the year (2022: £nil), neither were they reimbursed expenses during the year (2022: £nil). No Charity Trustee received payment for professional or other services supplied to the Charity (2022: £nil).

The role played by Volunteers is disclosed in the Trustees' report (page 7)

10. Pension costs

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 assets of the pension scheme are held separately from those of the Charity in independently administered funds.

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.

The Company's contributions to the scheme in the current year are based on a contribution rate of up to 13% of pensionable pay (2022: 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 (2022: up to 21%, based on a 7% salary sacrifice).

The pension costs for the year ended 31 March 2023, as included in the Statement of Financial Activities, amounted to £50,704 (2022: £57,939). The balance owing to the scheme as at 31 March 2023 is £13,961 (2022: £7,580).

11. Fixed assets – Intangible

	Computer software £	Total £
Cost		
At 1 April 2022	271	271
Additions in year	-	-
Disposals in year	-	-
At 31 March 2023	<u>271</u>	<u>271</u>
Amortisation		
At 1 April 2022	258	258
Charge for the year	13	13
At 31 March 2023	<u>271</u>	<u>271</u>
Net book value		
At 31 March 2023	<u>-</u>	<u>-</u>
At 1 April 2022	<u>13</u>	<u>13</u>

All the above assets are used for Charitable purposes.

12. Fixed assets – Tangible

	Freehold land and buildings £	Leasehold improvement £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2022	2,831,171	34,302	121,615	42,815	3,029,903
Additions in year	-	26,501	22,594	-	49,095
Disposals in year	-	-	-	(24,395)	(24,395)
At 31 March 2023	2,831,171	60,803	144,209	18,420	3,054,603
Depreciation					
At 1 April 2022	1,226,421	32,222	57,068	39,079	1,354,790
Charge for the year	56,223	3,994	14,303	1,150	75,670
Eliminated on disposal	-	-	-	(24,395)	(24,395)
At 31 March 2023	1,282,644	36,216	71,371	15,834	1,406,065
Net book value:					
At 31 March 2023	1,548,527	24,587	72,838	2,586	1,648,538
At 1 April 2022	1,604,750	2,080	64,547	3,736	1,675,113

Land with a value of £20,000 (2022: £20,000) is included in Freehold land and buildings and is not depreciated. All the above assets are used for Charitable purposes.

13. Investments

	Fixed Interest £	Listed equities at market value £	Unlisted Subsidiary (note 14) £	Charity total £
Fair value at 1 April 2022	300,000	3,049,890	1	3,349,891
Additions	200,000	724,010	-	924,010
Disposals	(485,000)	(335,225)	(1)	(820,226)
Revaluation during the year	-	(204,064)	-	(204,064)
Fair value at 31 March 2023	15,000	3,234,611	-	3,249,611
Cash held in investments				27,048
Net book value at 31 March 2023				3,276,659
Fair value at 31 March 2022	300,000	3,049,890	1	3,349,891
Cash held in investments				87,886
Net book value at 31 March 2022				3,437,777

The historical cost of Listed Equity Investments included above at market value is £3,111,770 (2022: £3,007,985).

14. Subsidiary undertaking

The Company owned the whole of the issued ordinary share capital of Katharine's Cupboard Limited. The company was non trading and was struck off the register of companies on 28 March 2023 and dissolved on 4 April 2023. Katharine's Cupboard Limited was registered in England with company number 06297831. The registered office address was East End, Adderbury, Banbury, Oxford, OX17 3NL.

The aggregate of the assets, liabilities and reserves were as follows:

	2023 £	2022 £
Assets	-	23,506
Liabilities	-	(23,505)
Reserves	-	1

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

15. Debtors

	2023 £	2022 £
Trade debtors	91,144	695,326
Other debtors	2,840	26,060
Prepayments & accrued income	176,604	174,870
Legacies receivable	20,000	-
VAT recoverable	7,185	10,410
Amount owed by group undertaking	-	1,508
	297,773	908,174

16. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	399,735	79,903
Taxation and social security	16,415	16,784
Other creditors	13,961	7,580
Accruals	44,772	45,303
Deferred income (note 17)	107,835	101,950
	582,718	251,520

17. Deferred Income

	2023 £	2022 £
Balance at the beginning of the year	101,950	110,716
Amount released to income in the year	(29,993)	(19,129)
Amount deferred in the year	35,878	10,363
Balance at the end of the year	107,835	101,950

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	-	-	-
Tangible assets	1,648,538	-	1,648,538
Investments	3,276,659	-	3,276,659
Net current assets	176,814	854,624	1,031,438
Net assets at 31 March 2023	5,102,011	854,624	5,956,635

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

19 (a) Movement on funds – current year

	As at 1 April 2022 £	Income £	Expenditure & Losses £	Transfers and Gains £	As at 31 March 2023 £
Restricted funds:					
Hospice staffing	-	5,100	(5,100)	-	-
Hospice Companion	14,011	-	-	-	14,011
Patient Welfare	-	3,375	-	-	3,375
Chapel	622	4,000	(442)	-	4,180
Equipment	11,714	500	(7,579)	-	4,635
Projects	45,984	14,000	(13,487)	-	46,497
Grounds and Gardens	2,241	-	(1,150)	-	1,091
Fundraising	-	15,900	(15,900)	-	-
EPiC Information Hub	-	3,400	(3,400)	-	-
EDI	-	20,000	(17,661)	-	2,339
OUH Capital	778,496	-	-	-	778,496
Total restricted funds	853,068	66,275	(64,719)	-	854,624
Unrestricted funds:					
General funds	5,754,424	2,698,256	(3,158,222)	(192,447)	5,102,011
Total funds	6,607,492	2,764,531	(3,222,941)	(192,447)	5,956,635

19 (b) Movement on funds – prior 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
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

Fund Descriptions and policy

The full reserves policy is provided in the Trustees' report. Overall, the Charity needs to retain £3.4m 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 received with the specific request that they be used to defray the cost of projects that enhance patient wellbeing and welfare. This includes Art Room supplies, massage and therapy supplies, musical instruments, games, and stories for life.

Chapel Fund – This fund represents donations received with the specific request that they be used to defray the cost of running of our chapel.

Equipment Fund – This fund represents donations received with the specific request that they be used to purchase new equipment.

Projects – This fund represents donations received with the specific request that they be used for projects.

Grounds & Gardens Fund - This fund represents donations received with the specific request that they be used to defray the cost of 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.

Fundraising Fund - This fund represents donations received with the specific request that they be used to defray the cost of running fundraising events.

EPiC Information Hub Fund - This fund represents donations received with the specific request that they be used to defray the cost of creating the End-of-life and Palliative Care (EPiC) Resource Centre online.

EDI Fund - This fund represents donations received with the specific request that they be used to defray the cost of managing the project *"Inclusion Matters": Creating a culture of equality, diversity and inclusion at Katharine House Hospice and Sobell House*.

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 in the light of the challenges faced by all within the hospice sector of maintaining and building both statutory and fundraising income, and the high level of costs incurred. 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 Charity's total future minimum lease payments under non-cancellable operating leases was as follows:

	2023	2022
	£	£
Less than one year	116,620	110,813
One to five years	316,467	249,108
Over five years	-	16,114
	<u>433,087</u>	<u>376,035</u>

21. Commitments including grant commitments

As at 31 March 2023, the Charity had no capital commitments (2022: £nil).

On 31 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 31 March 2023, funded from ongoing fundraising activities and reserves. This agreement is rolling over for one year to 31 March 2024 under the same terms.

22. Contingent liabilities

As at 31 March 2023 the Charity had no contingent liabilities (2022: £nil).

23. Related party transactions

As at 31 March 2023 the sum of £nil was owed by Katharine's Cupboard Limited to The Katharine House Hospice Trust (2022: £1,509). Katharine's Cupboard Ltd, did not trade during the year, and was wound up prior to the year end.

24. Taxation

The Charity is exempt from corporation tax as all its income is Charitable and applied for Charitable purposes.

Katharine House Hospice
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