

**THE HEART OF KENT HOSPICE**  
(A company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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**THE HEART OF KENT HOSPICE**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 MARCH 2021**

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<b>Patron</b>	Marianna, Viscountess Monckton of Brenchley
<b>Trustees</b>	Mr J Barker-McCardle, Chair Mr C J Collins (appointed 16 November 2020) Mrs S G St C Cooper (appointed 16 November 2020) Dr A M Dibble (resigned 16 November 2020) Mr R E Fedorcio OBE Mr G Hodnett Mrs E M Howe OBE Mr G Hunter Dr N Jegard (appointed 16 November 2020) Mr M G Kelvie (resigned 16 November 2020) Mr S R B Langworthy, Honorary Treasurer Mrs J Lindsey (resigned 16 November 2020) Miss S Pain (appointed 16 November 2020) Mrs L Potts, Deputy Chair Mr H T B Smith (appointed 16 November 2020) Mrs V M Stoodley (resigned 16 November 2020) Mrs P Wilkins (resigned 16 November 2020)
<b>Company registered number</b>	2184005
<b>Charity registered number</b>	298164
<b>Registered office</b>	The Heart of Kent Hospice Preston Hall Aylesford Kent ME20 7PU
<b>Chief executive officer</b>	Mrs S Pugh (left 14 May 2021) Rachel Street (appointed as Interim from 10 May 2021)
<b>Senior management team</b>	Mrs K Harrison, Patient Services Director Dr G Parker MBBS (Lond) FRCP, Lead Medical Consultant Ms A Kelly, Income Generation Director Ms R Street, Finance Director
<b>Company secretary</b>	Mrs V M Stoodley (resigned 16 November 2020)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS**  
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**FOR THE YEAR ENDED 31 MARCH 2021**

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**Independent auditors**      MHA MacIntyre Hudson  
Maidstone  
United Kingdom

**Bankers**                      Barclays Bank plc  
Fremlin Walk  
Maidstone  
Kent  
ME14 1QG

**Solicitors**                    Cripps LLP  
Number 22  
Mount Ephraim  
Tunbridge Wells  
Kent  
TN4 8AS

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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The Trustees present their annual report together with the audited financial statements of the group and the company for the year to 31 March 2021. The Trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

Heart of Kent Hospice is a charity, number 298164 and a company limited by guarantee, number 2184005; its Memorandum and Articles of Association constitute the governing documents.

The principal areas of charitable activity are the provision of specialist palliative care services in the heart of Kent area, including the boroughs of Maidstone and Tonbridge and Malling. These services include in-patient unit, outpatient centre, support therapies, a Living Well programme, community services, dementia services, counselling, education and training and spiritual care.

**The governing document**

The Hospice is a company limited by guarantee and does not have share capital. The constitution of the Hospice is set out in the Articles of Association which were revised and adopted by Special Resolution by Members in November 2020 with the changes ratified by the Charity Commission in May 2021.

**The governance structure**

During this financial year the Board of Trustees had four main sub committees which met quarterly: Clinical Governance Committee, Finance and Income Generation Committee, Governance, Risk and Remuneration Committee and a Nominations and Trustee Development Committee. Due to the pandemic, much of our business has been conducted by way of video conference and electronic means.

The Board of Trustees is responsible and accountable for the governance of the Hospice; it met six times in the year. The Chief Executive is responsible for the day-to-day management of the Hospice.

After a highly successful term of six years as our Chief Executive and previously a year as our Director of Income Generation, Sarah Pugh, resigned on 14 May 2021 to become Chief Executive of a national charity. The Board of Trustees are committed to continuity, stability and progress and appointed our Finance Director, Rachel Street, as Interim Chief Executive.

**Charity governance code**

The Board has full and careful regard to the Charity Governance code and uses the Code as its principal benchmark. The Board is committed to continuous improvement and development.

**Recruitment and appointment of new Trustees**

One of the roles of the Governance, Risk and Remuneration Committee is to recruit, induct and train Trustees. This is delegated to the Nominations and Trustee Development Committee which is led by the Deputy Chair of the Board of Trustees. The Board actively promotes diversity and seeks Trustees from a range of backgrounds. Advertisements for new Trustees are published in the local press, on relevant websites, on the Hospice's website, through local networks and in the Hospice newsletter if appropriate. Only Members of the Hospice who are elected by the Board of Trustees can be nominated as Trustees by the Governance, Risk and Remuneration Committee.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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The Trustees are elected for a term of three years, renewable for a further three years. The Chair is appointed for a five-year term.

**Policies and procedures for the induction and training of Trustees**

The Hospice UK document entitled 'Induction of New Trustees' as well as the Charity Trustee welcome pack published by the Charity Commission is used as a model for Trustee induction and training. All Trustees receive a thorough induction and seek to ensure through the governance structure that the Board complies with best practice requirements.

**Trustee code of conduct**

The Board adheres to the Hospice's Code of Conduct for colleagues and volunteers. The Board takes its leadership role in upholding the values of the Hospice very seriously. The Board has adopted the Hospice's culture framework and conducts itself in line with the Hospice's behavioural standards.

**The wider network**

The Hospice is a member of Hospice UK. The Chair and Chief Executive attend Hospice UK meetings with other Chairs and Chief Executives in the South East Region and the Chief Executive networks both locally and nationally. The management team has well developed network links with a wide range of external organisations locally and nationally.

**Risk management**

A risk management framework is agreed annually by the Board. This includes a Risk Register which has been developed to identify risks, mitigation, and contingency actions. This Risk Register is reviewed and updated monthly by the Executive Team. Risks are reviewed quarterly by the relevant Trustee Committee and quarterly by the Board of Trustees. On an annual basis, the Board agrees a risk threshold and prepares a risk appetite statement.

It is recognised that this system can only provide reasonable (not absolute) reassurance that major risks are being adequately managed.

This year, the main potential risks have been:

- Financial sustainability compromised
- Patient experiences diminish
- Strategic goals not achieved

Staff and Trustees have worked closely together in the year to mitigate these risks, especially in light of the impact of the COVID-19 pandemic. Financial risks are mitigated by regularly reviewing our financial position through management accounts, cash flow modelling, reforecasting and setting long term financial plans. Maintaining levels of patient experiences has been challenging during the pandemic, in particular with regard to visiting, for example, video calling is now available for patients to contact their loved ones. Strategic goals are set annually and progress is monitored at Executive and Board meetings.

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**TRUSTEES' REPORT (CONTINUED)**  
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**OBJECTIVES AND ACTIVITIES**

The Hospice's objectives, as set out in the Articles of Association are the relief of the needs of those who are suffering from a chronic or terminal illness, disability, or disease and in particular, but not so as to limit the generality of the foregoing, by:

- a) the provision of an Inpatient Unit, outpatient centre, community service and bereavement service in the Kent and Medway area for such persons and their relatives and carers;
- b) to conduct, promote or encourage research into the care and treatment of patients with progressive life-threatening diseases and to publish the beneficial results of any research undertaken by the Charity;
- c) to promote the principles and practice of palliative care throughout the wider community by assisting in multi-professional training and education;
- d) to provide and facilitate the provision of physical, social, and psychological care and spiritual help for patients, relatives or carers under the care of the Charity and for the colleagues and volunteers working with them.

**Our vision**

Our vision is that everyone living with a terminal illness in our community will achieve the best quality of life. We seek to achieve this by enabling people with a terminal illness in our community to live in comfort, with independence and dignity to the end of their lives, and to support those closest to them.

**Our values and culture framework**

Our culture, values and behaviours guide our decision making and how we conduct ourselves in our work. They ensure all patients, and their families receive the very best care day in and day out. Our values are: Compassion, Integrity, Respect and Teamwork.

The Hospice has a culture framework which celebrates our values and helps colleagues and volunteers put these values into action. The culture framework includes four core behaviours; I care, I own, I learn, and I improve, with associated behavioural standards which run through how we recruit, develop, and retain our team.

**Diversity and inclusion**

The Hospice is committed to being an equal opportunities employer. This means that decisions concerning all aspects of employment will be based on the needs of the organisation and not any assumptions based on sex, race, age, disability, gender reassignment, sexual orientation, married or civil partnership status, pregnancy or maternity, religion, or belief. All colleagues are required to abide by equality, diversity, and inclusion principles.

The Hospice commissioned an external equality, diversity and inclusion audit in August 2020 and has developed an action plan based on the outcomes of this audit. In particular, this audit has helped identify steps the Hospice needs to take to be even more inclusive. The Hospice is committed to providing skilled and compassionate care in a supportive environment based on mutual respect and trust, which recognises and values the difference of every individual, be they patient, carer, colleague volunteer or visitor. The Chief Executive is the executive sponsor of this work and will be supported by colleagues in the Belonging Working Group.

A member of the Hospice team is appointed as the Hospice's Freedom to Speak up Guardian and they support colleagues to speak up when they feel that they are unable to do so by other routes.

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**Our strategic priorities**

The Charity's five strategic priorities are:

- 1. Local care:** We will establish a model of local Hospice support throughout our communities.
- 2. Flexible, person-centred care:** We will develop our services so that they can meet a wide range of patient and family needs.
- 3. Specialist care:** We will provide specialised care to every patient and maintain our reputation as a centre of excellence.
- 4. Skilled, compassionate care:** We will be the organisation of choice for colleagues and volunteers.
- 5. Care for our cause:** We will enable our local community to regard the Hospice as the local cause to support.

**Patient services provided**

Heart of Kent Hospice is a specialist palliative care provider, which offers support to patients with terminal illnesses including those with dementia. It has beds for up to ten inpatients and provides a programme of Living Well sessions for all patients and carers to access. The Hospice Community Team currently cares for approximately 900 patients and their carers at any one time.

The Hospice has embedded the use of outcome measures throughout all clinical areas using the Outcome Assessment Complexity Collaborative (OACC) national toolkit. This enables the clinical teams to understand better the patient and carer needs and measure individual and service outcomes for patients. The tools used as part of the OACC suite enables support and care to be delivered "at the right time, in the right place by the right person."

The Hospice offers a range of services which include:

**Inpatient services**

- Short term assessment and management of patients with complex and/or unstable needs, be they physical, psychological, social or spiritual
- Rehabilitation and adaptation to changes in function associated with disease progression and/or treatment
- Care in last days of life
- Emergency respite care
- Care after death

**Hospice Community Team**

The aim of the Hospice Community Team is to provide high quality, seven day a week specialist palliative care advice for those patients with a progressive life limiting illness who are being cared for at home or in a care home and to offer support to their family, carers, and friends. The team has a skill mix of Nurses, a Paramedic and Healthcare Assistant, all who contribute to patients and carers being seen at the right time, in the right place by the right person.

They provide:

- Clinical assessment and ongoing support to maximise symptom control
- A weekly complex care clinical drop-in session (these were paused during the COVID-19 pandemic)
- Outpatient appointments or home visits (as appropriate under the COVID-19 pandemic restrictions)
- Advance care planning and support for patients with their preferences and wishes
- Advice and support for external healthcare professionals



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**Hospice Dementia Team**

The Hospice Dementia Team takes referrals for dementia patients early on in their illness to enable advance care planning and offering support and education to patients and carers. The Head of the Dementia Team is supported by an experienced Clinical Nurse Specialist, Staff Nurse and a Healthcare Assistant, and they all support patients and carers in their own homes or in care homes.

They provide:

- A monthly Dementia Café held in Magnolia Place outpatient centre (this moved to a virtual café during the pandemic)
- Making Memories® which is a six-week dementia programme for patients and their carers
- Carer support group
- With social work support they provide pre bereavement and post bereavement support for carers
- Formal and informal training for carers and healthcare professionals

The role of the Hospice Community and Dementia Teams are both advisory and educational. The teams do not take over the day-to-day care of the patient but act as an expert resource, which provides information and support for patients, carers, and healthcare professionals.

The Dementia caseload was 323 patients in March 2021 (346 in March 2020).

**Family Support Team and Living Well**

The Family Support and Living Well team offers counselling, social work for children, young people and families, welfare advice and chaplaincy support led by our Spiritual Lead with volunteer support to all patients in the community and within the outpatient centre and Inpatient Unit. This support is offered pre-bereavement to the patients and/or their carers, at the time of the death and into bereavement.

Working in close liaison with the primary health care team, the Family Support and Living Well Team provides:

- A drop-in service
- Living Well programme hosted in the Hospice
- Outreach Living Well sessions in local village halls
- Clinical surveillance, advice and support from the multi professional team
- Rehabilitation and enablement
- Hypnotherapy
- Support and opportunities to meet others facing life limiting illness
- Therapeutic and creative activities
- Complementary therapy
- Spiritual support
- Bereavement groups
- Motor Neurone Disease support group

**Therapies**

Occupational therapy and physiotherapy can be offered to Hospice patients on the Inpatient Unit and through the Living Well programme as required.

**Education and development**

The Clinical Educator and Practice Development Nurse provide internal and external clinical training including some statutory and mandatory training sessions. The role supports colleagues to achieve the Hospice competencies and clinical competencies as required.

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The Clinical Educator also provides training on all aspects of palliative and end-of-life care to nursing homes and other healthcare professionals.

Heart of Kent Hospice has become a regional provider for Accredited Gold Standards Framework training for care homes and domiciliary care agencies and facilitates the European Certificate in Palliative Care distance learning course.

In partnership with Canterbury Christchurch University, the Hospice is ready to facilitate a Negotiated Learning module for healthcare professionals relating to end-of-life Care for patients with dementia and carers.

The education team also support the Clinical Sister and Head of Inpatient Unit to ensure the standards required to deliver outstanding care on the Inpatient Unit are met. The Practice Development Nurse works with nurses on their induction, return to practice, student nurses and the Inpatient Unit team to complete their practical and theoretical competencies.

The Hospice provides further education via ECHO (Extension of Community Healthcare Outcomes) networks. ECHO is a shared learning Zoom platform supported by Hospice UK. The Hospice has delivered 10 monthly sessions to Kent Community Health Foundation Trust end-of-life champion nurses.

**The Hospice COVID-19 Response 2020-21**

In March 2020, the Hospice responded to the COVID-19 pandemic, utilising the strategies and tools in the business continuity plan, and putting in place measures, such as daily Executive Team calls, weekly Heads of Department calls and remote working to manage the risks to our patients, their families, colleagues, and volunteers.

All Living Well face-to-face sessions, Dementia Café and Making Memories groups ceased, and a programme of on-line sessions was produced, including an online monthly Dementia Café. All drop-in and outpatient appointments ceased. Only essential home visits were carried out. Patients and carers were supported by the clinical teams on the phone and by video link.

The Inpatient Unit continued to admit patients and following individual risk assessments Patient Care Volunteers continued to support the nursing team.

All education and training sessions were transferred to on-line sessions via video platforms. The education team worked with Kent and Medway Clinical Commissioning Group education platform to produce training for care home providers and visited care homes to provide practical personal protective equipment (PPE) and COVID-19 swab testing training.

The Patient Services Director joined a daily local health economy meeting which included all local healthcare providers and took a system wide approach to information sharing and escalation of concerns. To ease the pressure on the acute trust the Hospice liaised with the discharge team and Frailty Matrons to facilitate inpatient admissions for appropriate patients.

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**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

**Quality Assurance**

Following a routine inspection by the Care Quality Commission (CQC) in February 2017 the Hospice achieved an overall rating of Outstanding, gaining Outstanding in Caring and Responsive domains and Good in Safe, Effective and Well led.

Patient services report quarterly to the Clinical Governance Committee.

Monthly clinical management and medicines management meetings take place covering topics such as safeguarding, audit, complaints, and incidents. An audit and research group meets every eight weeks, to review and monitor the core clinical audits and to ensure the implementation of any actions or learning from audit findings. It also encourages each clinical team to undertake at least two service specific audits per year. Monthly spot checks are carried out across clinical areas to ensure quality and standards are maintained.

Due to the pandemic, the National Institute for Health Research Clinical Research Network (NIHR CRN) paused the site setup of any new or ongoing studies at NHS and social care sites that were not nationally prioritised COVID-19 studies in March 2020. Since the non-urgent public health research studies have gradually resumed their activities, the Hospice has recruited 19 caregivers overall to the two following national Portfolio Studies:

- Measuring Outcomes of People with Dementia and Their Carers
- Qualitative Study of Experiences of Family Carers of People with Cancer Receiving Home Based – Palliative Care

The Hospice continues to support colleagues' personal development. Members of the senior nursing teams are undertaking Non-Medical Prescribing and Advanced Assessment Skills training.

In the Monckton Education Centre, we deliver the Hospice's external and internal programme of high-quality palliative and end of life care training courses. Bespoke training is carried out in nursing and care homes by the Clinical Educator and Practice Development Nurse, this training can be supported by "experience days" on the Inpatient Unit.

Following the merger of eight local Clinical Commissioning Groups (CCGs) in April 2020 to form Kent and Medway CCG, the Patient Services Director and Head of Community Team attend the Kent and Medway CCG End of Life Group meetings monthly to work in collaboration with other agencies to formulate and implement a Kent and Medway CCG End of Life Strategy.

The Patient Services Director and Head of Hospice Dementia Team attend all relevant sector groups including a Dementia Strategic Implementation Group, a Cancer Improvement Group and the West Kent Alliance Joint Programme Management Group.

The Patient Services Director is Co-chair of the Executive Clinical Leads in Hospice and Palliative Care South East Group and a Specialist Advisor for CQC.

**Key Performance Indicators (KPIs)**

The Hospice uses a number of KPIs and dashboards to monitor outputs achieved by activities. The Clinical dashboard is produced monthly and consists of nine key metrics including, caseload, number of referrals, bed occupancy and complaints. The Strategic KPIs are produced quarterly and consist of 20 KPIs, linked to each of the five strategic priorities with a baseline target set for each KPI.

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**TRUSTEES' REPORT (CONTINUED)**  
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**Conferences**

Due to the COVID-19 pandemic the Hospice has not hosted a conference in 2020-2021.

**Clinical surveys**

In previous years the Hospice has undertaken the National Famcare Bereavement Survey. We have now decided to create our own bereavement survey to ensure a meaningful approach for bereaved outcomes; this will take place during summer 2021.

The Compassionate Neighbours team of volunteers helped with a telephone survey over a six-week period in June and July 2020. The aim of the survey was to discover and report patient and carer satisfaction during the first COVID-19 lockdown, for the Hospice to assess if we were meeting the needs of the patients and carers and identify any themes of concern.

- 163 surveys were completed
- Three people declined to participate
- 51% of respondents were patients
- 49% of respondents were the patient's main caregiver or next of kin
- Overall, engagement was extremely high at 98%, with a satisfaction score of 82%.

Patients and carers told us that they liked the regular calls from Hospice clinical teams during lockdown and felt reassured. Patients reported missing the face-to-face Living Well sessions. The main area of concern was regarding whether hospital appointments and follow ups would happen and how this would impact the patient.

The Patient and Carer Engagement (PACE) Group continued to meet every eight weeks until the COVID-19 pandemic prevented face to face meetings and the group now meet virtually. They support patient and carer feedback enabling the Hospice to make improvements and respond to comments in a constructive, positive way. New members have been recruited to the group during the last year.

**Inpatient Unit**

During the year to 31 March 2021 a total number of 3,660 bed days (2020: 3,660) were available. Within the period of the financial year there were 192 inpatient stays (2020: 192), of which 190 (2020: 191) were first admissions and 2 (2020: 1) were repeat admissions.

The average length of an inpatient stay was 10 days (2020: 11). The average bed occupancy of available beds for the year was 66% (2020: 75%).

**Hospice Community Team**

The multiskilled Hospice Community Team (Clinical Nurse Specialists, Staff Nurses, Paramedic and Healthcare Assistant) have efficiently met the demand of a busy and growing caseload. The average caseload during the year was 859 patients. Despite a small decrease in referrals during the year the actual caseload increased by 5% (2020: 7% increase).

The team have also embraced new ways of working by providing outpatient clinics at two GP practices, which broadens the scope of choice for community patients and is in line with our strategic aims.

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**Hospice Dementia Team**

The Hospice Dementia Team recruited a Staff Nurse to the team in 2020 joining the Head of Service, Clinical Nurse Specialist and Healthcare Assistant.

The team carry out specialist dementia assessments in patients' own homes, via telephone or video link and in care homes. They provide carer support for both family carers and paid carers.

Making Memories® are six-week sessions that include peer support, pre-bereavement support and education for carers as well as group activities. The monthly Dementia Café has developed with an average of 50 people attending.

During the year ended 31 March 2021, the total number of patients cared for by the Hospice Community and Dementia Teams was 1,790 (2020: 1,703) of which total referrals for both was 937 (2020: 992); of which 794 (2020: 781) Hospice Community Team and Hospice Dementia Team 143 (2020: 211).

Our Hospice Community Team conducted 1001 (2020: 1,886) home visits, telephone and video assessments and made a total of 21,413 (2020: 15,839) telephone calls. Our Hospice Dementia Team conducted 525 home visits, telephone and video assessments (2020: 601) and made a total of 4,294 telephone calls (2020: 3,359).

During the year 810 patients died (2020: 737).

**Family Support Team**

The number of bereavement counselling referrals was 230 (2020: 181) and welfare referrals were 151 (2020: 159). A new service with a "Drop-in" approach commenced in January 2020 and was developing well until hit by the COVID-19 lockdown, since then all bereavement support has been by telephone or video link.

**IT**

The Head of Information and Quality Assurance is responsible for the management of the range of Hospice databases and works closely with Heads of Departments and the Hospice's IT provider to facilitate best use and safe storage of available data.

This year we once again successfully met the Data Security and Protection toolkit requirements and the annual assessment we submitted was approved. This enables us to use NHS Connecting for Health systems and services such as N3. This will enable the medical and clinical teams at the Hospice to share and access relevant patient information in a secure manner and improve the overall coordination of care.

Clinical colleagues are using iPOS (Integrated Palliative Care Outcome Scale) to measure patient outcomes which will enable the Hospice to report into Public Health England's new Palliative Care Information Framework. Outcome measures are now being used to triage patients according to their needs.

We report internally on key performance indicators monthly and share information with Kent and Medway CCG as required for the grant in aid agreement. We also submit data to Hospice UK to enable us to benchmark drug incidents, and slips, trips and falls against local and national data.

We have started on our journey of digital transformation, embracing new technologies in our everyday working and in response to COVID-19, enabling colleagues to work remotely, productively and effectively.

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**Income Generation**

Heart of Kent Hospice is registered with the Fundraising Regulator and is an organisational member of the Chartered Institute of Fundraising. Our lottery is registered with The Gambling Commission. Our supporter promise is published on our website and outlines our commitment to our supporters. Each year members of the fundraising and finance team attend regulation and compliance training. This training includes guidance on how to identify and support vulnerable people.

All colleagues are held accountable to our supporter promise and organisational behaviour framework.

The Hospice is registered with the Fundraising Preference Service and received no requests in the year ended 31 March 2021.

In adherence with the Fundraising Regulator's best practice (the code of Fundraising Practice), and General Data Protection Regulations (GDPR), our fundraising communications schedule is overseen by the Director of Income Generation and the Data Protection Officer (DPO).

Other regulatory bodies that the Hospice adheres to are the Committee of Advertising Practice (CAP), which governs non-broadcast advertisements, sales promotions and direct marketing communications and the Privacy and Electronic Communications Regulations (PECR), which is law in the UK and has rules on marketing calls, emails, texts and faxes, the use of cookies, keeping communication services secure and customer privacy.

Income is traditionally generated through a programme of fundraising activity, lottery and our network of retail shops. However, due to the pandemic, our income generation portfolio in the year ended 31 March 2021 showed a larger than normal dependence on unique one-off funding sources.

Our Urgent Fundraising Appeal was launched in April 2020 when the majority of our planned fundraising activities had to be cancelled and our 14 charity shops had to close in line with the lockdown restrictions imposed by the Government. The Appeal ran for the duration of the financial year and generated £1.2 million through a combination of individual giving, trusts & foundations and local businesses. Included in the income generated through the appeal was a grant of £500,000 from Colyer Fergusson Charitable Trust to be used to support the Hospice recover from the pandemic during the financial year to 31 March 2022 and is thus included in deferred income.

Alongside one-off gifts to our Appeal, we focussed on sustaining income from streams which were not affected by social distancing. Individual giving and trusts & foundations both ended the year achieving close to their pre-COVID-19 business as usual targets. As anticipated, events, community fundraising and corporate fundraising were most severely impacted.

In line with a re-forecast budget taking into consideration the impact of COVID-19 pandemic, participation in our weekly lottery fell during 2020-2021 as recruitment options were limited to digital only.

Retail financial targets assumed no retail income until September 2020 due to lockdown. However a short spell of trading, when restrictions allowed, boosted retail income in the early part of the year but ceased again as the shops closed for the second and third national lockdowns. In addition, furlough, retail government grants and business interruption insurance payments all contributed to a favourable year end position.

Elmer's Big Heart of Kent Parade, which was postponed from 2020 to 2021, attracted some additional sponsors during the year ended 31 March 2021. This vibrant, colourful art trail will now take place from June to September 2021.

The Finance and Income Generation Committee meets quarterly to oversee income generation activity and monitor progress.

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Expenditure on raising funds (not including Other trading expenses – note 9) reduced by 16% in the year ended 31 March 2021 compared to the prior year.

**Fundraising Regulation and Compliance**

Heart of Kent Hospice complies with sector best practice. It is a member of the Fundraising Regulator and Chartered Institute of Fundraising and registered with the Fundraising Preference Service.

During 2020-2021 all fundraising was conducted by the Hospice's team of employed fundraisers. No complaints were received with regards to fundraising throughout the course of the year and no professional fundraisers were contracted.

One commercial partnership agreement was entered into relating to the proceeds of a book co-written by the Hospice's Lead Palliative Care Consultant.

No third-party lottery canvassing took place in 2020-2021.

The Hospice monitors and manages its fundraising regulation and compliance through a combination of training programmes, internal processes, internal audits and quarterly management reporting. This takes into consideration the collection and use of personal data, frequency of contact, how to identify and support vulnerable people and compliance and regulatory requirements.

**FINANCIAL REVIEW**

As reported in the Consolidated Statement of Financial Activities for the year, the Hospice's results for the year ended 31 March 2021 show a surplus of £1,021k, this compared to a surplus of £456k for the previous year. Total income for the year was £6.0m, compared to £5.4m in 2020. Given the disruptions caused by the pandemic during the year, these are outstanding figures and can be explained by the exceptional response to the Urgent Fundraising Appeal and several one-off items relating to COVID-19 support, namely £1,059k for the COVID-19 Capacity grant awarded by NHS England via Hospice UK, £176k for furlough claims, £234k for business interruption insurance and £148k for retail grants. The NHSE awarded funding to allow the Hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose.

The budget for 2021 was set at a deficit of £776k, before the one off sources of funding above became known and therefore the actual results generated have resulted in reserves being higher than expected. A deficit budget of £324k for 2022 has been set and the challenge facing the Hospice in the short term is how, in uncertain times, it can both invest in services and return to an operational balanced financial position.

The resources expended in delivering our charitable activities and services (note 10) increased marginally, reflecting the investments made in service development and the increase in the number of patients and families we are reaching.

Of the funds raised, £1.5m (an 18% reduction on 2020: £1.8m) was utilised in generating the funds themselves, the majority of which relates to the operating costs of the two trading subsidiaries.

The grant received from Kent and Medway Clinical Commissioning Group under a service level agreement of £964k (2020: £950k), amounted to approximately 19% of total expenditure (2020: 19%), which means that the Hospice must obtain at least 81% of its funding from other sources.

An analysis of the income for the year is shown in Note 4 of the accounts.

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**THE HEART OF KENT HOSPICE**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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**RESERVES POLICY**

The Trustees have reviewed the reserves policy and they continue to require the Hospice to hold free reserves to improve both the financial security and the operational flexibility of the Hospice. They continue to have a target for the amount of reserves (as measured by the unrestricted general fund, including undesignated fixed assets offset by long term creditors), the level required was last reviewed in 2019 and was set to a target of between (minimum) four (£1.3m) to (maximum) based on estimated costs of closure for the Hospice and its trading subsidiaries (£2.2m). On 31 March 2021, the Charity's free reserves amount to £2.9m (2020 - £1.9m). The total consolidated funds on 31 March 2021 were £5.4m (2020 - £4.4m) and consolidated restricted funds on 31 March 2021 were £0.2m (2020 - £0.2m). Given the experience of the last financial year and the impact of the pandemic on the Hospice's potential ability to generate income, the Trustees will further review the reserves policy.

**GOING CONCERN**

Accounting standards require the Trustees to consider the appropriateness of the going concern basis when preparing the financial statements. The Trustees confirm that they consider that the going concern basis remains appropriate.

The Trustees regard the going concern basis as remaining viable as the Charity has adequate resources to continue in operational existence for the foreseeable future on the basis that there are adequate cash reserves within the Charity.

**Investment Policy and Returns**

The Trustees are permitted by the Charity's Memorandum and Articles of Association to invest the monies of the Trust not immediately required for its own purpose in such investments, securities or property as may be thought fit.

Investment income in the year ended 31 March 2021 was £607 (2020: £3,823).

The Executive regularly monitors the cashflow requirements of the charity and reports to Trustees, striving to secure competitive interest rates where applicable by considering the most appropriate vehicles for investing the funds, taking account of interest rates, credit and interest rate risks and terms to maturity.

**Public Benefit**

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit. The charitable purpose of Heart of Kent Hospice is stated in its 'Objectives and Activities' and the Trustees ensure that this purpose is carried out for the public benefit by working to these objectives.

**Special acknowledgement to colleagues, volunteers and advisors**

The Board of Trustees wishes to record its appreciation of the Hospice's highly committed colleagues and volunteers who generously and unstintingly give their time, skills and expertise. The unprecedented pace at which everyone has adapted in response to COVID-19 is acknowledged. The continued commitment to make a difference in such challenging times is inspiring.

The Hospice is fortunate to have in the region of 600 volunteers who make a contribution to the Hospice worth £1m in time. The Hospice could not survive in its present form without the support of its generous volunteers who offer their contributions in all aspects of Hospice activity; this includes clinical, administrative and income generation roles.

The Board is grateful for the valuable help and assistance received from its professional advisers.



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**THE HEART OF KENT HOSPICE**  
(A company limited by guarantee)

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

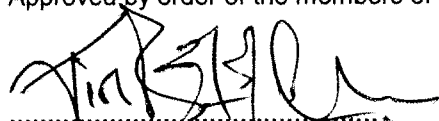
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**Disclosure of information to auditor**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

Approved by order of the members of the board of Trustees and signed on their behalf by:



**Mr J Barker-McCardle**  
Chair

Date: 23 September 2021

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**THE HEART OF KENT HOSPICE**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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**REMUNERATION POLICY**

The remuneration of key management colleagues is reviewed by a subcommittee of the Hospice's Board of Trustees to ensure it is competitive with the charity sector, proportionate to the complexity of each role and in line with our charitable objectives and values. A review is conducted every three years of pay, terms and conditions of all colleagues to ensure they are fair and competitive.

**Future Plans**

The Hospice has a three-year Strategic Plan in place which covers the years 2021/22 to 2023/24. The five strategic priorities are listed above under the heading: Our strategic priorities, and the full plan can be found on our website ([www.hokh.org](http://www.hokh.org)).

**Trustees' responsibilities statement**

The Trustees (who are also directors of The Heart of Kent Hospice for purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the income resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**THE HEART OF KENT HOSPICE**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HEART OF KENT HOSPICE**

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**Opinion**

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

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

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**THE HEART OF KENT HOSPICE**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HEART OF KENT HOSPICE**  
**(CONTINUED)**

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**Other information**

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

**Opinion 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 including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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**THE HEART OF KENT HOSPICE**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HEART OF KENT HOSPICE**  
(CONTINUED)

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**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, 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 Group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

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

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

- Reviewing minutes of meetings of those charged with governance;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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**THE HEART OF KENT HOSPICE**  
(A company limited by guarantee)

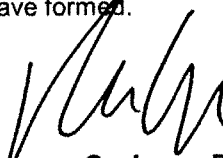
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HEART OF KENT HOSPICE**  
(CONTINUED)

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**Use of our report**

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



**Duncan Cochrane-Dyet BSc FCA (Senior statutory auditor)**  
for and on behalf of  
**MHA MacIntyre Hudson**  
Statutory Auditors  
Maidstone

Date: 6 October 2021

**THE HEART OF KENT HOSPICE**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>Income from:</b>					
Donations and legacies	4	3,302,672	1,279,062	4,581,734	2,680,707
Charitable activities	5	280,521	-	280,521	273,952
Other trading activities	6	886,747	-	886,747	2,229,036
Investments	7	607	-	607	3,823
Other income	8	233,575	-	233,575	243,640
		<u>4,704,122</u>	<u>1,279,062</u>	<u>5,983,184</u>	<u>5,431,158</u>
<b>Total income</b>					
<b>Expenditure on:</b>					
Raising funds	9	1,498,946	-	1,498,946	1,794,507
Charitable activities	10	2,288,104	1,177,471	3,465,575	3,178,490
		<u>3,787,050</u>	<u>1,177,471</u>	<u>4,964,521</u>	<u>4,972,997</u>
<b>Total expenditure</b>					
<b>Net income before taxation</b>		917,072	101,591	1,018,663	458,161
Taxation		2,385	-	2,385	(2,642)
		<u>919,457</u>	<u>101,591</u>	<u>1,021,048</u>	<u>455,519</u>
<b>Net income after taxation</b>					
Transfers between funds	22	28,250	(28,250)	-	-
		<u>947,707</u>	<u>73,341</u>	<u>1,021,048</u>	<u>455,519</u>
<b>Net movement in funds</b>					
<b>Reconciliation of funds:</b>					
Total funds brought forward		4,259,585	166,173	4,425,758	3,970,239
Net movement in funds		947,707	73,341	1,021,048	455,519
		<u>5,207,292</u>	<u>239,514</u>	<u>5,446,806</u>	<u>4,425,758</u>
<b>Total funds carried forward</b>					

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 25 to 50 form part of these financial statements.

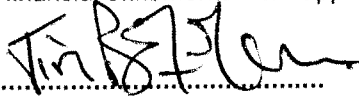
**THE HEART OF KENT HOSPICE**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 2184005**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	15	2,810,282	2,920,073
		<u>2,810,282</u>	<u>2,920,073</u>
<b>Current assets</b>			
Stocks	17	116,040	109,286
Debtors	18	655,485	638,729
Cash at bank and in hand		2,851,258	1,178,781
		<u>3,622,783</u>	<u>1,926,796</u>
Creditors: amounts falling due within one year	19	(985,090)	(417,557)
<b>Net current assets</b>		<u>2,637,693</u>	<u>1,509,239</u>
<b>Total assets less current liabilities</b>		<u>5,447,975</u>	<u>4,429,312</u>
Provisions for liabilities		(1,169)	(3,554)
<b>Total net assets</b>		<u><u>5,446,806</u></u>	<u><u>4,425,758</u></u>
<b>Charity funds</b>			
Restricted funds	22	239,514	166,173
Unrestricted funds	22	5,207,292	4,259,585
<b>Total funds</b>		<u><u>5,446,806</u></u>	<u><u>4,425,758</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

  
**Mr J Barker-McCardle**  
 Chair

Date: 23 September 2021

The notes on pages 25 to 50 form part of these financial statements.



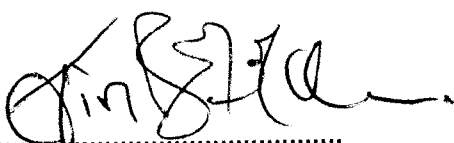
**THE HEART OF KENT HOSPICE**  
(A company limited by guarantee)  
REGISTERED NUMBER: 2184005

**COMPANY BALANCE SHEET**  
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	15	2,779,664	2,877,417
Investments	16	3	3
		<u>2,779,667</u>	<u>2,877,420</u>
<b>Current assets</b>			
Debtors	18	820,351	539,645
Cash at bank and in hand		2,397,141	972,491
		<u>3,217,492</u>	<u>1,512,136</u>
Creditors: amounts falling due within one year	19	(791,928)	(210,035)
<b>Net current assets</b>		<u>2,425,564</u>	<u>1,302,101</u>
<b>Total assets less current liabilities</b>		<u>5,205,231</u>	<u>4,179,521</u>
<b>Total net assets</b>		<u><u>5,205,231</u></u>	<u><u>4,179,521</u></u>
<b>Charity funds</b>			
Restricted funds	22	239,514	166,173
Unrestricted funds	22	4,965,717	4,013,348
<b>Total funds</b>		<u><u>5,205,231</u></u>	<u><u>4,179,521</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

  
.....  
**Mr J Barker-McCardle**

Date: 23 September 2021

The notes on pages 25 to 50 form part of these financial statements.

**THE HEART OF KENT HOSPICE**  
**(A company limited by guarantee)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	1,717,041	142,544
<b>Cash flows from investing activities</b>		
Proceeds from the sale of tangible fixed assets	-	600,000
Purchase of tangible fixed assets	(40,769)	(134,513)
Interest received	607	3,823
<b>Net cash (used in)/provided by investing activities</b>	(40,162)	469,310
<b>Cash flows from financing activities</b>		
Repayments of borrowing	-	(550,898)
<b>Net cash provided by/(used in) financing activities</b>	-	(550,898)
<b>Change in cash and cash equivalents in the year</b>	1,676,879	60,956
Cash and cash equivalents at the beginning of the year	1,167,459	1,106,503
<b>Cash and cash equivalents at the end of the year</b>	2,844,338	1,167,459

The notes on pages 25 to 50 form part of these financial statements

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**THE HEART OF KENT HOSPICE**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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**1. General information**

The Heart of Kent Hospice is a charitable company limited by guarantee and is registered with the Charity Commission (Charity Registered Number: 298164) and the Registrar of Companies (Company Registered Number: 02184005) in England and Wales.

The address of the registered office is given in the Charity information page of these financial statements. The nature of the Charity's operations and the principal activities are that of a Hospice and associated activities.

The Members of the Company are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per Member of the Charity.

The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest £1.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Heart of Kent Hospice meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

The Company's net movement in funds for the year was £1,025,710 (2020: £469,781).

**2.2 Going concern**

The financial statements have been prepared on a going concern basis. In response to the COVID-19 pandemic, the Trustees have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact of COVID-19.

After making appropriate enquiries, the Trustees are satisfied that the charity is able to operate for the foreseeable future. Therefore they have adopted the going concern basis in preparing these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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**2. Accounting policies (continued)**

**2.3 Income**

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

No amounts are included in the financial statements for services donated by volunteers, or the free use of facilities where the value of the gift cannot be measured reliably.

**2.4 Expenditure**

All resources expended are accounted for on an accruals basis.

Charitable activities include the costs of services and support costs.

Costs of Generating Funds include fundraising, publicity costs and non-charitable trading activities together with their related support costs.

Support costs are allocated across non-charitable and charitable activities on a pro-rata basis guided by the value of attributable costs, being a measurement considered representative of the specific input into each activity.

The irrecoverable element of VAT is included with the item of expenses to which it relates.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objectives of the company.

**2.5 Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Consolidated statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Consolidated statement of financial activities as the related expenditure is incurred.

**2.6 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**2.7 Taxation**

The Company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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**THE HEART OF KENT HOSPICE**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**2. Accounting policies (continued)**

**2.8 Tangible fixed assets and depreciation**

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

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

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings	-	2%	on buildings, land not depreciated
Hospice building	-	2%	
Motor vehicles	-	25%	
Fixtures and fittings	-	20% - 30%	
Computer equipment	-	33%	

**2.9 Investments**

Investments in subsidiaries are valued at cost less provision for impairment.

**2.10 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

**2.11 Debtors**

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

**2.12 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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**2. Accounting policies (continued)**

**2.13 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated statement of financial activities as a finance cost.

**2.14 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

**2.15 Financial instruments**

The Group 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.16 Operating leases**

Rentals paid under operating leases are charged to the Consolidated statement of financial activities on a straight line basis over the lease term.

**2.17 Pensions**

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

The Group also contributes to the National Health Service Scheme for some of its employees. However, the scheme is a multi employer defined benefit scheme and the Group is therefore unable to identify its share of the underlying assets and liabilities.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**2. Accounting policies (continued)**

**2.18 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 Group and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Investment income, gains and losses are allocated to the appropriate fund.

**3. Critical accounting estimates and areas of judgment**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

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

Tangible fixed assets: the directors annually assess both the residual value of these assets and the expected useful life of such assets. Details on the expected useful lives of assets are reflected in the depreciation accounting policy in note 2.8.

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**4. Income from donations and legacies**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Donations	1,273,759	11,000	<b>1,284,759</b>
Legacies	655,264	-	<b>655,264</b>
Grants	977,770	8,700	<b>986,470</b>
COVID-19 funding	324,862	1,059,241	<b>1,384,103</b>
Trusts	71,017	200,121	<b>271,138</b>
	<b>3,302,672</b>	<b>1,279,062</b>	<b>4,581,734</b>

The COVID-19 funding in unrestricted funds relates to Heart of Kent Hospice Trading Limited furlough income and retail grants amounting to £176,602 and £148,260 respectively. The restricted funds for COVID-19 income amounts to £1,059,241 which is made up of £903,334 funded from Hospice UK and £155,907 relating to furlough income.

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Donations	623,905	94,605	718,510
Legacies	388,135	-	388,135
Grants	1,282,473	13,742	1,296,215
Trusts	63,717	214,130	277,847
	<b>2,358,230</b>	<b>322,477</b>	<b>2,680,707</b>

**5. Income from charitable activities**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Income from charitable activities	280,521	<b>280,521</b>	273,952

In 2020, all of the income from charitable activities was attributable to unrestricted funds.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**6. Income from other trading activities**

**Income from fundraising events**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Hospice fundraising income - events	35,833	<b>35,833</b>	131,657

In 2020, all of the income from fundraising activities was attributable to unrestricted funds.

**Income from non charitable trading activities**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Lottery income	337,179	<b>337,179</b>	357,477
Trading shops and ebay	513,735	<b>513,735</b>	1,739,902
	<b>850,914</b>	<b>850,914</b>	2,097,379

In 2020, all of the income from non charitable trading activities was attributable to unrestricted funds.

**7. Investment income**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Interest receivable	607	<b>607</b>	3,823

In 2020, all of the income from investment activities was attributable to unrestricted funds.

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**8. Other incoming resources**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Insurance claims receivable	233,575	<b>233,575</b>	-
Profit on sale of tangible fixed assets	-	-	243,640
	<u>233,575</u>	<u><b>233,575</b></u>	<u>243,640</u>

In 2020, all other incoming resources were attributable to unrestricted funds.

**9. Expenditure on raising funds**

**Costs of raising voluntary income**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Events and other fundraising costs	57,373	<b>57,373</b>	118,164
Allocated centrally incurred support costs	40,598	<b>40,598</b>	39,802
Wages and salaries	279,728	<b>279,728</b>	307,619
Social security	28,585	<b>28,585</b>	26,736
Pension contributions	9,851	<b>9,851</b>	10,327
Depreciation	14,512	<b>14,512</b>	21,782
	<u>430,647</u>	<u><b>430,647</b></u>	<u>524,430</u>

In 2020, all expenditure incurred was attributable to unrestricted funds.

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**9. Expenditure on raising funds (continued)**

**Other trading expenses**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Lottery expenditure	161,712	<b>161,712</b>	134,138
Trading shops and ebay expenditure	434,605	<b>434,605</b>	601,446
Staff costs	452,734	<b>452,734</b>	489,225
Depreciation	19,248	<b>19,248</b>	45,268
	<u>1,068,299</u>	<u><b>1,068,299</b></u>	<u>1,270,077</u>

**10. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Inpatient services	1,680,155	993,747	<b>2,673,902</b>
Family Support services	183,518	-	<b>183,518</b>
Community services	341,232	183,724	<b>524,956</b>
Education department	83,199	-	<b>83,199</b>
	<u>2,288,104</u>	<u>1,177,471</u>	<u><b>3,465,575</b></u>

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**10. Analysis of expenditure on charitable activities (continued)**

**Summary by fund type (continued)**

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Inpatient services	2,301,875	11,629	2,313,504
Family Support services	145,193	17,051	162,244
Community services	526,797	108,464	635,261
Education department	53,739	13,742	67,481
	<u>3,027,604</u>	<u>150,886</u>	<u>3,178,490</u>

**Summary by expenditure type**

	<i>Staff costs 2021 £</i>	<i>Depreciation 2021 £</i>	<i>Other costs 2021 £</i>	<i>Total funds 2021 £</i>
Inpatient services	2,063,371	85,919	524,612	2,673,902
Family Support services	155,819	6,185	21,514	183,518
Community services	424,439	21,893	78,624	524,956
Education department	72,441	2,804	7,954	83,199
	<u>2,716,070</u>	<u>116,801</u>	<u>632,704</u>	<u>3,465,575</u>

	<i>Staff costs 2020 £</i>	<i>Depreciation 2020 £</i>	<i>Other costs 2020 £</i>	<i>Total funds 2020 £</i>
Inpatient services	1,763,395	96,088	454,021	2,313,504
Family Support services	132,720	6,739	22,785	162,244
Community services	535,335	26,384	73,542	635,261
Education department	58,225	2,803	6,453	67,481
	<u>2,489,675</u>	<u>132,014</u>	<u>556,801</u>	<u>3,178,490</u>

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**11. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2021 £</b>	<b>Support costs 2021 £</b>	<b>Total funds 2021 £</b>
Inpatient services	2,195,762	478,140	<b>2,673,902</b>
Family Support services	149,096	34,422	<b>183,518</b>
Community services	403,115	121,841	<b>524,956</b>
Education department	67,594	15,605	<b>83,199</b>
	<u>2,815,567</u>	<u>650,008</u>	<u><b>3,465,575</b></u>

	<b>Activities undertaken directly 2020 £</b>	<b>Support costs 2020 £</b>	<b>Total funds 2020 £</b>
Inpatient services	1,928,650	384,854	2,313,504
Family Support services	135,254	26,990	162,244
Community services	529,585	105,676	635,261
Education department	56,254	11,227	67,481
	<u>2,649,743</u>	<u>528,747</u>	<u>3,178,490</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Inpatient services 2021 £</b>	<b>Family Support services 2021 £</b>	<b>Community services 2021 £</b>	<b>Education department 2021 £</b>	<b>Total funds 2021 £</b>
Staff costs	151,915	10,936	38,711	4,958	206,520
Depreciation	85,919	6,185	21,893	2,804	116,801
Professional fees	2,593	187	661	85	3,526
Audit and accountancy fees	4,832	348	1,231	158	6,569
IT Support	94,130	6,776	23,987	3,072	127,965
Premises costs	56,328	4,055	14,355	1,839	76,577
Other support costs	34,004	2,449	8,665	1,109	46,227
Repairs and maintenance	48,419	3,486	12,338	1,580	65,823
	<u>478,140</u>	<u>34,422</u>	<u>121,841</u>	<u>15,605</u>	<u>650,008</u>
	<b>Inpatient services 2020 £</b>	<b>Family Support services 2020 £</b>	<b>Community services 2020 £</b>	<b>Education department 2020 £</b>	<b>Total funds 2020 £</b>
Staff costs	113,170	7,936	31,075	3,301	155,482
Depreciation	96,088	6,739	26,384	2,803	132,014
Professional fees	11,541	809	3,169	337	15,856
Audit and accountancy fees	4,061	285	1,115	118	5,579
IT Support	42,137	2,955	11,570	1,229	57,891
Premises costs	43,567	3,056	11,963	1,271	59,857
Other support costs	41,995	2,945	11,532	1,226	57,698
Repairs and maintenance	32,295	2,265	8,868	942	44,370
	<u>384,854</u>	<u>26,990</u>	<u>105,676</u>	<u>11,227</u>	<u>528,747</u>

Included within support costs are governance costs totalling £23,172 (2020 - £15,925).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. Auditors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<b>6,875</b>	<b>5,708</b>
Fees payable to the Company's auditor in respect of:		
The audit of the Heart of Kent Hospice Promotions Limited annual accounts	<b>2,063</b>	<b>3,009</b>
The audit of the Heart of Kent Hospice Trading Limited annual accounts	<b>4,688</b>	<b>2,283</b>
All taxation advisory services not included above	<b>1,875</b>	<b>1,250</b>
All non-audit services not included above	<b>3,950</b>	<b>2,750</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. Staff costs**

	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>Company 2021 £</b>	<i>Company 2020 £</i>
Wages and salaries	<b>3,019,886</b>	2,889,432	<b>2,609,722</b>	2,447,740
Social security costs	<b>288,428</b>	247,319	<b>262,955</b>	218,549
Contribution to defined contribution pension schemes	<b>178,654</b>	186,831	<b>161,557</b>	168,068
	<b><u>3,486,968</u></b>	<u>3,323,582</u>	<b><u>3,034,234</u></b>	<u>2,834,357</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**13. Staff costs (continued)**

The average number of persons employed by the Company during the year was as follows:

	<b>Group 2021 No.</b>	<b>Group 2020 No.</b>
Fundraising	11	11
Inpatient services	39	42
Community services	13	15
Education department	2	2
Management (including clinical manager and facilities team)	20	17
Family support services	8	7
Finance	5	6
Catering	7	9
Trading companies	25	26
Dementia	3	-
	<b>133</b>	<b>135</b>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

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

Pension contributions paid in respect of higher paid staff total £14,689 (2020 – £21,598).

During the year, 17 (2020 – 18) employees were accruing pensions under the defined contribution pension scheme, 71 (2020 – 51) under the NEST scheme and 22 (2020 – 27) employees were accruing pensions under a defined benefit pension scheme. 1 under clerical medical scheme (2020 – 1).

The total wages and salaries including national insurance paid to key management personnel during the year amounted to £411,430 (2020 – £390,655).

**14. Trustees' remuneration and expenses**

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 March 2021, no Trustee expenses have been incurred (2020 - £NIL).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Tangible fixed assets**

**Group**

	Hospice Building £	Freehold Property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2020	3,821,525	532,469	69,874	1,403,079	13,910	5,840,857
Additions	-	-	-	39,559	1,210	40,769
Disposals	-	-	-	(180)	-	(180)
At 31 March 2021	<u>3,821,525</u>	<u>532,469</u>	<u>69,874</u>	<u>1,442,458</u>	<u>15,120</u>	<u>5,881,446</u>
<b>Depreciation</b>						
At 1 April 2020	1,522,313	42,598	45,290	1,300,640	9,943	2,920,784
Charge for the year	73,904	10,649	9,664	53,754	2,589	150,560
On disposals	-	-	-	(180)	-	(180)
At 31 March 2021	<u>1,596,217</u>	<u>53,247</u>	<u>54,954</u>	<u>1,354,214</u>	<u>12,532</u>	<u>3,071,164</u>
<b>Net book value</b>						
At 31 March 2021	<u>2,225,308</u>	<u>479,222</u>	<u>14,920</u>	<u>88,244</u>	<u>2,588</u>	<u>2,810,282</u>
At 31 March 2020	<u>2,299,212</u>	<u>489,871</u>	<u>24,584</u>	<u>102,439</u>	<u>3,967</u>	<u>2,920,073</u>

Within the above assets are £30,618 (2020: £42,656) of fixtures, fittings and equipment and motor vehicles which are held for fundraising in the trading subsidiary as opposed to direct charitable activities.

The value included in freehold property for land that is not depreciated is £226,300 (2020: £226,300).

Barclays Bank plc have a charge over the property known as Old Transport Building Royal British Legion, Aylesford, Kent ME20 7NL.

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**15. Tangible fixed assets (continued)**

**Company**

	Hospice Building £	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 April 2020	3,821,525	532,469	9,500	1,025,697	5,389,191
Additions	-	-	-	33,559	33,559
Disposals	-	-	-	(180)	(180)
At 31 March 2021	<u>3,821,525</u>	<u>532,469</u>	<u>9,500</u>	<u>1,059,076</u>	<u>5,422,570</u>
<b>Depreciation</b>					
At 1 April 2020	1,522,313	42,598	2,375	944,488	2,511,774
Charge for the year	73,904	10,649	2,375	44,384	131,312
On disposals	-	-	-	(180)	(180)
At 31 March 2021	<u>1,596,217</u>	<u>53,247</u>	<u>4,750</u>	<u>988,692</u>	<u>2,642,906</u>
<b>Net book value</b>					
At 31 March 2021	<u>2,225,308</u>	<u>479,222</u>	<u>4,750</u>	<u>70,384</u>	<u>2,779,664</u>
At 31 March 2020	<u>2,299,212</u>	<u>489,871</u>	<u>7,125</u>	<u>81,209</u>	<u>2,877,417</u>

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**16. Fixed asset investments**

<b>Company</b>	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 April 2020	3
At 31 March 2021	3
<b>Net book value</b>	
At 31 March 2021	3
At 31 March 2020	3

**17. Stocks**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Finished goods and goods for resale	116,040	109,286

**18. Debtors**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
<b>Due within one year</b>				
Trade debtors	80,328	36,956	62,424	10,296
Amounts owed by group undertakings	-	-	238,768	258,775
Other debtors	18,973	55,989	15,733	32,445
Prepayments and accrued income	556,184	545,784	503,426	238,129
	655,485	638,729	820,351	539,645

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Creditors: Amounts falling due within one year**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
Bank overdrafts	<b>6,920</b>	11,322	-	-
Trade creditors	<b>156,575</b>	170,837	<b>107,154</b>	103,703
Other creditors	<b>79,610</b>	74,694	<b>79,244</b>	74,291
Accruals and deferred income	<b>741,985</b>	160,704	<b>605,530</b>	32,041
	<b>985,090</b>	417,557	<b>791,928</b>	210,035

Deferred income at the year end totalled £555,460 (2020 - £54,144). £555,460 was deferred in the current year and £54,144 was released. Deferred income relates to funding for future periods and lottery subscriptions paid in advance.

**20. Deferred taxation**

**Group and Company**

	<b>2021 £</b>	<b>2020 £</b>
At the beginning of the year	<b>3,554</b>	912
(Credit)/Charge for the year	<b>(2,385)</b>	2,642
	<b>1,169</b>	3,554

The deferred tax liability is made up as follows:

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Accelerated capital allowances	<b>(1,169)</b>	(3,554)
	<b>(1,169)</b>	(3,554)

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**21. Prior year adjustments**

In the prior year income totalling £255,000 has been reclassified from turnover to other income in a subsidiary. This is a presentational adjustment and has no financial impact.

A transfer between the Trading subsidiary fund and the General fund of £1,097,746 was omitted in the prior year. This transfer has now been recognised at the prior year balance sheet date, which has had no effect on the overall unrestricted funds of the charitable company.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Statement of funds**

**Statement of funds - current year**

	Balance at 1 April 2020 (restated) £	Income £	Expenditure £	Taxation £	Transfers in/out £	Balance at 31 March 2021 £
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Fixed asset fund	2,376,915	-	-	-	(81,223)	2,295,692
<b>General funds</b>						
General fund	1,636,433	3,305,128	(2,685,751)	-	414,215	2,670,025
Trading subsidiary fund	246,237	1,398,994	(1,101,299)	2,385	(304,742)	241,575
	1,882,670	4,704,122	(3,787,050)	2,385	109,473	2,911,600
<b>Total Unrestricted funds</b>	<b>4,259,585</b>	<b>4,704,122</b>	<b>(3,787,050)</b>	<b>2,385</b>	<b>28,250</b>	<b>5,207,292</b>
<b>Restricted funds</b>						
Restricted Funds - all funds	166,173	1,279,062	(1,177,471)	-	(28,250)	239,514
<b>Total of funds</b>	<b>4,425,758</b>	<b>5,983,184</b>	<b>(4,964,521)</b>	<b>2,385</b>	<b>-</b>	<b>5,446,806</b>

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**22. Statement of funds (continued)**

**Statement of funds - prior year**

	<i>Balance at 1 April 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Taxation £</i>	<i>As restated Transfers in/out £</i>	<i>Balance at 31 March 2020 £</i>
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Fixed asset fund	2,412,245	-	-	-	(35,330)	2,376,915
<b>General funds</b>						
General fund	1,262,499	2,755,986	(3,552,034)	-	1,169,982	1,636,433
Trading subsidiary fund	264,007	2,352,695	(1,270,077)	(2,642)	(1,097,746)	246,237
	<u>1,526,506</u>	<u>5,108,681</u>	<u>(4,822,111)</u>	<u>(2,642)</u>	<u>72,236</u>	<u>1,882,670</u>
<b>Total Unrestricted funds</b>	<u>3,938,751</u>	<u>-</u>	<u>(4,822,111)</u>	<u>(2,642)</u>	<u>36,906</u>	<u>4,259,585</u>
<b>Restricted funds</b>						
Restricted Funds - all funds	<u>31,488</u>	<u>322,477</u>	<u>(150,886)</u>	<u>-</u>	<u>(36,906)</u>	<u>166,173</u>
<b>Total of funds</b>	<u><u>3,970,239</u></u>	<u><u>322,477</u></u>	<u><u>(4,972,997)</u></u>	<u><u>(2,642)</u></u>	<u><u>-</u></u>	<u><u>4,425,758</u></u>

Designated funds - The Fixed Asset fund has been set up to identify those funds that are not free funds and it represents the net book value of tangible fixed assets which were acquired with restricted funds. The transfers between the unrestricted general fund, restricted fund and the fixed asset fund represents the net movement in the net book value of fixed assets in the year.

Restricted funds - These represent donations, legacies and trusts received for specific projects and causes.

Transfers in the year are in respect of depreciation



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**23. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Tangible fixed assets	2,810,282	-	<b>2,810,282</b>
Current assets	3,383,269	239,514	<b>3,622,783</b>
Creditors due within one year	(985,090)	-	<b>(985,090)</b>
Provisions for liabilities and charges	(1,169)	-	<b>(1,169)</b>
<b>Total</b>	<b>5,207,292</b>	<b>239,514</b>	<b>5,446,806</b>

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	2,920,073	-	2,920,073
Current assets	1,760,623	166,173	1,926,796
Creditors due within one year	(417,557)	-	(417,557)
Provisions for liabilities and charges	(3,554)	-	(3,554)
<b>Total</b>	<b>4,259,585</b>	<b>166,173</b>	<b>4,425,758</b>

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**24. Pension commitments**

The charity operates three (2020 - three) defined contribution pension schemes available to the majority of its permanent employees. The scheme funds are administered by Trustees and are independent of the charity's finances. During the year, £84,134 (2020 - £81,458) of the employers contributions were made. Contributions totalling £7,219 (2020 - £11,663) were payable to the funds at the balance sheet date are included in creditors.

The charity also makes contributions to the National Health Service Scheme for certain employees, which is a defined benefit scheme. However the scheme is a multiple employer scheme and the charity is unable to identify its share of the underlying assets and liabilities.

The last report by the Government Actuary covered the period up until 31 March 2016, as published 15 February 2019. More information is available at:

- [www.gov.uk/government](http://www.gov.uk/government); and
- <https://www.nhsbsa.nhs.uk/Pensions/Valuation.aspx>.

The Report recommends a standard contribution of 20.6% to be made by the employer and the employee contributions to be made on a tiered scale from 5% to 10% of their pensionable pay depending on their total earnings. The actual rate charged to the employer for the current year was 14% due to the actual rate excluding the cost of pension increases in line the Retail Prices Index, the cost being met by the Exchequer, and the notional surplus.

The Hospice's contributions to the National Health Service Scheme represent a minor proportion of the payments into the scheme. The charge included within the Consolidated Statement of Financial Activities includes contributions payable to this scheme of £94,608 (2020 - £105,403).

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**25. Operating lease commitments**

At 31 March 2021 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2021 £</b>	<i>Group 2020 £</i>
Not later than 1 year	<b>256,172</b>	261,045
Later than 1 year and not later than 5 years	<b>492,712</b>	627,192
Later than 5 years	<b>18,042</b>	303,539
	<b><u>766,926</u></b>	<u>1,191,776</u>

The following lease payments have been recognised as an expense in the Statement of financial activities:

	<b>Group 2021 £</b>	<i>Group 2020 £</i>
Operating lease rentals	<b><u>251,667</u></b>	<u>280,809</u>

**26. Related party transactions**

During the year, the Charity received £304,742 (2020 - £1,064,745) from other group companies in respect of donations and £33,000 (2020 - £33,000) in respect of management charges. At the balance sheet date, the Charity was owed £238,768 (2020 - £258,775).

**27. Post balance sheet events**

After the balance sheet date, the Charity acquired freehold land with a value of £15,000.

After the balance sheet date, a subsidiary closed one of its retail shops. An estimate of the financial effect of this cannot be made.

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**28. Controlling party**

There is no ultimate controlling party.

**29. Principal subsidiaries**

The following were subsidiary undertakings of the Company:

<b>Names</b>	<b>Company number</b>	<b>Registered office or principal place of business</b>	<b>Class of shares</b>	<b>Holding</b>
Heart of Kent Hospice Promotions Limited	03233475	Preston Hall, Aylesford, Maidstone, Kent, ME20 7PU	Ordinary	100%
Heart of Kent Hospice Trading Limited	02547686	Preston Hall, Aylesford, Maidstone, Kent, ME20 7PU	Ordinary	100%

The financial results of the subsidiaries for the year were:

<b>Names</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Profit/(Loss) / Surplus/ (Deficit) for the year £</b>	<b>Net assets £</b>
Heart of Kent Hospice Promotions Limited	337,191	(126,157)	211,034	3,106
Heart of Kent Hospice Trading Limited	1,064,188	(975,142)	89,046	238,472

Both subsidiaries have the same registered office, being the same as Heart of Kent Hospice found on the reference and administrative details page of these financial statements.