

Registered number: 2184005
Charity number: 298164

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

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

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

CONTENTS

	Page
Reference and administrative details of the Company, its Trustees and Advisers	1 - 2
Trustees' report	3 - 16
Independent auditors' report on the financial statements	17 - 20
Consolidated statement of financial activities	21
Consolidated balance sheet	22
Company balance sheet	23
Consolidated statement of cash flows	24
Notes to the financial statements	25 - 54

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2022**

Patron	Marianna, Viscountess Monckton of Brenchley
Trustees	Mr J Barker-McCardle, Chair (resigned 17 May 2022) Ms A Millington (appointed 8 November 2021) Mr C J Collins (resigned 15 September 2021) Mrs S G St C Cooper Mr R E Fedorcio OBE Mr G Hodnett Mrs E M Howe OBE Mr G Hunter, Deputy Chair Dr N Jegard Mr S R B Langworthy, Honorary Treasurer Miss S Pain Ms R Parris (appointed 8 November 2021) Mrs L Potts Ms E Price (appointed 8 November 2021) Mr H T B Smith Mr S Thompson (appointed 8 November 2021) Ms L Vui (appointed 8 November 2021)
Company registered number	2184005
Charity registered number	298164
Registered office	The Heart of Kent Hospice Preston Hall Aylesford Kent ME20 7PU
Chief executive officer	Ms R Street (appointed 22 November 2021)
Senior management team	Mrs K Harrison, Patient Services Director Dr G Parker MBBS (Lond) FRCP, Lead Medical Consultant Ms A Kelly, Income Generation Director Mr S Webster, Finance Director (resigned 31 January 2022) Mrs K Dackombe, Finance Director (appointed 20 April 2022)
Independent auditors	MHA MacIntyre Hudson Maidstone United Kingdom
Bankers	Barclays Bank plc Fremelin Walk Maidstone Kent ME14 1QG

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

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Solicitors	Cripps LLP Number 22 Mount Ephraim Tunbridge Wells Kent TN4 8AS
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THE HEART OF KENT HOSPICE
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The Trustees present their annual report together with the audited financial statements of the group and the company for the year to 31 March 2022. 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 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 an inpatient unit, an outpatient centre, support therapies, a Hospice Hub 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, with face-to-face meetings restarting in 2022.

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.

Following the resignation of our Chief Executive, Sarah Pugh on 14 May 2021, the Board of Trustees appointed our Finance Director, Rachel Street, as Interim Chief Executive. Following a successful period as Interim Chief Executive, an interview panel formed of Trustees and external parties appointed Rachel Street as permanent Chief Executive effective as of 22nd November 2021.

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. 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.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Jim Barker-McCardle stepped down as Chair and Trustee in May 2022, following a successful five-year term. The Trustees and Executive Team thanked him for his outstanding leadership and service to the Hospice. The Trustees appointed Ann Millington as the new Chair of Trustees in May 2022, and they look forward to working with her.

On 5 July 2022 our founding Patron, Marianna, Viscountess Monckton of Brenchley, sadly died. Tributes were paid to an inspirational, dedicated, and passionate lady who will be missed enormously by colleagues, volunteers and all who knew her.

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, mitigations, 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 continued to be influenced by the ongoing impact of the COVID-19 pandemic, including the risks that:

- Financial sustainability is compromised;
- Patient experience diminishes; and
- Strategic goals not achieved

Colleagues and Trustees have worked closely together in the year to mitigate these risks. 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 regarding visiting, however usual visiting arrangements are now re-instated and outpatient services have recommenced. Strategic goals are set annually, and progress is monitored at Executive and Board meetings.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

OBJECTIVES AND ACTIVITIES

The Hospice's objects, 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.

Following an external equality, diversity and inclusion audit in August 2020 the Hospice has continued to move forward with the action plan based on the outcomes of this audit, particularly focusing on inclusivity. 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 is 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 if they feel that they are unable to do so by other routes.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

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 and end of life care provider, which offers support to patients with terminal illnesses including those with dementia. It has beds for up to ten inpatients and an outpatient Hospice Hub for all patients and carers to access. The Hospice currently cares for approximately 950 patients and their carers at any one time in the community.

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 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

The inpatient unit has 10 single ensuite bedrooms and provides 24/7 care for patients, all year. Patients are looked after in the inpatient unit for a variety of reasons including:

- 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

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Hospice Community Team

The Hospice Community Team provides 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, Paramedics and Healthcare Assistants, 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
- Twice weekly drop-in sessions via the Hospice Hub (these were paused during the COVID-19 pandemic)
- Outpatient appointments, home visits, telephone, or video assessments (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

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 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)
- The Making Memories® programme, which is a weekly, six-week dementia programme for patients and their carers
- A carer support group with social work support providing 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 provide specialist palliative care advice and support for patients, carers, and healthcare professionals. They have an in-depth specialist knowledge of the assessment and management of physical, psychological, emotional, social, and spiritual needs to reduce symptoms, suffering and distress, including complex symptom management. The teams are also able to support in analysing complex clinical decisions where medical and personal interests are finely balanced, by applying relevant ethical and legal reasoning alongside clinical assessment. They also provide multidisciplinary specialist advice, support, education, and training to the wider care team who is providing direct core level palliative care to the person.

Family Support Team

The Family Support Team provides 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.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

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

- Pre and post bereavement counselling
- Family and children support
- Welfare support
- Spiritual Care
- Compassionate Neighbours

Towards the end of 2021 the clinical teams reviewed the previous Living Well model of outpatient services and agreed to change the offering to patients and carers to a more flexible and accessible Hospice Hub drop-in model.

The Hospice Hub programme is held in Magnolia Place within the Hospice and is as follows:

- Monday & Thursday: Drop-in sessions with no referral required for patients and carers. This hub model provides a one-stop-shop to access support with symptom and pain control, advance care planning, social support, spiritual, emotional, and welfare support.
- Tuesday: The Dementia team run the Making Memories programme
- Wednesday: Bereavement drop-in group is run, supporting families, and loved one's process grief and bereavement in social setting. Individual bereavement counselling is also available.
- Friday: Twice a month, in partnership with the Motor Neurone Disease Association (MND), a drop-in group for patients with Motor Neurone Disease is run.
- Saturday: Once a month a Dementia café is run in the Hospice for people with Dementia and their carers and loved ones to attend.

Working in close liaison with the primary health care team, the Family Support provides:

- Pre and post bereavement counselling
- Family and children support
- Welfare support
- Spiritual Care
- Compassionate Neighbours

Therapies

Occupational therapy and physiotherapy can be offered to Hospice patients on the inpatient unit and through the Hospice Hub as required.

Education and development

The Education Team provide internal and external clinical training including clinical statutory and mandatory training sessions, where the Education Team supports colleagues to achieve the Hospice competencies and clinical competencies as required.

The Education Team also provide training on all aspects of palliative and end of life care including providing multidisciplinary specialist advice, support, education, and training to the nursing homes and other healthcare professionals who are providing direct core level palliative care to the person. They are part of the Kent and Medway Collaborative for training and education and provide KCC funded training for Care Homes.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

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 Essential Palliative Care (ECEPC) distance learning course, which is aimed at helping professionals consolidate and develop their palliative care confidence and expertise. The course is also designed to meet the needs of healthcare professionals new to specialist palliative care services who wish to establish a strong foundation of knowledge on which to build specialist knowledge and skills.

The Education Team also support the 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, which is a shared learning Zoom platform supported by Hospice UK.

The Hospice COVID-19 Response 2021/22

During 2021/22, the Hospice continued to respond to the COVID-19 pandemic, utilising and adapting the strategies and tools put in place in the prior year, 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.

During periods of lockdown, patient and carer face to face sessions, Dementia Café and Making Memories® groups continued to be provided as online sessions and drop-in and outpatient appointments remained closed; only essential home visits were carried out and patients and carers were supported by the clinical teams by telephone 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.

Education and training sessions successfully continued to be delivered as online 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 (LHE) meeting which included all local healthcare providers which 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. Into 2022 the LHE meetings continued on a weekly basis.

As Government restrictions were lifted in 2022 the Hospice re-started face-to-face patient carer interactions, home visits, counselling and via the Hospice Hub and IPU visitor restrictions were relaxed. The large majority of Hospice colleagues, both patient facing and non-patient facing took part in the COVID-19 vaccination programme receiving at least three doses of the vaccine. Regular testing via lateral flow tests and PCR tests continued until April 2022 and a twice weekly lateral flow testing regime remains in place.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

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. Monthly CQC monitoring started during the pandemic and is continuing as their model of inspection on need and risks identified.

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 nonurgent 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 has established a development framework to support colleagues' personal career development. Members of the senior nursing teams are supported to undertake Non-Medical Prescribing and Advanced Assessment Skills training. We are also supporting one Healthcare Assistant to complete the Nurse Associate Training, which is a route into becoming a qualified registered nurse.

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 Education Team; this training can be supported by "experience days" on the inpatient unit.

Senior Clinicians 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, plus Frailty and Ageing Well strategy meetings.

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 several 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 IPU flow, 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.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Conferences

Due to the COVID-19 pandemic the Hospice has not hosted a conference in 2021/22.

Clinical surveys

A Patient and Carer survey is planned for 2022/23 and Views on Care (a tool in the Outcome Measures kit) is used to measure patient experience.

The Patient and Carer Engagement (PACE) Group continued to meet every eight weeks; the group met virtually throughout the pandemic but is now meeting face to face. 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. The group use the CQC "I" statements to gather feedback and have returned to face-to-face patient sessions. The feedback is reviewed by the Patient Services Director and any actions and learnings are discussed by the Executive team. The feedback provides evidence that patients feel the service they receive is good or very good.

Inpatient Unit

During the year to 31 March 2022 a total number of 3,245 bed days (2021: 3,660) were available. Within the period of the financial year there were 192 inpatient stays (2021: 192), of which 189 (2021: 190) were first admissions and 3 (2021: 2) were repeat admissions. The average length of an inpatient stay was 12 days (2021: 10).

Hospice Community and Dementia Teams

The multiskilled Hospice Community and Dementia Teams have efficiently met the demand of a busy and growing caseload. The average caseload during the year was 916 patients (2021: 859). Despite a small decrease in referrals during the year the actual caseload increased by 7% (2021: 5% increase).

During the year ended 31 March 2022, the total number of patients cared for by the Hospice Community and Dementia Teams was 1640, (2021: 1,545) of which the total referrals for both was 961 (2021: 937). The breakdown of the total number of referrals is 735 (2021: 794) for the Hospice Community Team and 226 (2021: 143) for the Hospice Dementia Team.

Our Hospice Community Team conducted 1,310 (2021: 1,001) home visits, telephone and video assessments and made a total of 20,935 (2021: 21,413) telephone calls. Our Hospice Dementia Team conducted 272 home visits, telephone, and video assessments (2021: 525) and made a total of 3,863 telephone calls (2021: 4,294).

During the year 621 patients died (2021: 810).

Family Support Team

The number of bereavement counselling referrals was 272 (2021: 230) and welfare referrals were 169 (2021: 151).

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Information Technology

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. In January 2022, electronic prescribing was implemented on our in-patient unit, improving efficiency and reducing the risk of medication errors. We constantly review our IT roadmap to continually improve and modernise our ways of working.

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 2022.

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 generated through a rolling programme of fundraising activity, lottery and our network of retail shops. The budget set for 2021/22 was prudent, given the uncertainty surrounding the public's ability and appetite to participate again in fundraising activities with continued concerns around COVID-19 infection rates and restrictions. Particular caution was applied to mass participation events and corporate fundraising.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

We are grateful to the Colyer Fergusson Charitable Trust whose grant of £500,000 has been used to support the Hospice recovery from the impacts of the pandemic on fundraising activities during the financial year to 31 March 2022.

Overall, fundraising exceeded our target during 2021/22 due to the generosity of individuals who made donations in memory of their loved ones and an effort to encourage eligible donors to gift-aid their donations. As anticipated, events and corporate fundraising were most volatile throughout the year as COVID-19 restrictions and working from home within companies impacted on our original plans.

The highlight of our year however was the successful delivery of Elmer's Big Heart of Kent Parade, a nine-week public art installation based on the children's character, Elmer the Elephant. Having postponed the trail from 2020 due to COVID-19, we were thrilled to provide this outdoor activity which was enjoyed by the public during the summer months, raising awareness of the Hospice, and generating funds through sponsorship, fundraising and an auction of all the sculptures. The trail was generously supported by local companies, both financially, and in-kind, including the use of two retail units which sold trail related merchandise. The Hospice received a grant of £4,000 from the Kent County Council Reconnect: Kent Children and Young People Programme to provide free tickets to Elmer's Big Heart of Kent Parade Farewell Weekend on the 3rd to 5th September 2021.

Our retail shops traded throughout the year in line with COVID-19 restrictions and exceeded target overall due to underspend against the expenditure budget. Following the success of Elmer's Big Heart of Kent Parade in the Town Centre we were able to secure a new retail unit in The Mall Shopping Centre, replacing our previous unit on King Street.

In line with a re-forecasted budget, taking into consideration the impact of COVID-19 pandemic, participation in our weekly lottery continued to fall during 2021/22 as we were unable to resume canvassing activity to boost player numbers.

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

Expenditure on raising funds (not including other trading expenses – note 9) increased by 25% in the year ended 31 March 2022 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 2021/22 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.

Three commercial partnership agreements were in place during 2021/22 relating to the proceeds of a book cowritten by the Hospice's Lead Palliative Care Consultant, and two partnerships with organisations supporting Elmer's Big Heart of Kent Parade.

No third party lottery canvassing took place in 2021/22.

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.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL REVIEW

As reported in the Consolidated Statement of Financial Activities for the year, the Hospice's results for the year ended 31 March 2022 show a surplus of £933k, which compared to a surplus of £1,021k for the previous year. Total income for the year was £6.4m, compared to £6.0m in 2020/21. Given the continuing disruptions caused by the pandemic during the year, these exceptional figures are predominantly explained by the one off COVID-19 capacity grant, and the success of Elmer's Big Heart of Kent Parade contributing net income in year of £159k.

NHS England awarded COVID-19 capacity grant funding of £677k via Hospice UK in the year, to help support the Hospice in providing patient care to support the NHS COVID-19 response.

The budget for 2021/22 was set at a deficit of £324k, supported by the significant grant from the Colyer Fergusson Charitable Trust, but before the reinstatement of the COVID-19 capacity funding became known. This funding, along with a positive year for legacies and gifts in will has meant that the 2021/22 financial results generated have resulted in general reserves being higher than expected. A deficit budget of £840k for 2022/23 has been set and the challenge facing the Hospice in the short term is how in an increasingly challenging economy, it can both protect services, manage the increasing demands of our community and return to an operationally 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, £2.0m (a 30% increase on 2021: £1.5m) was utilised in generating the funds themselves, the majority of which relates to the operating costs of the two trading subsidiaries and the costs associated with Elmer's big Heart of Kent Parade as the Trading subsidiary donated the sculptures to the Hospice for auction.

The grant received from Kent and Medway Clinical Commissioning Group under a service level agreement of £964k (2021: £964k), amounted to approximately 17% of total expenditure (2021:19%), which means that the Hospice must obtain at least 83% of its funding from other sources.

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

RESERVES POLICY

The Trustees have reviewed the reserves policy and they continue to require the Hospice to hold free reserves to ensure both the financial security and the operational flexibility of the Hospice. The target for the reserves (as measured by the unrestricted general fund, including undesignated fixed assets offset by long term creditors was last reviewed in 2021 and was set to a target of between £1.8m (minimum) to £2.5m (maximum) based on estimated costs of closure for the Hospice and its trading subsidiaries. On 31 March 2022, the Charity's free reserves amount to £3.6m (2020/21 £2.9m). The total consolidated funds on 31 March 2022 were £6.4m (2020/21 £5.4m) and consolidated restricted funds on 31 March 2022 were £0.1m (2020/21 £0.2m).

The last two financial years have produced exceptional results for the Hospice with additional one-off funding materially bolstering the reserves position. The budgeted loss for 2022/23 of £840k would result in general reserves of £2.75m as of 31 March 2023, which is marginally above the upper target limit. However, given the experience and unpredictability of the last two financial years coupled with rising inflation and increasing cost pressures the Trustees will continue to monitor the appropriateness of 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 HEART OF KENT HOSPICE
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

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 2022 was £8,586 (2021: £607).

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. We are delighted that the majority of our volunteers have returned to providing their support in person in 2022.

The Hospice is fortunate to have in the region of 600 volunteers who make a contribution to the Hospice which is worth over £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.

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 at least 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).

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

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.

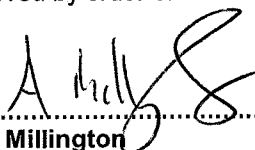
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial 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.

Disclosure of information to auditor

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

- as 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:


.....
Ms A Millington
Chair

Date: 22 September 2022

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

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

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 2022 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 2022 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.

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

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

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.

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

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

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:

Enquiry of management, those charged with governance around actual and potential litigation and claims;

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. This description forms part of our Auditors' report.

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.

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

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



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

Date: 29 September 2022

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 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and legacies	4	2,999,982	824,731	3,824,713	4,581,734
Charitable activities	5	671,551	7,550	679,101	280,521
Other trading activities	6	1,910,242	-	1,910,242	886,747
Investments	7	889	-	889	607
Other income	8	6,687	-	6,687	233,575
Total income		5,589,351	832,281	6,421,632	5,983,184
Expenditure on:					
Raising funds	9	1,878,030	-	1,878,030	1,498,946
Charitable activities	10	2,625,876	989,354	3,615,230	3,465,575
Total expenditure		4,503,906	989,354	5,493,260	4,964,521
Net income/(expenditure) before net gains on investments		1,085,445	(157,073)	928,372	1,018,663
Net gains on investments		7,697	-	7,697	-
Net income/(expenditure) before taxation		1,093,142	(157,073)	936,069	1,018,663
Taxation		(3,018)	-	(3,018)	2,385
Net income/(expenditure) after taxation		1,090,124	(157,073)	933,051	1,021,048
Transfers between funds	22	30,850	(30,850)	-	-
Net movement in funds		1,120,974	(187,923)	933,051	1,021,048
Reconciliation of funds:					
Total funds brought forward		5,207,292	239,514	5,446,806	4,425,758
Net movement in funds		1,120,974	(187,923)	933,051	1,021,048
Total funds carried forward		6,328,266	51,591	6,379,857	5,446,806

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

The notes on pages 25 to 54 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 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	15	2,745,685	2,810,282
		<u>2,745,685</u>	<u>2,810,282</u>
Current assets			
Stocks	17	11,734	116,040
Debtors	18	844,633	655,485
Investments	19	307,697	-
Cash at bank and in hand		3,160,435	2,851,258
		<u>4,324,499</u>	<u>3,622,783</u>
Creditors: amounts falling due within one year	20	(686,140)	(985,090)
Net current assets		<u>3,638,359</u>	<u>2,637,693</u>
Total assets less current liabilities		<u>6,384,044</u>	<u>5,447,975</u>
Provisions for liabilities		(4,187)	(1,169)
Total net assets		<u><u>6,379,857</u></u>	<u><u>5,446,806</u></u>
Charity funds			
Restricted funds	22	51,591	239,514
Unrestricted funds	22	6,328,266	5,207,292
Total funds		<u><u>6,379,857</u></u>	<u><u>5,446,806</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:


.....
Ms A Millington
Chair

Date: 22 September 2022

The notes on pages 25 to 54 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 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	15	2,708,487	2,779,664
Investments	16	3	3
		<u>2,708,490</u>	<u>2,779,667</u>
Current assets			
Debtors	18	1,448,088	820,351
Investments	19	307,697	-
Cash at bank and in hand		2,190,941	2,397,141
		<u>3,946,726</u>	<u>3,217,492</u>
Creditors: amounts falling due within one year	20	(530,685)	(791,928)
Net current assets		<u>3,416,041</u>	<u>2,425,564</u>
Total assets less current liabilities		<u>6,124,531</u>	<u>5,205,231</u>
Total net assets		<u>6,124,531</u>	<u>5,205,231</u>
Charity funds			
Restricted funds	22	51,591	239,514
Unrestricted funds	22	6,072,940	4,965,717
Total funds		<u>6,124,531</u>	<u>5,205,231</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:



Ms A Millington

Date: 22 September 2022

The notes on pages 25 to 54 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 2022

	2022 £	2021 £
Cash flows from operating activities		
Net cash used in operating activities	688,198	1,717,041
Cash flows from investing activities		
Purchase of tangible fixed assets	(79,018)	(40,769)
Purchase of investments	(300,000)	-
Interest received	889	607
Net cash used in investing activities	(378,129)	(40,162)
Change in cash and cash equivalents in the year	310,069	1,676,879
Cash and cash equivalents at the beginning of the year	2,844,338	1,167,459
Cash and cash equivalents at the end of the year	3,154,407	2,844,338

The notes on pages 25 to 54 form part of these financial statements

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 £919,300 (2021: £1,025,710).

2.2 Going concern

The Trustees have assessed that there are no significant doubts in the company's ability to continue as a going concern. As a result, the financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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.

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

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.

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

4. Income from donations and legacies

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Donations	1,218,459	17,100	1,235,559
Legacies	696,687	-	696,687
Grants	981,079	36,375	1,017,454
COVID-19 funding	1,609	676,825	678,434
Trusts	102,148	94,431	196,579
	2,999,982	824,731	3,824,713

The restricted funds for COVID-19 income amounts to £678,434 which is made up of £676,825 funded from Hospice UK and £1,609 relating to furlough income.

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

5. Income from charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Income from charitable activities	671,551	7,550	679,101

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

5. Income from charitable activities (continued)

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

6. Income from other trading activities

Income from fundraising events

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Hospice fundraising income - events	47,869	47,869	35,833

In 2021, all of the income from fundraising activities was attributable to unrestricted funds.

Income from non charitable trading activities

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Lottery income	341,784	341,784	337,179
Trading shops and ebay	1,520,589	1,520,589	513,735
	<u>1,862,373</u>	<u>1,862,373</u>	<u>850,914</u>

In 2021, all of the income from non charitable trading activities was attributable to unrestricted funds.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Interest receivable	889	889	607

In 2021, all of the income from investment activities was attributable to unrestricted funds.

8. Other incoming resources

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Insurance claims receivable	5,258	5,258	233,575
Gas reclaim	1,429	1,429	-
	6,687	6,687	233,575

In 2021, all other incoming resources were attributable to unrestricted funds.

9. Expenditure on raising funds

Costs of raising voluntary income

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Events and other fundraising costs	71,847	71,847	57,373
Allocated centrally incurred support costs	81,554	81,554	40,598
Wages and salaries	328,474	328,474	279,728
Social security	31,407	31,407	28,585
Pension contributions	10,413	10,413	9,851
Depreciation	16,444	16,444	14,512
	540,139	540,139	430,647

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

9. Expenditure on raising funds (continued)

Other trading expenses

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Lottery expenditure	136,839	136,839	125,129
Trading shops and ebay expenditure	687,487	687,487	471,188
Staff costs	496,453	496,453	452,734
Depreciation	17,112	17,112	19,248
	<u>1,337,891</u>	<u>1,337,891</u>	<u>1,068,299</u>

In 2021, all expenditure on raising funds were attributable to unrestricted funds.

10. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Inpatient services	1,851,559	937,395	2,788,954
Family Support services	181,596	8,371	189,967
Community services	504,521	43,588	548,109
Education department	88,200	-	88,200
	<u>2,625,876</u>	<u>989,354</u>	<u>3,615,230</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

10. Analysis of expenditure on charitable activities (continued)

Summary by fund type (continued)

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

Summary by expenditure type

	Staff costs 2022 £	Depreciation 2022 £	Other costs 2022 £	Total 2022 £
Inpatient services	2,126,540	84,905	577,509	2,788,954
Family Support services	159,814	5,783	24,370	189,967
Community services	467,097	16,686	64,326	548,109
Education department	76,359	2,685	9,156	88,200
	<u>2,829,810</u>	<u>110,059</u>	<u>675,361</u>	<u>3,615,230</u>

	<i>Staff costs 2021 £</i>	<i>Depreciation 2021 £</i>	<i>Other costs 2021 £</i>	<i>Total 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>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Inpatient services	2,282,938	506,016	2,788,954
Family Support services	155,500	34,467	189,967
Community services	448,664	99,445	548,109
Education department	72,196	16,004	88,200
	<u>2,959,298</u>	<u>655,932</u>	<u>3,615,230</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

11. Analysis of expenditure by activities (continued)

Analysis of support costs

	Inpatient services 2022 £	Family Support services 2022 £	Community services 2022 £	Education department 2022 £	Total funds 2022 £
Staff costs	154,628	10,532	30,388	4,889	200,437
Depreciation	84,905	5,783	16,686	2,685	110,059
Professional fees	15,906	1,083	3,126	503	20,618
Audit and accountancy fees	6,269	427	1,232	198	8,126
IT Support	100,679	6,858	19,786	3,184	130,507
Premises costs	72,053	4,908	14,160	2,278	93,399
Other support costs	28,315	1,929	5,565	898	36,707
Repairs and maintenance	43,261	2,947	8,502	1,369	56,079
	506,016	34,467	99,445	16,004	655,932
	Inpatient services 2021 £	Family Support services 2021 £	Community services 2021 £	Education department 2021 £	Total funds 2021 £
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
	478,140	34,422	121,841	15,605	650,008

Included within support costs are governance costs totalling £19,441 (2021 - £23,172).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

12. Auditors' remuneration

	2022	2021
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	7,598	6,875
Fees payable to the Company's auditor in respect of:		
The audit of the Heart of Kent Hospice Promotions Limited annual accounts	1,795	1,444
The audit of the Heart of Kent Hospice Trading Limited annual accounts	2,856	3,282
All taxation advisory services not included above	1,445	1,594
All other non-audit services	2,577	2,307

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Staff costs

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Wages and salaries	3,225,002	3,019,886	2,776,745	2,609,722
Social security costs	280,124	288,428	250,845	262,955
Contribution to defined contribution pension schemes	191,431	178,654	172,514	161,557
	<u>3,696,557</u>	<u>3,486,968</u>	<u>3,200,104</u>	<u>3,034,234</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Staff costs (continued)

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

	Group 2022 No.	Group 2021 No.
Fundraising	11	11
Inpatient services	41	39
Community services	14	13
Education department	2	2
Management (including clinical manager and facilities team)	22	20
Family support services	7	8
Finance	5	5
Catering	7	7
Trading companies	26	25
Dementia	4	3
	139	133

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

	Group 2022 No.	Group 2021 No.
In the band £60,001 - £70,000	-	2
In the band £70,001 - £80,000	4	1
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
In the band £100,001 - £110,000	-	1

Pension contributions paid in respect of higher paid staff total £15,011 (2021 – £14,689).

During the year, 16 (2021 – 17) employees were accruing pensions under the defined contribution pension scheme, 73 (2021 – 71) under the NEST scheme and 26 (2021 – 22) employees were accruing pensions under a defined benefit pension scheme. 1 under clerical medical scheme (2021– 1).

The total wages and salaries including national insurance paid to key management personnel during the year amounted to £410,446 (2021 – £411,430).

14. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

14. Trustees' remuneration and expenses (continued)

During the year ended 31 March 2022, expenses totalling £135 were reimbursed or paid directly to 2 Trustees (2021 - £NIL). These expenses are in relation to the Association of Chairs Membership and membership of the Honorary Treasurers Forum. £400 was paid directly for Reach Volunteering, a registration fee for Hospice Trustees.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. Tangible fixed assets

Group

	Hospice Building £	Freehold Property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 April 2021	3,821,525	532,469	69,874	1,442,458	15,120	5,881,446
Additions	-	-	-	75,888	3,130	79,018
Disposals	-	-	-	(790,742)	-	(790,742)
At 31 March 2022	<u>3,821,525</u>	<u>532,469</u>	<u>69,874</u>	<u>727,604</u>	<u>18,250</u>	<u>5,169,722</u>
Depreciation						
At 1 April 2021	1,596,217	53,247	54,954	1,354,214	12,532	3,071,164
Charge for the year	73,904	10,649	9,663	46,745	2,654	143,615
On disposals	-	-	-	(790,742)	-	(790,742)
At 31 March 2022	<u>1,670,121</u>	<u>63,896</u>	<u>64,617</u>	<u>610,217</u>	<u>15,186</u>	<u>2,424,037</u>
Net book value						
At 31 March 2022	<u>2,151,404</u>	<u>468,573</u>	<u>5,257</u>	<u>117,387</u>	<u>3,064</u>	<u>2,745,685</u>
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>

Within the above assets are £37,198 (2021: £30,618) 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 (2021: £226,300).

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

15. Tangible fixed assets (continued)

Company

	Hospice Building £	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 April 2021	3,821,525	532,469	9,500	1,059,076	5,422,570
Additions	-	-	-	55,327	55,327
Disposals	-	-	-	(674,583)	(674,583)
At 31 March 2022	3,821,525	532,469	9,500	439,820	4,803,314
Depreciation					
At 1 April 2021	1,596,217	53,247	4,750	988,692	2,642,906
Charge for the year	73,904	10,649	2,375	39,576	126,504
On disposals	-	-	-	(674,583)	(674,583)
At 31 March 2022	1,670,121	63,896	7,125	353,685	2,094,827
Net book value					
At 31 March 2022	2,151,404	468,573	2,375	86,135	2,708,487
At 31 March 2021	2,225,308	479,222	4,750	70,384	2,779,664

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

16. Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2021	3
At 31 March 2022	3
Net book value	
At 31 March 2022	3
At 31 March 2021	3

17. Stocks

	Group 2022 £	Group 2021 £
Finished goods and goods for resale	11,734	116,040

18. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due within one year				
Trade debtors	61,739	80,328	59,517	62,424
Amounts owed by group undertakings	-	-	670,214	238,768
Other debtors	25,636	18,973	21,199	15,733
Prepayments and accrued income	757,258	556,184	697,158	503,426
	844,633	655,485	1,448,088	820,351

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

19. Current asset investments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Listed investments	307,697	-	307,697	-
	<u>307,697</u>	<u>-</u>	<u>307,697</u>	<u>-</u>

20. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdrafts	6,028	6,920	-	-
Trade creditors	155,362	156,575	95,514	107,154
Amounts owed to group undertakings	-	-	19,736	-
Other creditors	70,080	79,610	69,581	79,244
Accruals and deferred income	454,670	741,985	345,854	605,530
	<u>686,140</u>	<u>985,090</u>	<u>530,685</u>	<u>791,928</u>

Deferred income at the year end totalled £160,228 (2021 - £504,055). £160,228 was deferred in the current year and £505,055 was released. Deferred income relates to funding for future periods and lottery subscriptions paid in advance.

21. Deferred taxation

Group and Company

	2022 £	2021 £
At the beginning of the year	1,169	3,554
Charge/(Credit) for the year	3,018	(2,385)
	<u>4,187</u>	<u>1,169</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

21. Deferred taxation (continued)

The deferred tax liability is made up as follows:

	Group 2022 £	Group 2021 £
Accelerated capital allowances	4,187	1,169
	(4,187)	(1,169)

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

22. Statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Tax £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Unrestricted funds							
Designated funds							
Fixed asset fund	2,295,692	-	-	-	410,417	-	2,706,109
General funds							
General fund	2,670,025	3,721,606	(3,166,015)	-	133,518	7,697	3,366,831
Trading subsidiary fund	241,575	1,867,745	(1,337,891)	(3,018)	(513,085)	-	255,326
	<u>2,911,600</u>	<u>5,589,351</u>	<u>(4,503,906)</u>	<u>(3,018)</u>	<u>(379,567)</u>	<u>7,697</u>	<u>3,622,157</u>
Total Unrestricted funds	<u>5,207,292</u>	<u>5,589,351</u>	<u>(4,503,906)</u>	<u>(3,018)</u>	<u>30,850</u>	<u>7,697</u>	<u>6,328,266</u>
Restricted funds							
Restricted Funds - all funds	239,514	832,281	(989,354)	-	(30,850)	-	51,591
Total of funds	<u>5,446,806</u>	<u>6,421,632</u>	<u>(5,493,260)</u>	<u>(3,018)</u>	<u>-</u>	<u>7,697</u>	<u>6,379,857</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

22. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Tax £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 March 2021 £</i>
Unrestricted funds						
Designated funds						
Fixed asset fund	2,376,915	-	-	-	(81,223)	2,295,692
General funds						
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
	<u>1,882,670</u>	<u>4,704,122</u>	<u>(3,787,050)</u>	<u>2,385</u>	<u>109,473</u>	<u>2,911,600</u>
Total Unrestricted funds	<u>4,259,585</u>	<u>4,704,122</u>	<u>(3,787,050)</u>	<u>2,385</u>	<u>28,250</u>	<u>5,207,292</u>
Restricted funds						
Restricted Funds - all funds	<u>166,173</u>	<u>1,279,062</u>	<u>(1,177,471)</u>	<u>-</u>	<u>(28,250)</u>	<u>239,514</u>
Total of funds	<u><u>4,425,758</u></u>	<u><u>5,983,184</u></u>	<u><u>(4,964,521)</u></u>	<u><u>2,385</u></u>	<u><u>-</u></u>	<u><u>5,446,806</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

22. Statement of funds (continued)

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 and expenditure on age well funding. The Mockton Training and Education Centre has been transferred to designated funds in the year because the Training and Education, Dementia and Care Home teams now utilise this space on a permanent basis and cannot therefore be classified as a free fund.

23. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	2,745,685	-	2,745,685
Current assets	4,272,908	51,591	4,324,499
Creditors due within one year	(686,140)	-	(686,140)
Provisions for liabilities and charges	(4,187)	-	(4,187)
Total	6,328,266	51,591	6,379,857

Analysis of net assets between funds - prior year

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

24. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2022 £	<i>Group 2021 £</i>
Net income for the year (as per Statement of Financial Activities)	933,051	<i>1,021,048</i>
Adjustments for:		
Depreciation charges	143,615	<i>150,560</i>
Gains/(losses) on investments	(7,697)	<i>-</i>
(Increase)/decrease in stocks	104,306	<i>(6,754)</i>
(Increase)/decrease in debtors	(189,148)	<i>(16,756)</i>
Increase/(decrease) in creditors	(298,058)	<i>571,935</i>
Investment income	(889)	<i>(607)</i>
Increase/(decrease) in provisions	3,018	<i>(2,385)</i>
Net cash provided by operating activities	688,198	<i>1,717,041</i>

25. Analysis of cash and cash equivalents

	Group 2022 £	<i>Group 2021 £</i>
Cash in hand	3,160,435	<i>2,851,258</i>
Overdraft facility repayable on demand	(6,028)	<i>(6,920)</i>
Total cash and cash equivalents	3,154,407	<i>2,844,338</i>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

26. Analysis of changes in net debt

	At 1 April 2021	Cash flows	Changes in market value and exchange rate movements	At 31 March 2022
	£	£	£	£
Cash at bank and in hand	2,851,258	309,177	-	3,160,435
Bank overdrafts repayable on demand	(6,920)	892	-	(6,028)
Liquid investments	-	300,000	7,697	307,697
	<u>2,844,338</u>	<u>610,069</u>	<u>7,697</u>	<u>3,462,104</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

27. Pension commitments

The charity operates three (2021 - three) defined contribution pension schemes available to the majority of its permanent employees. The scheme funds are administered by Trustees of the pension scheme and are independent of the charity's finances. During the year, £85,595 (2021 - £84,134) employers contributions were made. Contributions totalling £Nil (2021 - £7,219) were payable to the funds at the balance sheet date and 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; 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 £106,526 (2021 - £94,608).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

28. Operating lease commitments

At 31 March 2022 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £
Not later than 1 year	209,731	256,172
Later than 1 year and not later than 5 years	356,576	492,712
Later than 5 years	-	18,042
	<u>566,307</u>	<u>766,926</u>

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

	Group 2022 £	Group 2021 £
Operating lease rentals	<u>253,555</u>	<u>251,667</u>

29. Related party transactions

During the year, the Charity received £480,082 (2021 - £304,742) from other group companies in respect of donations and £33,000 (2021 - £33,000) in respect of management charges. At the balance sheet date, the Charity was owed £650,478 (2021 - £238,768) from related parties.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

30. Controlling party

There is no ultimate controlling party.

31. Principal subsidiaries

The following were subsidiary undertakings of the Company:

Names	Company number	Registered office or principal place of business	Class of shares	Holding
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:

Names	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net assets £
Heart of Kent Hospice Promotions Limited	341,815	(137,839)	203,976	3,106
Heart of Kent Hospice Trading Limited	1,525,930	(1,236,073)	289,857	252,223

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.