

Company registration number: 02263960

Charity registration number: 519659

DERWENTSIDE HOSPICE CARE FOUNDATION

(A company limited by guarantee)

Annual Report & Financial Statements

for the Year ending 31 March 2022

Derwentside Hospice Care Foundation

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Derwentside Hospice Care Foundation

Reference and Administrative Details

Company Registration Number	02263960
Charity Registration Number	519659
Solicitors	Ward Haddaway 102 Quayside Newcastle upon Tyne Tyne & Wear NE1 3DX
Bankers	Lloyds Bank 1 Victoria Road Consett Durham DH8 5AE CAF Bank Limited Head Office Kings Hill West Malling Kent ME19 4TA
Investment Managers	CCLA Investment Management Limited One Angel Lane London EC4R 3AB
Auditor	Azets Audit Services Bulman House Regent Centre Gosforth Newcastle-upon-Tyne NE3 3LS

Derwentside Hospice Care Foundation

Reference and Administrative Details

Trustees	P Jackson (Chair)
	R Bennett
	S E Brent
	I A Burke
	Dr C T Kelly
	M H McArdle
	L Telford
Key Management Personnel	D E Barker – Director of Operations
	C Hagri – Head of Clinical
	C P Hewitt – Head of Finance
	R Todd – Head of Marketing
Principal Office	Willowburn Hospice
	Howden Bank
	Lanchester
	Durham
	DH7 0QS

The charity is incorporated in England and Wales.

Trustees' Report

The Trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 March 2022.

Report from the Chair of the Board

The last year was a year of managed development as Willow Burn Hospice emerged from the global Covid-19 pandemic and we appointed a new Director of Operations.

The hospice in-patient unit never closed during the times of lockdown and we are tremendously proud of all our staff for their efforts and professionalism during such a difficult time for all.

The on/off nature of the Covid restrictions meant that fundraising events were sometimes stalled but they remain key to our efforts to re-engage with the local community. When it came, the freedom to hold public meetings again meant that events such as our annual Light Up a Life event, held at Lanchester All Saints Church, had a special significance in terms of remembrance. We held a hugely successful Charity Ball and Christmas was marked by a beautiful carol service in the grounds of the Hospice.

The Willows Café reopened and is proving to be a huge draw for the local community, helping the charity become more accessible and creating numerous opportunities for further development.

The charity has seen a growth in demand for our Bereavement Services, including Children's Counselling and we have plans to develop this service further over the coming years. Similarly, our Complimentary Therapies have seen an increase in demand and we are looking to expand the service to meet this need.

Our new Director of Operations, in consultation with the Board of Trustees, has reviewed our strategic priorities and restructured our governance arrangements, which are delivered through three sub committees (Quality & Compliance, Fundraising & Marketing and Finance & General Purposes).

The charity relies on a small team of highly dedicated staff delivering high quality care and support, across the wide remit of our activities. The staff are supported brilliantly, by a team of committed volunteers. Whether in the gardens, the shops, the cafe, reception and administration or day service our volunteer's work is highly regarded by all.

One of our Trustees, Mark Davies, left the charity and we thank him for all his efforts on behalf of the charity and wish him well for the future. Another Trustee and Vice Chair of the charity, Anne Britton, has also retired and we thank Anne and celebrate her support, for over a decade, to Willow Burn Hospice.

We welcomed two new Trustees – Dr Cindy Kelly and Ian Burke – to our Board and they have added further strength to our already strong group of Trustees.

I am pleased to commend this Annual Report and Accounts.

Paul Jackson

Chair of the Board of Trustees

Trustees' Report (continued)

Structure, governance and management

Nature of governing document

The organisation is a charitable company limited by guarantee, incorporated on 2 June 1988.

The charitable company was established under a Memorandum of Association that established the objects and powers of the organisation and is governed under its Articles of Association passed by special resolution in January 2013, and last updated on 19 May 2022. In the event of the charitable company being wound up, members are required to contribute an amount not exceeding £10.

Organisational structure

The charity is governed by its board of trustees who are also the appointed directors of the company. The number of trustees at present is seven. The Trustees who served during the year, and were in office up to the signing of this report were:-

P Jackson (Chair)
R Bennett
S E Brent
A Britton (resigned 11 May 2022)
I A Burke (appointed 8 December 2021)
M Davies (resigned 20 October 2021)
Dr C T Kelly (appointed 2 June 2021)
M H McArdle
L Telford

Recruitment and appointment of trustees

Trustees can be elected or co-opted during the year and their appointment is confirmed at the Annual General Meeting (AGM). At each AGM one third of the Trustees must retire from office. The Trustees to retire by rotation are those who have been longest in office since their last appointment.

The Trustees aim to maintain a balanced skills and knowledge base amongst the Board members by identifying skills shortages when an opening exists for a new member. Representation relevant to the service user group is a key factor given the charity's mission.

The Trustees are required to meet at least four times per year and are currently meeting that target despite the constraints presented by the pandemic. At these meetings members receive detailed management accounts (including cashflow projections and reforecasts) as well as reports on operational activities each month. The Board also receive regular presentations and reports on any major developments or proposals. They participate in the strategic planning process and have ultimate responsibility for approval of the strategic plan. During the pandemic restrictions, meetings have been held virtually, but these along with other processes are now returning to normal.

Induction and training of trustees

New trustees are provided with a proper induction process and pack which details everything they need to know about the charity as well as their responsibilities as a trustee. Briefing papers and familiarisation training are effected for all trustees, as deemed necessary.

Trustees' Report (continued)

Sub-Committees

Following a review by the new Director of Operations the board of trustees approved plans to reduce the number of sub committees from 4 to 3. The board of trustees is now supported by the following 3 sub-committees:

- **Finance & General purposes Sub-Committee** which comprises of at least two trustees who are independent of the management team. At least one trustee is free from any relationship that in the opinion of the board would interfere with the exercise of independent judgement as members of the group. The responsibility of the group is to provide an effective review process of both current and future financial performance. The group is currently meeting four times a year, with monthly performance reporting continuing between meetings. The Head of Finance supports this sub-committee. The focus of the group is to continue to strengthen the charity day-to-day, and develop the long-term future of the organisation, while ensuring fruitful and prudent utilisation of its resources.
- **Fundraising & Marketing Sub-Committee** which comprises of at least two trustees who are independent of the management team who are free from any relationship that in the opinion of the board would interfere with the exercise of independent judgement as members of the group. The group is currently meeting four times a year. The Head of Fundraising & Marketing supports this sub-committee. The responsibility of the group is to provide an effective challenge and support in terms of business development, fundraising and marketing of the charity, in line with the wider strategic aims of the hospice.
- **Quality & Compliance Sub-Committee** which comprises of at least two trustees who are independent of the management team who are free from any relationship that in the opinion of the board would interfere with the exercise of independent judgement as members of the group. There is also a member of the sub-committee who is not a trustee to provide independent assurance and challenge to the group. The group is currently meeting four times a year. The Head of Clinical Services supports this sub-committee. The responsibility of the group is to provide an effective audit mechanism of current and future clinical activity and the development of future strategy.

Day-to-day management

The Director of Operations is responsible for the day-to-day management of the charity's affairs and for implementing the strategy as agreed by the Board. This is done within the boundaries of the budget and various policies and procedures also agreed by the Board. The Director of Operations appraises the Chair of any significant issues that may arise between formal meetings. The Director of Operations is supported by a senior management team that currently consists of the Head of Clinical Services, Head of Fundraising and Marketing, Head of Finance and Officer Manager. The management team (including the Director of Operations) hold regular meetings as needed, to address all relevant operational issues.

Key Management Personnel

The Board, who give their time freely and received no remuneration in the year, have considered who the Key Management Personnel (KMP) of the charity are, as noted in the Reference and Administration section. Together with the Board, these KMP are those in charge of directing and controlling, running and operating the activities of the charity on a day-to-day basis. The pay of the KMP is reviewed annually. The Trustees benchmark against pay levels of other charities and similar organisations within the sector and the region. Pay levels are set using this information together with the budget and forecast information, ensuring that the Charity can afford any proposed increases. The Board then agree any uplift to remuneration.

Trustees' Report (continued)

Objectives and activities

Objects and aims

Derwentside Hospice Care Foundation's objects are to promote the relief of sickness by -

Providing appropriate care to people in the life limiting phase of their illness and to support the whole family during this time and in bereavement.

Establishing, maintaining and conducting hospitals, residential nursing homes and clinics for the reception and care of persons suffering from any illness, disability, disease or other infirmity whether physical or mental and providing medical or other treatment and attention for any such persons either in their own home or at any institution of the charity.

Promoting or assisting in the teaching or training of doctors, nurses, physiotherapists and other persons engaged in any branch of medicine, surgery, nursing or allied services, and in the teaching or training of students in any branch of medicine, surgery, nursing or allied services.

Conducting or promoting research into palliative care and treatment of persons suffering from any such illness, disability, disease or infirmity as aforesaid and particularly into the care and treatment of persons suffering from cancer or terminal illness and to disseminate the useful results thereof to the public.

Providing such medical supplies, equipment and apparatus, drugs, amenities, comforts and other things conducive to the material or spiritual welfare of any person resident or working in any institution of the charity or any person being treated or attending in their own houses that the charity may think fit.

Arranging lectures and conducting training courses and publishing pamphlets, books, journals and other publications relating to the working of the charity.

Fundraising disclosures

The charity's Head of Fundraising & Marketing continues to be a member of the Institute of Fundraising and the charity follows best practice and regulations in all its fundraising activity. No complaints relating to fundraising activities have been received within the reporting period. The charity is registered with The Fundraising Regulator.

Public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Trustees' Report (continued)

Strategic priorities

Good Governance	Community Engagement	Talk About Death
High Quality Services	Raising Public Profile	Engage in emerging themes in hospice care
Financial sustainability	Major Capital Appeal	Develop and deliver research strategy
Playing our part	Services to the wider public	Staff development
Compliance		

Achievements and performance in Clinical Services

Willow Burn Hospice has in-patient capacity of six beds in the Helen McArdle Wing. Four of which are currently commissioned by the Clinical Commissioning Group (replaced by the Integrated Care Board in July 2022) to provide end-of-life care, symptom management and crisis intervention respite support. Spot Purchase requests for the additional beds are made for individual need for end-of-life patients. A further contract has been agreed with Continuing Health Care (CHC) for patients who may require longer term funding in a hospice bed where they are assessed either as not suitable for a nursing home placement or have a unique set of circumstances and 'fit' with the philosophy of hospice care.

Admissions are arranged through professional referrals, and assessed and considered on a priority need basis. All patients and families have access to our family support team to meet their psychological and emotional needs as part of a holistic package of care. The in-patient unit is staffed continuously by one Registered Nurse (RGN) and one Healthcare Assistant (HCA), with additional staffing assessed for higher dependency and/or occupancy.

During the year to March 22, the in-patient unit cared for 91 patients and their families. Average length of stay was 10 days.

Clinical support is undertaken through the deployment of two General Practitioners with Special Interest (GPSI). When taken with our additional contract for Consultant cover, we now have direct medical review available three days per week. Arrangements are also in place to ensure appropriate medical review is available whenever needed.

Day Centre services continue to meet the needs and wishes of the patients within the philosophy of supporting them to 'live well with their illness'. The service is provided three days a week and is managed with a dedicated RGN and HCA. The service provided support to 51 patients and their families in the reporting period to March 22. 907 appointments were attended including an increase in face to face appointments. A 12-week programme of planned activity within a period of attendance is usually offered, and support and sign-posting to other services is undertaken in preparation for discharge or if referrals to the service do not match with our provision. We continue to work with other organisations for reciprocal referrals in and out of services e.g. County Durham Carers and Macmillan Cancer Support. Day centre services are augmented by a Complementary Therapy service offering a range of relaxation and wellbeing therapies.

The Family Services and Bereavement support team worked with 336 patients and their families throughout the year. They provide much needed support and counselling to adults and there is also a children's counselling service available.

Trustees' Report (continued)

The Hospice has a current Care Quality Commission rating of Good (last inspected 2016).

Performance aspect (Units)	Year to 31 March 2022	Year to 31 March 2021
<u>Patient care</u>		
In-patients admitted	91	73
Total patients for Day services (appointments)	51 (907)	40 (490)
Family Support and Bereavement services	241	151

“We can never thank you enough for everything you did to look after our mum. Your care, support, compassion and sense of fun will never be forgotten by us.
With much love and appreciation.”

Financial review

The Statement of Financial Activities (SoFA) shows that gross income decreased from £1,296,493 to £1,243,859 and expenditure increased from £1,052,802 to £1,186,367. This resulted in a surplus of £57,492 (2021: £243,691) which has been allocated to restricted and unrestricted funds as shown in the SoFA.

The Trustees are satisfied with this position at the year-end following the continuing disruption caused by the pandemic, and are keen to maintain the strength of overall reserves in the future. During the year a designation was made to a Contingent Liabilities' Reserve. This Reserve represents the amount payable by Willow Burn Hospice as statutory redundancy were it required to close, added to the “stretch” targets within the following year budget (financial year to 31 March, 2023) – those items considered to be most demanding for achieving a balanced budget.

Derwentside Hospice Care Foundation has continued to benefit from various grants during the year and the board of trustees gratefully acknowledge this support.

Policy on reserves

The calculation of free reserves is based on the definition included in the charity statement of recommended practice (SORP), which provides recommendations for accounting and reporting for charities. The trustees have examined the requirements of the charity to hold free reserves - those reserves not invested in tangible fixed assets, excluding long term liabilities, or designated for a particular purpose. The Trustees considered it would be appropriate to hold the equivalent of six months operating costs. Given the range of activities undertaken by the charity, a calculation of six months' operating costs comes up with a range of answers depending on the contractual circumstances of the different parts of the business, and how they might be impacted. The range calculated was determined to be between £308,000 and £524,000 (2021: £280,000 and £475,000 – the lower limit looking solely at the Hospice and Care services operating with a limited back office staff, while the upper limit is for the whole organisation).

Trustees' Report (continued)

At the year end, free reserves were £604,660 (2021: £434,368), an increase of £170,292 in the year and at 115.4% of the upper boundary of the required operating costs' range.

Work continues on ways in which income levels can be sustained and review of expenditure continues to take place to ensure the charity consistently achieves value for money. The Trustee Board is happy to be in excess of the upper quartile of the target range for operating expenses at this juncture, as there is deemed to be considerable uncertainty on how the economy, funding and other financial matters will unfold in the near to medium term. The Senior Management team are aware of the need to provide an efficient service that offers value for money to the community, without losing the emphasis on patient care and safety.

A strategic review of the charity is now completed with a strong strategic plan in place. The Board of Trustees and Senior Management Team will continue their efforts to provide a bright future for Derwentside Hospice Care Foundation, and a valued service for the people of Derwentside.

Plans for future periods

The charity plans to develop and invest in a number of new initiatives over the coming years. Chief among these are:-

- Children's Bereavements Counselling – demand for this service has increased and plans are underway to increase capacity within this service.
- Complementary Therapy is key in ensuring the wellbeing of patients and carers. The service started this year has been well received and plans are underway to increase capacity.
- Research – The charity has commenced a Research programme in partnership with Sunderland University, looking into aspects of Hospice care.
- Retail expansion – The charity plans to explore the development a superstore with furniture recycling capabilities.

Going concern

The charity meets its day-to-day working capital requirements through cash generated from operations. The charity's forecasts and projections for the next twelve months show that the charity should be able to continue in operational existence for that period, taking into account possible changes in trading performance.

In the Trustees' assessment of possible changes they have considered the impact of COVID-19 virus on the charity and its impact on the wider economy.

Having considered the current cash forecasts of the Charity, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements.

Objectives and policies

The Trustees have introduced a formal risk management process to assess business risks and implement risk management strategies. This process involves identifying the types of risks the Charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Trustees review the adequacy of the Charity's current internal controls and the costs of operating particular controls relative to the benefits obtained. Procedures have been established for reporting failings immediately to appropriate levels of management and to the Trustees.

Trustees' Report (continued)

The Trustees are satisfied that the systems and procedures in place are sufficient to adequately mitigate identified risks to an acceptable level in the Charity's day-to-day operations.

Risk environment

The charity has robust systems in place for review of the risk registers within the organisation. An annual report is made to Trustees on the risk environment, risk registers are discussed at monthly Senior Management Team meetings and all changes in risk status are reported to Trustees.

Environmental, Sustainability and Governance (ESG) and Corporate responsibility

Like many responsible businesses, the Hospice has begun to consider more deeply the impact it has on its environment and surroundings and how it might contribute to a more sustainable future.

One example is consideration of further solar panels to be installed to generate more of our electricity. We have a detailed Sustainability Policy, a summary extract of which is as follows;-

Sustainability aspect	Details or circumstances
Energy usage	All light fittings are replaced with LED bulbs. If buying new appliances, the most energy efficient models are sought.
Travel	Meetings are held on-line where there isn't a specific need to meet in person.
Water usage	Water reduction valves are fitted to our showers. We are looking at how we might use and store rainwater on site.
Food miles	The Café seeks to use in-season food sourced from local producers where possible.
Local environment	Look to create empathetic environments within our own gardens and allotment. Grow some of our own food.

The following table shows some further performance statistics over the last two years. While, understandably, the figures for resource usage for the current year are increased on the previous period, these comparisons are affected by the closure restrictions in operation during the pandemic. Nevertheless, we are now turning our attention to how we might limit or decrease our consumptions.

Performance aspect (Units)	Year to 31 March 2022	Year to 31 March 2021
<u>Utility & resource usage</u>		
Electricity (kWh)	120,353	93,333
Gas (therms)	155,735	127,743
Water (m3)	623	N/a
<u>Payment of suppliers</u>		
Creditor days outstanding	8	31
<u>Volunteers' contribution</u>		
Estimated hours	17,700	N/a
Indicative valuation - £ 000s	183	-

Trustees' Report (continued)

Financial instruments

Following the year-end, the Hospice engaged an investment manager, CCLA, to manage a proportion of its free cash reserves. The impending threat of inflation eroding cash worth and low interest rates provided by conventional bank accounts meant that there was a risk of Reserves being depleted in value over time.

Taking into account cash forecasts and expectations, a prudent proportion of cash funds were handed over to CCLA to be managed in their COIF Ethical Investment Fund. It is intended that this will be a long-term arrangement, to provide the best opportunity for good returns, but this will be monitored regularly to ensure that the Fund Managers are performing adequately and adding to the continuing financial strength of the Hospice.

Other than (indirectly) within the CCLA Fund, the Hospice does not invest in any financial instruments.

Appointment of auditor

Azets Audit Services Limited, trading as Azets Audit Services, were appointed to the company following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022.

A resolution proposing a change of auditors from Azets Audit Services for the next financial year will be tabled at the Annual General Meeting.

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of Derwentside Hospice Care Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally-Accepted Accounting Practice) and applicable laws and regulations.

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 of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statement; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

Each trustee has taken steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the trustees of the charity on 9 November 2022 and signed on their behalf by:

A handwritten signature in dark ink, appearing to read 'P Jackson', is written over a faint horizontal line.

P Jackson – Chair & Trustee

Independent Auditor's Report to the members of Derwentside Hospice Care Foundation

Opinion

We have audited the financial statements of Derwentside Hospice Care Foundation (the 'charity') for the year ended 31 March 2022, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**Independent Auditor's Report to the members of Derwentside Hospice Care Foundation
(continued)**

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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

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

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

- enquiries with management, about any known or suspected instance of non-compliance with laws and regulations and fraud
- assessment of matters recorded on the risk register
- reviewing Board Minutes
- challenging assumptions and judgements made by management in their significant accounting estimates; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

**Independent Auditor's Report to the members of Derwentside Hospice Care Foundation
(continued)**

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; Care Quality Commission; and compliance with both the UK Companies Act and UK Charities Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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 auditor's report.

Use of our report

This report is made solely to the charitable company's Trustees, 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 charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

 11/11/2022

Simon Brown, BA ACA DChA (Senior Statutory Auditor)

For and on behalf of Azets Audit Services
Chartered Accountants and Statutory Auditors
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne, NE3 3LS

Azets Audit Services is a trading name of Azets Audit Services Limited.

Statement of Financial Activities for the year-ended 31 March 2022
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

		Unrestricted funds	Restricted funds	Total 2022	Total 2021
	Note	£	£	£	£
Income and Endowments:					
Donations and legacies	3	310,157	89,063	399,220	553,380
Charitable Activities	4	544,588	-	544,588	602,827
Other trading activities	5	300,051	-	300,051	140,286
Total Income		1,154,796	89,063	1,243,859	1,296,493
Expenditure:					
Raising funds	6	(224,040)	-	(224,040)	(145,055)
Charitable activities	7	(874,310)	(88,017)	(962,327)	(907,747)
Total Expenditure		(1,098,350)	(88,017)	(1,186,367)	(1,052,802)
Net Income		56,446	1,046	57,492	243,691
Transfer between funds		32,075	(32,075)	-	-
		88,521	(31,029)	57,492	243,691
Reconciliation of funds					
Total funds brought forward		2,503,818	1,549,479	4,053,297	3,809,606
Total funds carried forward	21	2,592,339	1,518,450	4,110,789	4,053,297

All of the Charity's activities derive from continuing operations during the above two periods.
The funds breakdown for 2022 is shown in note 22.

<i>Comparative period</i>		Unrestricted funds	Restricted funds	Total 2021
	Note	£	£	£
Income and Endowments:				
Donations and legacies	3	295,596	257,784	553,380
Charitable Activities	4	602,827	-	602,827
Other trading activities	5	140,286	-	140,286
Total Income		1,038,709	257,784	1,296,493
Expenditure:				
Raising funds	6	(145,055)	-	(145,055)
Charitable activities	7	(841,768)	(65,979)	(907,747)
Total Expenditure		(986,823)	(65,979)	(1,052,802)
Net Income		51,886	191,805	243,691
Transfer between funds		624,394	(624,394)	-
		676,280	(432,589)	243,691
Reconciliation of funds				
Total funds brought forward		1,827,538	1,982,068	3,809,606
Total funds carried forward	21	2,503,818	1,549,479	4,053,297

Balance Sheet as at 31 March 2022

		2022	2021
	Note	£	£
Fixed assets			
Tangible assets	13	3,282,678	3,382,449
Investments	14	1	1
		<u>3,282,679</u>	<u>3,382,450</u>
Current assets			
Inventory	15	-	1,734
Debtors	16	135,057	125,014
Cash at bank and in hand		747,957	622,820
		<u>883,014</u>	<u>749,568</u>
Creditors: Amounts falling due within one year	17	(54,904)	(78,721)
Net current assets		<u>828,110</u>	<u>670,847</u>
Net assets		<u>4,110,789</u>	<u>4,053,297</u>
Funds of the charity:			
Restricted funds		1,518,450	1,549,479
Unrestricted income funds			
Designated Reserve		205,000	187,000
Unrestricted Reserve		2,387,339	2,316,818
Total funds	21	<u>4,110,789</u>	<u>4,053,297</u>

The financial statements on pages 16 to 31 were approved by the trustees, and authorised for issue on 9 November 2022, and signed on their behalf by



P Jackson – Chair & Trustee

Statement of Cash Flows for the year-ended 31 March 2022

		2022	2021
	Note	£	£
Cash flows from operating activities			
Net cash income		57,492	243,691
Adjustments to cash flows from non-cash items			
Depreciation	13	111,471	110,110
Disposal of fixed asset	13	716	-
Interest payable	7	-	1,057
		<u>169,679</u>	<u>354,858</u>
Working capital adjustments			
(Increase)/decrease in inventory	15	1,734	(1,734)
(Increase)/decrease in debtors	16	(10,043)	35,322
(Decrease) in creditors	17	(22,929)	(31,966)
Increase/(decrease) in deferred income	18	(888)	2,021
Net cash flows from operating activities		<u>137,553</u>	<u>358,501</u>
Cash flows from investing activities			
Purchase of tangible fixed assets	13	(12,416)	(21,166)
Disposal of fixed assets		-	-
Net cash flows from investing activities		<u>(12,416)</u>	<u>(21,166)</u>
Cash flows from financing activities			
Interest payable and similar charges	7	-	(1,057)
Net increase in cash and cash equivalents		<u>125,137</u>	<u>336,278</u>
Opening cash and cash equivalents at 1 April		<u>622,820</u>	<u>286,542</u>
Cash and cash equivalents at 31 March	23	<u><u>747,957</u></u>	<u><u>622,820</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

Notes to the Financial Statements for the year-ended 31 March 2022

1. Charity Status

The Charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the Trustees is liable to contribute an amount not exceeding £10 towards the assets of the Charity in the event of liquidation.

The address of its registered office is Willowburn Hospice, Howden Bank, Lanchester, Durham, DH7 0QS

2. Accounting Policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

Derwentside Hospice Care Foundation 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 notes.

The presentation currency of the charitable company is Sterling.

Going concern

The Charity meets its day-to-day working capital requirements through cash generated from operations. The Charity's forecasts and projections for the next twelve months show that the Charity should be able to continue in operational existence for that period, taking into account possible changes in their performance.

In the Trustees' assessment of possible changes they have considered the impact of the COVID-19 virus on the Charity and have a continuity plan in place should the global economic impact widen.

Having considered the current cash forecasts of the Charity the Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the Financial Statements for the year-ended 31 March 2022 (continued)

2. Accounting policies (continued)

Estimation uncertainty and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been any indicators of impairment of assets, the trustees have considered both external and internal sources of information such as market conditions and experience of recoverability. Whilst the property remains in the financial statements at its written down historic cost (some £3.23m) the trustees recognise that this is on the basis of justifying its value in use, which is likely to exceed the net recoverable value in the event that the Charity was not a going concern and needed to sell the property.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Depreciation is projected to write off the cost of an asset, less its residual value, over its estimated useful economic life. Rates used to project useful economic life are detailed in the depreciation accounting policy.

Income and endowments

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

Donations and legacies

Donations are recognised when the Charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the Charity before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that these conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case-by-case basis following the grant of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the Charity.

Grants receivable

Grants are recognised when the Charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2022 (continued)

2. Accounting policies (continued)

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- the donor specifies that the grant or donation must only be used in future accounting periods; or
- the donor has imposed performance conditions which must be met before the Charity has unconditional entitlement.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs

Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Charity's activities. These costs, which have not been directly apportioned, have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in the relevant note to the financial statements.

Taxation

The Charity 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 Charity 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.

Tangible fixed assets

Individual fixed assets costing £500 or more are initially recorded at cost.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2022 (continued)

2. Accounting policies (continued)

Depreciation and amortisation

Depreciation is provided on tangible fixed assets in order to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Freehold land & buildings	2% straight line
Computer equipment	50% straight line
Fixtures, fittings and equipment (non-medical)	20% straight line
Fixtures, fittings and equipment (medical)	33% straight line

A full year's depreciation is charged in the year an asset is purchased.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Fund structure

Unrestricted income funds are general funds that are available for use at the Trustees' discretion in furtherance of the objectives of the Charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the Trustees. Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Pensions and other post-retirement obligations

All eligible employees are automatically enrolled into a workplace pension scheme provided by Derwentside Hospice Care Foundation. Some clinical staff are members of the NHS pension scheme. Contributions are charged to the income and expenditure account as they become payable.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2022 (continued)

2. Accounting policies (continued)

Investments

Investments in subsidiaries and associates are measured at cost less impairment.

3. Income from donations and legacies

	Unrestricted funds General	Restricted funds	Total 2022	Total 2021
	£	£	£	£
Donations	117,111	-	117,111	48,234
Legacies	108,120	-	108,120	50,999
Gift Aid reclaimed	21,375	-	21,375	17,627
Grants	50,614	89,063	139,677	339,708
Regular giving and capital donations	12,389	-	12,389	10,621
Government Grants - CJRS	548	-	548	86,191
	<u>310,157</u>	<u>89,063</u>	<u>399,220</u>	<u>553,380</u>

Included under Grants – Restricted funds (see Note 22) is the funding provided by Hospice UK to sustain this part of the Healthcare sector through the Covid-19 pandemic (£55k: 2021 - £203k), while normal operations were restricted and curtailed.

4. Income from charitable activities

	Unrestricted funds General	Total 2022	Total 2021
	£	£	£
NHS contract	541,738	541,738	556,854
Additional hospice income	2,850	2,850	45,973
	<u>544,588</u>	<u>544,588</u>	<u>602,827</u>

5. Income from other trading activities

	Unrestricted funds General	Total 2022	Total 2021
	£	£	£
Shop income from sale of donated goods and services	181,627	181,627	52,356
Other events income	39,677	39,677	41,693
Café income	44,730	44,730	7,348
Other income	34,017	34,017	38,889
	<u>300,051</u>	<u>300,051</u>	<u>140,286</u>

In 2022, Other income includes a settlement of a business interruption claim by our insurers to cover lost revenues and profit (£1,081, from retail activities) because of disruption due to Storm Arwen (2021 - £29,304, pandemic restrictions, largely on retail activities).

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2022 (continued)

6. Expenditure on raising funds

	Unrestricted funds	Restricted funds	Total 2022	Total 2021
	£	£	£	£
Employment costs	109,780	-	109,780	88,822
Other costs	114,260	-	114,260	56,233
	<u>224,040</u>	<u>-</u>	<u>224,040</u>	<u>145,055</u>

7. Expenditure on charitable activities

	Unrestricted funds	Restricted funds	Total 2022	Total 2021
	£	£	£	£
Charitable activity costs	225,559	52,229	277,788	285,935
Staff costs	648,035	35,788	683,823	621,812
Loss on disposal of fixed asset	716	-	716	-
	<u>874,310</u>	<u>88,017</u>	<u>962,327</u>	<u>907,747</u>

A breakdown of support costs and the basis of calculation can be found at note 8 to the financial statements.

	Activity undertaken directly	Activity support costs	Total 2022	Total 2021
	£	£	£	£
Charitable activity costs	648,210	287,925	936,135	878,613
Governance costs	-	26,192	26,192	29,134
	<u>648,210</u>	<u>314,117</u>	<u>962,327</u>	<u>907,747</u>

In addition to the expenditure analysed above, there are also governance costs of £26,192 (2021 - £29,134) which relate directly to charitable activities. See note 8 for further details.

In the prior year included in Support costs is £1,057 of interest and finance charges.

Notes to the Financial Statements for the year-ended 31 March 2022 (continued)

8. Analysis of support costs

Derwentside Hospice Care Foundation allocates costs direct to activities as far as possible, then identifies the remaining costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

Support costs allocated to charitable activities

	Governance costs	Other support costs	Total	Total
			2022	2021
	£	£	£	£
Leadership	-	824	824	620
Finance	-	47,163	47,163	45,767
Governance – wages & salaries	7,572	-	7,572	7,660
Human resources	-	6,909	6,909	10,627
Learning & development	-	5,483	5,483	2,325
Administration	8,650	19,994	28,644	32,945
IT services	-	31,292	31,292	39,600
Legal & professional	9,970	-	9,970	9,767
Facilities	-	176,260	176,260	162,703
	26,192	287,925	314,117	312,014

All support costs to be allocated are apportioned on a staffing cost basis.

Governance costs	Total	Total
	2022	2021
	£	£
Audit & accountancy	6,591	5,658
Legal & professional	12,029	15,816
Support costs	7,572	7,660
	26,192	29,134

9. Taxation

The charity is a registered charity and is therefore exempt from taxation.

Notes to the Financial Statements for the year-ended 31 March 2022 (continued)

10. Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses from the charity during the year.

11. Staff costs

The aggregate payroll costs were as follows:

	Total 2022	Total 2021
	£	£
Staff costs during the year were		
Wages and salaries	731,371	651,043
Social security costs	49,318	46,685
Pension costs	12,915	12,906
	<u>793,603</u>	<u>710,634</u>

The monthly average number of persons (including senior management team) employed by the charity during the year was as follows:

	Total 2022	Total 2021
Management	3	3
Other staff	34	32
	<u>37</u>	<u>35</u>

No employee received emoluments of more than £60,000 during the year (2021 – None).

The total employee benefits of the key management personnel of the charity were £142,221 (2021 - £127,386).

12. Auditor's remuneration

	2022 £	2021 £
Audit fee	<u>7,200</u>	<u>5,000</u>

Notes to the Financial Statements for the year-ended 31 March 2022 (continued)

13. Tangible fixed assets

	Land and buildings	Furniture and equipment	Total
	£	£	£
Cost			
At 1 April 2021	3,591,014	514,924	4,105,938
Additions	-	12,416	12,416
Disposals	-	(1,385)	(1,385)
At 31 March 2022	3,591,014	525,955	4,116,969
Depreciation			
At 1 April 2021	299,152	424,337	723,489
Charge for year	62,739	48,732	111,471
Disposals	-	(669)	(669)
At 31 March 2022	361,891	472,400	834,291
Net book value			
At 31 March 2022	3,229,123	53,555	3,282,678
At 31 March 2021	3,291,862	90,587	3,382,449

There is a time-bound, legal charge over all buildings, fixtures and fittings and fixed plant and machinery that are situated on or form part of the freehold land and buildings at Howden Bank, Lanchester, Durham which is registered at the Land Registry under Title Number DU328389 and each and every part thereof subject to the encumbrances referred to in the registered title at any time; the proceeds of the sale of any part of the Property and any other monies paid or payable in respect of or in connection with the Property, the benefit of any covenants for title given, or entered into, by any predecessor in title of the Recipient in respect of the Property, and any monies paid or payable in respect of those covenants; and all rights under any licence, agreement for sale or agreement for lease in respect of the Property (see Note 20).

14. Fixed asset investments

	2022 £	2021 £
Other investments	1	1
	Hazelbrook Specialist Care	Total
	£	£
Cost		
At 1 April 2021	1	1
At 31 March 2022	1	1
Net book value		
At 31 March 2022	1	1
At 31 March 2021	1	1

Hazelbrook Specialist Care at Home Ltd (HSCH) is a wholly owned subsidiary trading company of Derwentside Hospice Care Foundation (100% ordinary shares). Hazelbrook Specialist Care at Home Ltd is a dormant entity and as such, consolidated accounts have not been prepared in 2022.

Notes to the Financial Statements for the year-ended 31 March 2022 (continued)

15. Inventory

	2022 £	2021 £
Inventory	-	1,734

Finished goods stock was purchased for the opening of a new venture, which was subsequently delayed as a result of the restrictions and limitations consequent on the Covid-19 pandemic.

16. Debtors

	2022 £	2021 £
Trade debtors	34,481	13,236
Prepayments	30,386	27,081
Accrued income	63,118	75,475
VAT recoverable	7,072	9,222
	<u>135,057</u>	<u>125,014</u>

17. Creditors

	2022 £	2021 £
Trade creditors	8,667	31,715
Other taxation and social security	15,404	13,410
Other creditors	8,361	5,218
Accruals	21,339	26,357
Deferred income	1,133	2,021
	<u>54,904</u>	<u>78,721</u>
Deferred income at 1 April 2021	2,021	-
Resources deferred in the period	1,133	2,021
Amounts released from previous periods	(2,021)	-
Deferred income at year end	<u>1,133</u>	<u>2,021</u>

Other creditors includes £497 of inter-company loan, owing to Hazelbrook Specialist Care at Home Limited. This company is currently dormant, and there are no interest or repayment conditions attached to this sum.

18. Obligations under lease and hire purchase contracts

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land & buildings £	Other £	2022 £	2021 £
Within one year	38,289	7,144	45,433	38,651
Between one and five years	134,248	4,283	138,531	128,044
Over five years	108,046	-	108,046	56,000
	<u>280,583</u>	<u>11,427</u>	<u>292,010</u>	<u>222,695</u>

Notes to the Financial Statements for the year-ended 31 March 2022 (continued)

19. Pension and other schemes

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £12,915 (2021 - £12,906).

Contributions included in creditors totalling £7,864 (2021: £4,672) were payable at the end of the period.

20. Contingent liabilities

Included as a restricted reserve is a grant received in 2019 of £1,500,000 from Michael McArdle. Until May 2039 the charity has agreed to meet the conditions of the contract for receiving the grant. Should any of the conditions be breached, then the grant would be repayable. The repayment terms stipulate that this would be a full repayment of the grant in years one to eleven (subject to any decrease in the overall fair value of the Helen McArdle Wing, if lower), with the repayment then reducing by 10% each subsequent year up to year twenty of the agreement.

Included as a restricted reserve in the prior year was £450,000 received from the Social Enterprise Investment Fund (SEIF). Conditions attached to this grant expired on 31 March 2021.

21. Analysis of net assets between funds

	Unrestricted funds		Restricted funds	Total funds
	General	Designated		
	£	£	£	£
Tangible fixed assets	1,782,678	-	1,500,000	3,282,678
Fixed asset investments	1	-	-	1
Net current assets	604,660	205,000	18,450	828,110
Total net assets	2,387,339	205,000	1,518,450	4,110,789

Tangible fixed assets shown between unrestricted and restricted funds are subject to a legal charge as detailed in the fixed asset note and note 22. Further details of the split between funds are given in the contingent liabilities note.

The trustees only consider the fixed assets to be restricted due to the legal charge in place and have therefore capped the value allocated as restricted at the original grant value awarded of £1.5 million.

<i>Comparative analysis</i>	Unrestricted funds		Restricted funds	Total funds
	General	Designated		
	£	£	£	£
Tangible fixed assets	1,882,449	-	1,500,000	3,382,449
Fixed asset investments	1	-	-	1
Net current assets	434,368	187,000	49,479	670,847
Total net assets	2,316,818	187,000	1,549,479	4,053,297

Notes to the Financial Statements for the year-ended 31 March 2022 (continued)

22. Funds

	Balance at 1 April 2021	Incoming resources	Resources expended	Transfers	Balance at 31 March 2022
	£	£	£	£	£
Unrestricted funds					
General					
General fund	2,316,818	1,154,796	(1,098,350)	14,075	2,387,339
Contingent Liabilities	187,000	-	-	18,000	205,000
Total unrestricted funds	2,503,818	1,154,796	(1,098,350)	32,075	2,592,339
Restricted funds					
Day Hospice	5,205	-	(5,205)	-	-
Hospice at Home	2,135	-	-	-	2,135
Mid-Durham AAP	9,896	-	(9,896)	-	-
Sir James Knott Trust	-	10,000	(10,000)	-	-
Derwent Valley AAP	-	11,179	(8,492)	-	2,687
Hospice UK	-	54,742	-	(54,742)	-
Other grants less than £10,000	32,243	13,142	(23,754)	(8,003)	13,628
Michael McArdle	1,500,000	-	(30,670)	30,670	1,500,000
Total restricted funds	1,549,479	89,063	(88,017)	(32,075)	1,518,450
Total funds	4,053,297	1,243,859	(1,186,367)	-	4,110,789

Unrestricted Funds

The Contingent Liabilities' Reserve is a designated fund. It represents funds to cover adverse results and statutory redundancies in the event that the Charity went through a period of difficult trading prior to having to close the business, such that this could be completed in an orderly manner.

Restricted Funds

Day Hospice Fund

Funds restricted for the provision of day hospice services only.

Hospice at Home Fund

Funds restricted for the purpose of setting up and supporting the growth of the hospice at home service. The services delivered through Hazelbrook Specialist Care at Home ceased on 3 December 2017 and these remaining funds will be used to support research into alternative delivery methods of care at home.

Mid-Durham AAP

This was to support the work of the In-patient unit at Willow Burn – Covid Assistance Fund.

Sir James Knott Trust

Funds restricted for the salaries of an RGN and Healthcare Assistant to provide day services to people living at home with a life limiting illness.

Derwent Valley AAP

Derwent Valley AAP funded the overheads and supporting costs for the Children's Bereavement Service for eight months of the financial year 2021/2022.

Notes to the Financial Statements for the year-ended 31 March 2022 (continued)

22. Funds (continued)

Hospice UK

The NHSE awarded funding to allow the hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation, and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose.

Michael McArdle

A donation was made in 2019 of £1,450,000 (following an earlier instalment of £50,000) to fund the building of the McArdle Wing. The asset valuation is reduced annually by the depreciation charge incurred on the works and currently stands at £1,410,796 (total cost £1,533,474). Following signature of grant agreements, the donation clawback remains restricted (up to a value of £1,500,000; see Note 20) for a total period of 20 years through to 31 May 2039 when the restriction ends, after which time the remaining asset will be de-restricted and transferred to unrestricted reserves.

Other grants less than £10,000

Other Funds

We would like to acknowledge the generous support received from the following institutions which also supported our work during the year –EDF Energy Langley Wind Farm Community Benefits Fund, Persimmon Homes and Arnold Clark.

Mid-Durham AAP

This funding is to employ a complementary Therapist to deliver therapies to enhance and develop the treatment experience for patients in Day Services, to run from April 2021.

Co-op Community Fund

Contribution to the set-up of the allotment project and provision of Day Services.

Transfers between funds

£32,075 was transferred from restricted to unrestricted funds in the year. This was proportionately to cover expenditure incurred in maintaining the hospice service through the pandemic while other fund-raising avenues were impacted by restrictions.

23. Analysis of movement in net funds

	At 1 April 2021 £	Cash flow £	Other £	At 31 March 2022 £
Cash at bank and in hand	622,820	125,137	-	747,957
Net funds	622,820	125,137	-	747,957

	At 1 April 2020 £	Cash flow £	Other £	At 31 March 2021 £
Cash at bank and in hand	286,542	336,368	-	622,820
Net funds	286,542	336,368	-	622,820

24. Related party transactions

There is nothing to report in respect of related party transactions.