

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 2023

Derwentside Hospice Care Foundation

Contents

Reference and Administrative Details	1
Trustees' Report	3
Statement of Trustees' responsibilities	12
Independent Auditor's Report to the members	13
Statement of Financial Activities	17
Balance Sheet	18
Statement of Cash Flows	19
Notes to the Financial Statements	20

Derwentside Hospice Care Foundation

Reference and Administrative Details

Company Registration Number	02263960
Charity Registration Number	519659
Solicitors	Ward Hadaway 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	Haines Watts North East Audit LLP 17 Queens Lane Newcastle upon Tyne NE1 1RN

Derwentside Hospice Care Foundation

Reference and Administrative Details

Trustees	P Jackson (Chair) A Allon R Bennett S E Brent I A Burke Dr C T Kelly M H McArdle P Pollard L Telford
Key Management Personnel	D E Barker – Director of Operations C Hagri – Head of Clinical C P Hewitt – Head of Finance (Left April 2023) R Todd – Head of Marketing & Fundraising A L Watson – Head of Finance (Appointed April 2023)
Principal Office	Willow Burn Hospice Howden Bank Lanchester Durham DH7 0QS

The charity is incorporated in England and Wales.

Derwentside Hospice Care Foundation

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 2023.

Report from the Chair of the Board

The year to end March 2023 was a successful year for the charity with both services and fundraising developing under a strong governance and leadership team.

The hospice in patient unit was as busy as ever, providing high quality care and support to people at the end of life, and their families.

Our Day Services proved as popular as ever and we expanded our range of services to include further support sessions for carers. The growth in demand for Bereavement Support continued and we increased the capacity of our, much needed, Childrens Bereavement Counselling Service. Our Complementary Therapy offer was also extended.

Highlights of our Community Engagement work came through our most successful Charity Ball ever, the annual Light Up A Life Service at All Saint's Church, Lanchester and a fantastic performance of our fundraisers through events like the Great North Run. The Willows Café continues to be both a vital fundraiser for the charity and an energetic community hub.

The charity embedded its revised Governance Structure (through a Board of Trustees and three Sub Committees – Compliance & Governance, Marketing & Fundraising and Finance & General Purposes). We were delighted to welcome two new Trustees to the Board, Andrew Allon and Philip Pollard have both proved their worth in augmenting our already strong Trustee set.

This year has been a year of policy development in terms of our environmental Sustainability policy and plan. This agenda is important to the charity and will lead to further development in the years to come.

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.

Financially, the charity was proud to support our staff through the cost of living crisis with a one-off payment to all staff at Christmas, this was achieved whilst also being aware of the need to ensure long term financial sustainability.

I am pleased to commend this Annual Report and Accounts.



Paul Jackson

Chair of the Board of Trustees

Derwentside Hospice Care Foundation

Trustees' Report

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 nine. 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
I A Burke
Dr C T Kelly
M H McArdle
L Telford
A Allon (appointed 8 November 2022)
P Pollard (appointed 8 November 2022)
A Britton (resigned 11 May 2022)

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. 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.

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.

Derwentside Hospice Care Foundation

Trustees' Report

Sub-Committees

The Board of Trustees is 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 and 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 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.
- **Marketing & Fundraising Sub-Committee** which comprises of at least two trustees who are independent of the management team and 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 Marketing & Fundraising 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 and 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 Marketing & Fundraising, 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. Details of the KMP can be found on page 2.

Derwentside Hospice Care Foundation

Trustees' Report

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 Marketing & Fundraising 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.

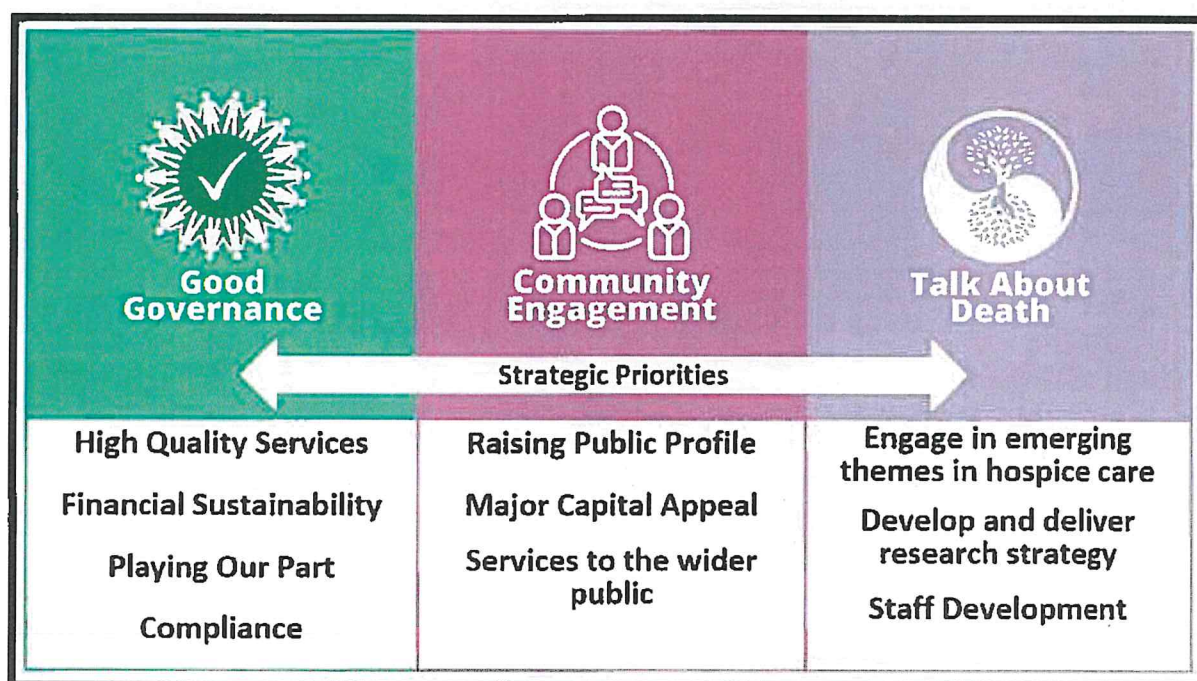
Derwentside Hospice Care Foundation

Trustees' Report

The Mission, Vision & Values of the charity

 Mission	To deliver hospice care of the highest standard to our patients and those important to them – now and in the future.
 Vision	Treasuring lives through high quality, personalised, palliative & end of life care and bereavement support.
 Values	<p>Caring: We put care, compassion and dignity at the heart of everything we do.</p> <p>Aspiring: We are passionate about delivering high quality, personalised services.</p> <p>Responsible: We are a responsible organisation that people can trust.</p> <p>Empowering: We support and enable people to make the choices that matter to them.</p>

Strategic priorities



The charity's Strategic Priorities are approved annually by the Board of Trustees and a detailed delivery plan is developed in order to ensure progress is made towards achieving the strategic aims.

Derwentside Hospice Care Foundation

Trustees' Report

Achievements and performance in Clinical Services

Willow Burn Hospice has in-patient capacity of six beds in the Helen McArdle Wing. Four of these are currently commissioned by the North East and North Cumbria Integrated Care Board 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 23, the in-patient unit cared for 84 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, the charity has direct medical review available three days per week. Arrangements are also in place to ensure additional 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 115 patients and their families in the reporting period to March 23. 1070 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 177 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.

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

Performance aspect (Units)	Year to 31 March 2023	Year to 31 March 2022
<u>Patient care</u>		
In-patients admitted	84	85
Total patients for Day services (appointments)	115 (1070)	51 (907)
Family Support and Bereavement services referrals	218	178

Derwentside Hospice Care Foundation

Trustees' Report

Nothing has ever been too much trouble. What magnificent support. My heart will always be here.

Thank you to all staff. You are so caring, kind and helpful.

Nothing is too big or too small.

I can't thank you enough, always holding my hand. Thank you.

Financial review

The Statement of Financial Activities (SoFA) shows that gross income increased from £1,243,859 to £1,437,551 and expenditure increased from £1,186,367 to £1,275,736. This resulted in a surplus of £161,815 (2022: £57,492) 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 and are keen to maintain the strength of overall reserves in the future.

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

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 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.

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. This equates to £650,000.

At the year end, free reserves were £772,617 (2022: £604,660), an increase of £167,957 in the year.

Plans for future development

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 further 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 further plans are underway to increase capacity.
- Research – The charity has developed a Research programme in partnership with Sunderland University, looking into aspects of Hospice care, including community pharmacy and attitudes to Assisted Dying.

Derwentside Hospice Care Foundation

Trustees' Report

- Retail expansion – The charity has plans to develop a furniture store with recycling capabilities.
- Climate crisis - The need for greater energy efficiency is well understood as is the need to respond to the climate crisis. The charity plans to install a hugely expanded solar panel system to the roof of the Helen McArdle In Patient Unit and is exploring the possibility of fitting an Electric Vehicle charging port to its car park.

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.

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 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.

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 continues to consider more deeply the impact it has on its environment and surroundings and how it might contribute to a more sustainable future.

Sustainability aspect	Details or circumstances
Energy usage	All light fittings are replaced with LED bulbs.
Travel	Meetings can be held on-line if there isn't a specific need to meet in person.
Water usage	Water reduction valves are fitted to our showers. We store and reuse rainwater on site for our gardens.
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.

Derwentside Hospice Care Foundation

Trustees' Report

The charity has extensive plans to fit additional solar panels to the roof of our In Patient Unit in order to reduce costs and our carbon footprint.

Performance aspect (Units)	Year to 31 March 2023	Year to 31 March 2022
<u>Utility & resource usage</u>		
Electricity (kWh)	73,547	120,353
Gas (therms)	150,711	155,735
Water (m3)	(E) 600	623
<u>Payment of suppliers</u>		
Creditor days outstanding	3	8
<u>Volunteers' contribution</u>		
Estimated hours	21,778	17,700
Indicative valuation	£232,000	£183,000

Financial instruments

The Hospice engaged an investment manager, CCLA, to manage a proportion of its free cash reserves. The 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

Following a formal tender process in line with the charity's recognised procedure Haines Watts North East Audit LLP were appointed auditors for the production of annual accounts as at 31 March 2023. It is envisaged, subject to annual Trustee approval at AGM, that this will be a three year arrangement and will be reviewed in 2025.

Derwentside Hospice Care Foundation

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 8 November 2023 and signed on their behalf by:



P Jackson – Chair & Trustee

Derwentside Hospice Care Foundation

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

Opinion

We have audited the financial statements of Derwentside Hospice Care Foundation Limited (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023, and of its incoming resources and application of resources, 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 responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 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.

Other information

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

Derwentside Hospice Care Foundation

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

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.

Derwentside Hospice Care Foundation

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

In preparing the financial statements, the trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

We obtained an understanding of the legal and regulatory framework applicable to both the charitable company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the trustees and other management. The most significant were identified as the Charities Act 2011, the Companies Act 2006, UK GAAP (FRS 102), the Care Quality Commission and Health and Safety legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- making inquiries of trustees and management as to whether they consider there to be any known or suspected instances of fraud, or non-compliance with laws and regulations.
- Assessing the matters identified on the Charity's risk register.
- Reviewing the minutes of meetings of those charged with governance.
- Assessing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.
- Challenging assumptions and judgements made by management in their significant accounting estimates.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for> This description forms part of our auditor's report.

Derwentside Hospice Care Foundation

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

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 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Craig Henderson (Senior Statutory Auditor)
For and on behalf of Haines Watts North East Audit LLP
17 Queens Lane
Newcastle upon Tyne
NE1 1RN
14 November 2023

Derwentside Hospice Care Foundation

Statement of Financial Activities for year-ended 31 March 2023

(including Income & Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Income and Endowments:					
Donations and legacies	3	368,791	42,375	411,166	351,000
Charitable Activities	4	569,102	-	569,102	544,588
Other trading activities	5	431,166	-	431,166	348,271
Unrealised gains on Investment	6	26,117	-	26,117	-
Total Income		1,395,176	42,375	1,437,551	1,243,859
Expenditure:					
Raising funds	7	(279,850)	-	(279,850)	(224,040)
Charitable activities	8	(938,490)	(57,396)	(995,886)	(962,327)
Total Expenditure		(1,218,340)	(57,396)	(1,275,736)	(1,186,367)
Net Income		176,836	(15,021)	161,815	57,492
Transfer between funds		0	(0)	-	-
		176,836	(15,021)	161,815	57,492
Reconciliation of funds					
Total funds brought forward		2,592,339	1,518,450	4,110,789	4,053,297
Total funds carried forward	22	2,769,175	1,503,429	4,272,604	4,110,789

All of the Charity's activities derive from continuing operations during the above two periods and includes all recognised gains and losses.

The funds breakdown for 2023 is shown in note 22.

<i>Comparative period</i>	Note	Unrestricted funds £	Restricted funds £	Total 2022 £
Income and Endowments:				
Donations and legacies	3	261,937	89,063	351,000
Charitable Activities	4	544,588	-	544,588
Other trading activities	5	348,271	-	348,271
Investment income	6	-	-	-
Total Income		1,154,796	89,063	1,243,859
Expenditure:				
Raising funds	6	(224,040)	-	(224,040)
Charitable activities	7	(874,310)	(88,017)	(962,327)
Total Expenditure		(1,098,350)	(65,979)	(1,186,367)
Net Income		56,446	1,046	57,492
Transfer between funds		32,075	(32,075)	-
		88,521	(31,029)	57,492
Reconciliation of funds				
Total funds brought forward		2,503,818	1,549,479	4,053,297
Total funds carried forward	22	2,592,339	1,518,450	4,110,789

Derwentside Hospice Care Foundation

Balance Sheet for the year-ended 31 March 2023

		2023	2022
	Note	£	£
Fixed assets			
Tangible assets	13	3,196,557	3,282,678
Investments in subsidiaries	14	1	1
		<u>3,196,558</u>	<u>3,282,679</u>
Current assets			
Investments	15	626,117	-
Debtors	16	194,752	135,057
Cash at bank and in hand		307,366	747,957
		<u>1,128,235</u>	<u>883,014</u>
Creditors: Amounts falling due within one year	17	(52,189)	(54,904)
Net current assets		<u>1,076,046</u>	<u>828,110</u>
Net assets		<u>4,272,604</u>	<u>4,110,789</u>
Funds of the charity:			
Restricted funds		1,503,429	1,518,450
Unrestricted income funds			
Designated Reserve		300,000	205,000
Unrestricted Reserve		2,469,175	2,387,339
Total funds	22	<u>4,272,604</u>	<u>4,110,789</u>

The financial statements on pages 16 to 31 were approved by the trustees, and authorised for issue on 8 November 2023, and signed on their behalf by



P Jackson – Chair & Trustee

Derwentside Hospice Care Foundation

Statement of Cash Flows for the year-ended 31 March 2023

		2023	2022
	Note	£	£
Cash flows from operating activities			
Net cash income		161,815	57,492
Adjustments to cash flows from non-cash items			
Depreciation	13	108,077	111,471
Disposal of fixed asset	13	-	716
Change in fair value of investments	6	(26,117)	-
		<u>243,775</u>	<u>169,679</u>
Working capital adjustments			
(Increase)/decrease in inventory		-	1,734
(Increase)/decrease in debtors	16	(59,695)	(10,043)
(Decrease) in creditors	17	(3,047)	(22,929)
Increase/(decrease) in deferred income	17	332	(888)
Net cash flows from operating activities		<u>181,365</u>	<u>137,553</u>
Cash flows from investing activities			
Purchase of tangible fixed assets	13	(21,956)	(12,416)
Disposal of fixed assets		-	-
Purchase of Investments	6	(600,000)	-
Net cash flows from investing activities		<u>(621,956)</u>	<u>(12,416)</u>
Cash flows from financing activities			
Interest payable and similar charges		-	-
Net increase in cash and cash equivalents		<u>(440,591)</u>	<u>125,137</u>
Opening cash and cash equivalents at 1 April		<u>747,957</u>	<u>622,820</u>
Cash and cash equivalents at 31 March	23	<u>307,366</u>	<u>747,957</u>

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

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2023

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 Willow Burn 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.

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.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2023 (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 £3.17m) 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 2023 (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 2023 (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 2023 (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 2023	Total 2022
	£	£	£	£
Donations	56,152	-	56,152	68,891
Legacies	239,396	-	239,396	108,120
Gift Aid reclaimed	19,132	-	19,132	21,375
Grants	41,400	18,519	59,919	139,677
Regular giving and capital donations	12,711	-	12,711	12,389
Government Grants - CJRS	-	-	-	548
Kickstart Scheme	-	23,856	23,856	-
	<u>368,791</u>	<u>42,375</u>	<u>411,166</u>	<u>351,000</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 (£0k: 2022 - £55k), while normal operations were restricted and curtailed.

4. Income from charitable activities

	Unrestricted funds General	Total 2023	Total 2022
	£	£	£
NHS contract	562,793	562,793	541,738
Additional hospice income	6,309	6,309	2,850
	<u>569,102</u>	<u>569,102</u>	<u>544,588</u>

5. Income from other trading activities

	Unrestricted funds General	Total 2023	Total 2022
	£	£	£
Shop income from sale of donated goods and services	222,937	222,937	181,627
Other events income	123,846	123,846	87,897
Café and merchandise income	77,084	77,084	52,701
Other income	7,299	7,299	26,046
	<u>431,166</u>	<u>431,166</u>	<u>348,271</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.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2023 (continued)

6. Unrealised gains on investments

	Unrestricted funds General £	Total 2023 £	Total 2022 £
Unrealised gains on investments	26,117	26,117	-

A Charities Ethical Investment Fund portfolio account was opened with CCLA on 19th May 2022 with £600,000 being deposited into the investment portfolio. The movement on the initial investment from the date of deposit to the balance at the year-end is shown above.

7. Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Employment costs	175,747	-	175,747	109,780
Other costs	104,103	-	104,103	114,260
	<u>279,850</u>	<u>-</u>	<u>279,850</u>	<u>224,040</u>

The employment costs for 2023 include the Kickstart programme employees.

8. Expenditure on charitable activities

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Charitable activity costs	258,233	3,000	261,233	209,778
Staff costs	499,573	54,396	553,969	557,520
Loss on disposal of fixed asset	-	-	-	716
Support costs	180,684	-	180,684	194,313
	<u>938,490</u>	<u>57,396</u>	<u>995,886</u>	<u>962,327</u>

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2023 (continued)

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 apportionment and analysis of support and governance costs.

Support costs allocated to charitable activities

	Governance costs	Other support costs	Total	Total
			2023	2022
	£	£	£	£
Staff costs	-	135,426	135,426	126,303
Insurance	-	22,376	22,376	20,476
IT costs	-	24,970	24,970	23,258
Professional costs	-	9,812	9,812	17,076
Audit fee	8,200	-	8,200	7,200
	<u>8,200</u>	<u>172,484</u>	<u>180,684</u>	<u>194,313</u>

9. Taxation

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

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2023 (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 2023	Total 2022
	£	£
Staff costs during the year were		
Wages and salaries	786,514	731,371
Social security costs	54,738	49,318
Pension costs	12,353	12,915
	<u>853,605</u>	<u>793,604</u>

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

	Total 2023	Total 2022
Management	4	4
Other staff	45	34
	<u>49</u>	<u>38</u>

The average number of full-time equivalent employees included above is 16 (2022: 16). Derwentside Hospice Care Foundation adopts a flexible working policy which enables employees to request changes to their contracted hours to facilitate their physical and mental well-being to maintain a good work/life balance.

No employee received emoluments of more than £60,000 during the year (2022 – None).

The total employee benefits of the key management personnel of the charity were £155,152 (2022 - £142,221).

12. Auditor's remuneration

	2023 £	2022 £
Audit fee	<u>8,200</u>	<u>7,200</u>

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2023 (continued)

13. Tangible fixed assets

	Land and buildings	Furniture and equipment	Total
	£	£	£
Cost			
At 1 April 2022	3,591,014	525,955	4,116,969
Additions	-	21,956	21,956
Disposals	-	(2,280)	(2,280)
At 31 March 2023	<u>3,591,014</u>	<u>545,631</u>	<u>4,136,645</u>
Depreciation			
At 1 April 2022	361,891	472,400	834,291
Charge for year	62,739	45,338	108,077
Disposals	-	(2,280)	(2,280)
At 31 March 2023	<u>424,630</u>	<u>515,458</u>	<u>940,088</u>
Net book value			
At 31 March 2023	<u>3,166,384</u>	<u>30,173</u>	<u>3,196,557</u>
At 31 March 2022	<u>3,229,123</u>	<u>53,555</u>	<u>3,282,678</u>

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. Investment in subsidiary

	2023 £	2022 £
Other investments	<u>1</u>	<u>1</u>
	Hazelbrook Specialist Care	Total
	£	£
Cost		
At 1 April 2022	<u>1</u>	<u>1</u>
At 31 March 2023	<u>1</u>	<u>1</u>
Net book value		
At 31 March 2023	<u>1</u>	<u>1</u>
At 31 March 2022	<u>1</u>	<u>1</u>

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 2023.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2023 (continued)

15. Investments

	2023
	£
As at 1 April	-
Additions	600,000
Change in Market Value	<u>26,117</u>
As at 31 March	<u>626,117</u>

16. Debtors

	2023	2022
	£	£
Trade debtors	9,464	34,481
Prepayments	31,839	30,386
Accrued income	147,400	63,118
VAT recoverable	6,049	7,072
	<u>194,752</u>	<u>135,057</u>

Included in Accrued income are legacy donations of £115,000 (2022: £nil) notified to us prior to the year end and received in April 2023.

17. Creditors

	2023	2022
	£	£
Trade creditors	9,961	8,667
Other taxation and social security	14,209	15,404
Other creditors	5,131	8,361
Accruals	21,423	21,339
Deferred income	1,465	1,133
	<u>52,189</u>	<u>54,904</u>
Deferred income at 1 April 2022	1,133	2,021
Resources deferred in the period	1,465	1,133
Amounts released from previous periods	<u>(1,133)</u>	<u>(2,021)</u>
Deferred income at year end	<u>1,465</u>	<u>1,133</u>

Other creditors include £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.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2023 (continued)

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	2023	2022
	£	£	£	£
Within one year	38,792	4,234	43,026	45,433
Between one and five years	120,833	700	121,533	138,531
Over five years	81,542	-	81,542	108,046
	<u>241,167</u>	<u>4,934</u>	<u>246,101</u>	<u>292,010</u>

19. Pension and other schemes

Defined contribution pensionscheme

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 £12,353 (2022 - £12,915).

Contributions included in creditors totalling £4,635 (2022: £7,864) 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.

21. Analysis of net assets between funds

	Unrestricted funds	Designated	Restricted funds	Total funds
	General			
	£	£	£	£
Tangible fixed assets	1,696,557	-	1,500,000	3,196,557
Fixed asset investments	1	-	-	1
Net current assets	772,617	300,000	3,429	1,076,046
Total net assets	<u>2,472,604</u>	<u>300,000</u>	<u>1,503,429</u>	<u>4,272,604</u>

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.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2023 (continued)

<i>Comparative analysis</i>	Unrestricted funds	Designated	Restricted funds	Total funds
	General			
	£	£	£	£
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

22. Funds

	Balance at 1 April 2022	Incoming resources	Resources expended	Transfers	Balance at 31 March 2023
	£	£	£	£	£
Unrestricted funds					
General					
General fund	2,387,339	1,395,176	(1,218,340)	(95,000)	2,469,175
Contingent Liabilities	205,000	-	-	-	205,000
Development Fund	-	-	-	95,000	95,000
Total unrestricted funds	2,592,339	1,395,176	(1,218,340)	-	2,769,175
Restricted funds					
Hospice at Home	2,135	-	(2,135)	-	-
Derwent Valley AAP	2,687	-	(2,687)	-	-
Other Grants less than £10,000 (b/f from 2022)	13,628	-	(13,628)	-	-
Kickstart Scheme	-	23,856	(23,856)	-	-
St James Place	-	2,500	(2,500)	-	-
Mid Durham AAP	-	500	(500)	-	-
Co-Op Community Fund	-	4,490	(4,490)	-	-
Grace Trust	-	1,000	(1,000)	-	-
Hospice UK	-	6,600	(6,600)	-	-
NHS (NENC) & ICB	-	3,429	-	-	3,429
Michael McArdle	1,500,000	-	-	-	1,500,000
Total restricted funds	1,518,450	42,375	(57,396)	-	1,503,429
Total funds	4,110,789	1,437,551	(1,275,736)	-	4,272,604

Unrestricted Funds

The Contingent Liabilities' Reserve and the Development fund are designated funds. The contingent liability represents funds to cover adverse trading conditions and increases in the cost of living. The development fund are monies set aside as agreed by the board with the intention of being spent on plans for the future including service development and green initiatives to make the hospice even more eco-friendly.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2023 (continued)

Restricted Funds

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 have been used to cover the cost of conducting regular telephone welfare checks after patients have been discharged to their homes after staying at our in-patient unit.

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.

Funds (continued)

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 £1,380,127 (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.

Kickstart Scheme

The hospice participated in the Kickstart scheme. The DWP funded salaries of young people gaining some valuable work experience in order to better enable them to secure long term employment and to stop claiming JSA.

St James Place & Mid Durham AAP

St James Place awarded us £2,500 towards the cost of a Children's play cottage for our garden, where children's counselling can take place outdoors to maximise children's engagement and participation. Mid Durham AAP awarded us £500 towards the cost of a mud kitchen to further encourage play and participation during counselling sessions.

Co-op Community Fund

Contribution towards the salaries for the running of Day Services.

Grace Trust

We were awarded £1000 towards the salary cost of our complimentary therapist during 2022/23.

Hospice UK

This grant was used to cover the salary costs of our RGN, HCA and Complimentary therapist for one day a week, providing services for the carers of our Day-patients under their 'Supporting Carers in County Durham' scheme.

NHS (NE&NC) & ICB

These funds were received in March 2023 and will be used to deliver personalised wellbeing support for young people through bereavement counselling.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the year-ended 31 March 2023 (continued)

Comparative analysis

	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

23. Analysis of movement in net funds

	At 1 April 2022	Cash flow	Other	At 31 March 2023
	£	£	£	£
Cash at bank and in hand	747,957	185,526	(626,117)	307,366
Net funds	747,957	185,526	-	307,336
Comparative analysis				
	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

24. Related party transactions

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