

Company registration number: 02263960

Charity registration number: 519659

DERWENTSIDE HOSPICE CARE FOUNDATION

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2020

Derwentside Hospice Care Foundation

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Derwentside Hospice Care Foundation

Reference and Administrative Details

| | |
|---------------------------------|---|
| Chair | P Jackson |
| Trustees | P Jackson M H McArdle A G Burdon A Britton M Davies T S Dawson (resigned 11 September 2019) R Bennett S E Brent (appointed 27 November 2019) |
| Key Management Personnel | C Hagri - Clinical Lead K Crozier - Director of Operations A Hands - Interim Director of Operations R Todd - Marketing Communications Manager J Louw - Director of Finance (Consultant) |
| Principal Office | Willowburn Hospice Howden Bank Lanchester Durham DH7 0QS |

The charity is incorporated in England and Wales.

Derwentside Hospice Care Foundation

Reference and Administrative Details

Company Registration Number 02263960

Charity Registration Number 519659

Solicitors Bennett Richmond
23 Front Street
Lanchester
County Durham
DH8 5AB

Bankers CAF Bank Limited
Head Office
Kings Hill
West Malling
Kent
ME19 4TA

Lloyds Bank plc
Victoria Road Consett
1 Victoria Road
Consett
County Durham
DH8 5AE

Auditor MHA Tait Walker
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

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 2020.

Report from the Chair of the Board

The Willow Burn Hospice and its first class facilities provide vital services to the people of Derwentside, delivered by the continued hard work from our dedicated team of employees and volunteers.

We welcomed to our team an Interim CEO and later appointed a Director of Operations to take Willow Burn forward for the future. The charity has continued to face the challenges of securing the necessary funds to keep the hospice services operational. This has required close management of resources and overheads to ensure our long-term financial sustainability. This year also saw Willow Burn develop its new Strategy, focusing on improvement and engagement as well as looking at the development of new income streams.

Service development has continued to be a priority throughout the year. We are grateful for the support and encouragement we have received from our local NHS Clinical Commissioning Group who have commissioned four of our six beds to support the people of Derwentside.

The COVID19 pandemic impacted our final month of operations in the current year but the charity continues to work hard to adapt to the future and remains dedicated to serving Derwentside. With continued support from the community we are positive about being able to achieve this objective.

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. In the event of the charitable company being wound up members are required to contribute an amount not exceeding £10.

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 every two months. At these meetings members receive detailed management accounts (including cashflow projections) 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. Following Covid 19, meetings are being maintained virtually.

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 is effected for all trustees, as deemed necessary.

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.

Derwentside Hospice Care Foundation

Trustees' Report

Sub-committees

The board of trustees has 3 sub-committees:

- **Finance, Income Generation and I.T. Sub-Committee** which comprises of 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. At least one member of the group has recent and relevant experience of income generation at a senior level. At present this is our Marketing and Communications Manager. The group is required to meet at least six times a year. The responsibility of the group is to provide an effective audit mechanism of both current and future income generation activity. The focus of the group is to continue to develop the long term income generation plan as well as working on the current annual plan.

- **Governance, Compliance, HR, Community Engagement, Marketing and Communications 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. At least one member of the group has relevant clinical experience at a senior level, this is currently our Marketing and Communications Manager. The group is required to meet at least six times a year. The responsibility of the group is to provide an effective audit mechanism of current and future governance activity and the development of future activity.

- **Service Quality, Delivery and Development 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. At least one member of the group has relevant clinical experience at a senior level, this is currently our Clinical Lead and Registered Manager. The group is required to meet at least six times a year. 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 of trustees. This is done within the boundaries of the budget and various policies and procedures also agreed by the board of trustees. The Director of Operations appraises the chair of the board of any significant issues that may arise between formal meetings. The director is supported by a senior management team that currently consists of the Registered Manager / Clinical Lead, Head of Marketing and Communications together with the Finance Director and Family support and bereavement team lead. The management team (including the director) hold regular meetings with the team as needed, to address all relevant operational issues.

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

Fundraising disclosures

Following the re-structure of the hospice, new innovative ways are currently being explored as to how the hospice becomes more sustainable and self-sufficient. This will be influenced following the development of our new strategy given that the new build is now completed and in service.

The charity continues to be a member of the Institute of Fundraising and follows best practice and regulations in all its fundraising activity. No complaints relating to fundraising activities have been received within the reporting period.

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.

Achievements and performance

Clinical and Professional

Willow Burn has in patient capacity of 6 beds in the Helen McArdle Wing. Four of which are commissioned by the CCG to provide end of life care, symptom management, crisis intervention & respite care. Spot Purchase requests for the additional beds are requested for individual need for end of life patients. Admissions are arranged through professional referrals, assessed & considered on a priority need basis. These can be arranged within 2 hours where required and additionally for an episode of respite when a date is available. All patients & families have access to our family support team to meet their psychological & emotional needs as part of a holistic package of care. During the current year April 19-March 20, Willow Burn in patient unit cared for 98 in-patients, of whom 72 had a cancer diagnosis. Work has continued during this year to improve the admission procedures for referrals to the hospice to reduce the onus on the GP workload through policy changes, utilising System 1 for communication & forging links & working relationships with the community & CDDFT teams. This continues to be a work in progress into 2020-21 with additional support from the CCG in reviewing & trialling of an extended KPI length of stay following evaluation of the previous year activity & challenges, identifying the gaps in service provision & meeting the needs of patients & their families.

Derwentside Hospice Care Foundation

Trustees' Report

The day centre clinical services recommenced in the Sir Tom Cowie Centre in April 2019. This was provided by the Clinical Lead & HCA until the appointment of an RGN in September who took over the role of developing the new service programme. Re-evaluation of the service is ongoing to ensure a responsive service continues to meet the needs & wishes of the patients and provides guidance within the framework supporting them to be 'living well with their illness.' A 12-week period of attendance is usually offered, although support and sign posting to other services is undertaken in preparation for discharge. Working relationships have been forged with other organisations for reciprocal referrals in & out of services e.g. County Durham Carers. By March 2020, the day service was supporting 28 patients with 1 full clinical day on a Friday & 2 half day men's & ladies' group on Thursdays. These have proved to be very popular & well received. The Tuesday social drop in provided self-generating referrals & also support to people living in the community in signposting them & providing information. This is hosted through the café & in the Sir Tom Cowie Day centre. During these sessions, the RGN manages referrals & pre-admission assessments. The day service also successfully hosted a service drop in, inviting other supporting services to attend. The patients' receiving care in the day service have provided positive feedback to the RGN & HCA both of whom are dedicated to developing a service to meet patients' needs. The music therapist whose role was supported by a grant, added another dimension to the day service until the grant funding ended at the beginning of 2020. The clinical day service is supported by a team of volunteers including those with additional qualifications & talents i.e. crafts, beauty & complementary therapy although this is identified as an area for future development.

The Family Services & Bereavement support team continued to work with increasing numbers to reach capacity, supported by a growing team of volunteer and student counsellors. The commencement of the Family Support Worker & Children's & Young People Bereavement Pathway Worker in September 2019 provided a full staffing complement. A pilot for group sessions was trialled successfully in November 2019 with the intent to identify referrals into the service suitable for group support facilitated by the Family Support Service Lead. A service review was undertaken to ensure a safe & compliant service is delivered. The 2 main components of this service review included aiming to reduce student & volunteer counsellor reliance & reducing the source of referrals to GP & Macmillan professionals for bereavement support. This was completed by early in March 2020 keeping all the referrers informed during the process. The Children's Bereavement pathway worker has continued to develop the role outlined in the grant & has achieved the targets in engaging with the community through the development of work in schools & responding to child referrals into the hospice. The family support service has 92 clients receiving support or counselling in the service at the end of March 20.

The Lymphoedema service resumed appointments delivering care to the Derwentside patients from June 2019 with clinics held alternate Mondays with the option to increase as service demand needed. Public Yoga classes are held on a Thursday evening with an arrangement for provision of a session to the day hospice clients. Breast Friends Breast Cancer Support Group hold meetings on Tuesday evenings with their sewing group. The Bereavement Buddies are a self-sufficient group originally evolving from previous Family Support clients who continue to meet on a Wednesday afternoon at Willow Burn & continue to support the hospice generously through fundraising.

Due to the pandemic the Family Support & Day care services were suspended in March 2020 with clients unable to attend the hospice. The day service RGN & HCA were redeployed to support the in-patients keeping in touch with both their service attendees & with some of the family service clients. The family service clients were all kept informed regarding the suspension of services & all the caseload reviewed by the team & assurances given to determine that all clients were safe prior to the decision to furlough the team.

Derwentside Hospice Care Foundation

Trustees' Report

Financial review

The Statement of Financial Activities (SoFA) shows that gross income decreased from £2,921,093 to £1,202,734 and expenditure reduced from £1,199,693 to £1,178,694. This resulted in a surplus of £24,040 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 but recognise that work is required to improve the overall reserves position going forward.

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 which would equate to holding approximately £300,000 in free reserves.

At the year end, free reserves were £306,144 (2019: £18,472), an increase of £287,672 in the year.

Work is continuing on ways in which income levels can be increased and a review of expenditure has taken place to ensure the charity consistently achieves value for money. This continuing work will allow a position whereby reserve levels can start to be built up to a level that offers financial security to the charity moving forward. A key piece of work which is currently underway is the review of the income generation strategy. 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.

Key Management Personnel

The board, who give their time freely and no trustees received remuneration in the year, have considered who the Key Management Personnel (KMP) of the charity, 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 and normally increased in accordance with average earnings. 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.

Derwentside Hospice Care Foundation

Trustees' Report

Plans for future periods

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 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 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.

Financial instruments

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.

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.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditors of the charity is to be proposed at the forthcoming Annual General Meeting.

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 the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law 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 statements; 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order 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 ...12/3/2021... and signed on its behalf by:


.....
P Jackson
Chair and 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 (the 'charity') for the year ended 31 March 2020, 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 2020 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Derwentside Hospice Care Foundation

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 10), 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.

Derwentside Hospice Care Foundation

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

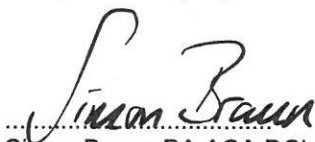
Auditor's responsibilities for the audit of the financial statements

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.

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.



Simon Brown BA ACA DChA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 16/3/2021

MHA Tait Walker is a trading name of Tait Walker LLP.

Derwentside Hospice Care Foundation

Statement of Financial Activities for the Year Ended 31 March 2020 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

| | Note | Unrestricted funds £ | Restricted funds £ | Total 2020 £ | Total 2019 £ |
|------------------------------------|------|-------------------------|-----------------------|--------------------|--------------------|
| Income and Endowments from: | | | | | |
| Donations and legacies | 3 | 254,995 | 64,435 | 319,430 | 2,104,195 |
| Charitable activities | 4 | 618,451 | - | 618,451 | 496,635 |
| Other trading activities | 5 | 264,853 | - | 264,853 | 320,263 |
| Total Income | | <u>1,138,299</u> | <u>64,435</u> | <u>1,202,734</u> | <u>2,921,093</u> |
| Expenditure on: | | | | | |
| Raising funds | 6 | (155,977) | - | (155,977) | (348,943) |
| Charitable activities | 7 | (895,522) | (127,195) | (1,022,717) | (850,750) |
| Total Expenditure | | <u>(1,051,499)</u> | <u>(127,195)</u> | <u>(1,178,694)</u> | <u>(1,199,693)</u> |
| Net income/(expenditure) | | 86,800 | (62,760) | 24,040 | 1,721,400 |
| Transfers between funds | | <u>(1,382,274)</u> | <u>1,382,274</u> | <u>-</u> | <u>-</u> |
| Net movement in funds | | (1,295,474) | 1,319,514 | 24,040 | 1,721,400 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | <u>3,123,012</u> | <u>662,554</u> | <u>3,785,566</u> | <u>2,064,166</u> |
| Total funds carried forward | 21 | <u>1,827,538</u> | <u>1,982,068</u> | <u>3,809,606</u> | <u>3,785,566</u> |

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2019 is shown in note 21.

Derwentside Hospice Care Foundation

Comparative Statement of Financial Activities for the Year Ended 31 March 2019

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

| | Note | Unrestricted funds £ | Restricted funds £ | Total 2019 £ |
|------------------------------------|------|----------------------------|--------------------------|-------------------------|
| Income and Endowments from: | | | | |
| Donations and legacies | 3 | 288,917 | 1,815,278 | 2,104,195 |
| Charitable activities | 4 | 496,635 | - | 496,635 |
| Other trading activities | 5 | 320,263 | - | 320,263 |
| Total income | | <u>1,105,815</u> | <u>1,815,278</u> | <u>2,921,093</u> |
| Expenditure on: | | | | |
| Raising funds | 6 | (335,783) | (13,160) | (348,943) |
| Charitable activities | 7 | <u>(789,422)</u> | <u>(61,328)</u> | <u>(850,750)</u> |
| Total expenditure | | <u>(1,125,205)</u> | <u>(74,488)</u> | <u>(1,199,693)</u> |
| Net (expenditure)/income | | (19,390) | 1,740,790 | 1,721,400 |
| Transfers between funds | | <u>1,628,795</u> | <u>(1,628,795)</u> | - |
| Net movement in funds | | 1,609,405 | 111,995 | 1,721,400 |
| Reconciliation of funds | | | | |
| Total funds brought forward | | <u>1,513,607</u> | <u>550,559</u> | <u>2,064,166</u> |
| Total funds carried forward | 21 | <u><u>3,123,012</u></u> | <u><u>662,554</u></u> | <u><u>3,785,566</u></u> |

Derwentside Hospice Care Foundation

(Registration number: 02263960)

Balance Sheet as at 31 March 2020

| | Note | 2020 £ | 2019 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 3,471,393 | 3,604,539 |
| Investments | 14 | <u>1</u> | <u>1</u> |
| | | <u>3,471,394</u> | <u>3,604,540</u> |
| Current assets | | | |
| Debtors | 15 | 160,336 | 107,380 |
| Cash at bank and in hand | | <u>286,542</u> | <u>316,968</u> |
| | | 446,878 | 424,348 |
| Creditors: Amounts falling due within one year | 16 | <u>(108,666)</u> | <u>(193,322)</u> |
| Net current assets | | <u>338,212</u> | <u>231,026</u> |
| Total assets less current liabilities | | 3,809,606 | 3,835,566 |
| Creditors: Amounts falling due after more than one year | 17 | <u>-</u> | <u>(50,000)</u> |
| Net assets | | <u>3,809,606</u> | <u>3,785,566</u> |
| Funds of the charity: | | | |
| Restricted funds | | 1,982,068 | 662,554 |
| Unrestricted income funds | | | |
| Unrestricted funds | | <u>1,827,538</u> | <u>3,123,012</u> |
| Total funds | 21 | <u>3,809,606</u> | <u>3,785,566</u> |

The financial statements on pages 14 to 35 were approved by the trustees, and authorised for issue on 12/3/2021 and signed on their behalf by:



P Jackson
Chair and Trustee

Derwentside Hospice Care Foundation

Statement of Cash Flows for the Year Ended 31 March 2020

| | Note | 2020 £ | 2019 £ |
|--|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash income | | 24,040 | 1,721,400 |
| Adjustments to cash flows from non-cash items | | | |
| Depreciation | 6 | 118,260 | 117,355 |
| Interest payable | 6 | <u>2,708</u> | <u>2,500</u> |
| | | 145,008 | 1,841,255 |
| Working capital adjustments | | | |
| (Increase)/decrease in debtors | 15 | (52,956) | 13,897 |
| (Decrease)/increase in creditors | 16 | (126,326) | 50,652 |
| (Decrease)/increase in deferred income | 17 | <u>(8,330)</u> | <u>2,732</u> |
| Net cash flows from operating activities | | <u>(42,604)</u> | <u>1,908,536</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | 13 | (60,114) | (1,736,921) |
| Sale of tangible fixed assets | | <u>75,000</u> | <u>-</u> |
| Net cash flows from investing activities | | 14,886 | (1,736,921) |
| Cash flows from financing activities | | | |
| Interest payable and similar charges | 6 | <u>(2,708)</u> | <u>(2,500)</u> |
| Net (decrease)/increase in cash and cash equivalents | | (30,426) | 169,115 |
| Cash and cash equivalents at 1 April | | <u>316,968</u> | <u>147,853</u> |
| Cash and cash equivalents at 31 March | | <u><u>286,542</u></u> | <u><u>316,968</u></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 2020

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.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

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 £3.35m) 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 estimated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset. An estimate of the useful economic life is detailed in the depreciation accounting policy. During the year the total depreciation charge was £118,260.

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 2020

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 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.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

Tangible fixed assets

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

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as 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.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's 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.

Investments

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

3 Income from donations and legacies

| | Unrestricted funds | Restricted funds | Total 2020 | Total 2019 |
|--------------------------------------|--------------------|------------------|----------------|------------------|
| | General £ | £ | £ | £ |
| Donations | 103,265 | - | 103,265 | 1,650,911 |
| Legacies | 51,993 | - | 51,993 | 103,872 |
| Gift aid reclaimed | 18,777 | - | 18,777 | 2,720 |
| Grants | 67,520 | 64,435 | 131,955 | 326,549 |
| Regular giving and capital donations | 13,440 | - | 13,440 | 20,143 |
| | <u>254,995</u> | <u>64,435</u> | <u>319,430</u> | <u>2,104,195</u> |

4 Income from charitable activities

| | Unrestricted funds | Total 2020 | Total 2019 |
|------------|--------------------|------------|------------|
| | General £ | £ | £ |
| NHS bodies | 618,451 | 618,451 | 496,635 |

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

5 Income from other trading activities

| | Unrestricted funds | Total 2020 | Total 2019 |
|---|--------------------|----------------|----------------|
| | General £ | £ | £ |
| Shop income from sale of donated goods and services | 189,126 | 189,126 | 200,969 |
| Other events income | 58,060 | 58,060 | 84,296 |
| Cafe income | 13,652 | 13,652 | - |
| Other income | 4,015 | 4,015 | 34,998 |
| | <u>264,853</u> | <u>264,853</u> | <u>320,263</u> |

6 Expenditure on raising funds

| | Unrestricted funds | Restricted funds | Total 2020 | Total 2019 |
|------------------|--------------------|------------------|----------------|----------------|
| | £ | £ | £ | £ |
| Employment costs | 88,830 | - | 88,830 | 209,854 |
| Other costs | 67,147 | - | 67,147 | 139,089 |
| | <u>155,977</u> | <u>-</u> | <u>155,977</u> | <u>348,943</u> |

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

7 Expenditure on charitable activities

| | Unrestricted funds | Restricted funds | Total 2020 | Total 2019 |
|---------------------------------|--------------------|------------------|------------------|----------------|
| | General £ | £ | £ | £ |
| Charitable activity costs | 355,527 | 8,752 | 364,279 | 281,033 |
| Staff costs | 519,995 | 118,443 | 638,438 | 569,717 |
| Loss on disposal of fixed asset | 20,000 | - | 20,000 | - |
| | <u>895,522</u> | <u>127,195</u> | <u>1,022,717</u> | <u>850,750</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 2020 | Total 2019 |
|---------------------------|------------------------------|------------------------|------------------|----------------|
| | £ | £ | £ | £ |
| Charitable Activity costs | 623,480 | 363,642 | 987,122 | 765,886 |
| Governance Costs | - | 35,595 | 35,595 | 84,864 |
| | <u>623,480</u> | <u>399,237</u> | <u>1,022,717</u> | <u>850,750</u> |

In addition to the expenditure analysed above, there are also governance costs of £35,595 (2019 - £84,864) which relate directly to charitable activities. See note 8 for further details.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

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 2020 £ | Total 2019 £ |
|-------------------------------|-----------------------|--------------------------|-----------------|-----------------|
| Leadership | - | 730 | 730 | 15,465 |
| Finance | - | 69,461 | 69,461 | 19,322 |
| Governance - wages & salaries | 6,053 | - | 6,053 | 39,990 |
| Human Resources | - | 22,101 | 22,101 | 9,061 |
| Learning & Development | - | 3,942 | 3,942 | 1,075 |
| Administration | 20,986 | 39,089 | 60,075 | 18,487 |
| IT Services | - | 11,001 | 11,001 | 23,784 |
| Legal & Professional | 8,556 | - | 8,556 | 44,874 |
| Facilities | - | 217,318 | 217,318 | 113,511 |
| Domestic & Catering | - | - | - | 31,909 |
| | <u>35,595</u> | <u>363,642</u> | <u>399,237</u> | <u>317,478</u> |

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

Governance costs

| | 2020 £ | 2019 £ |
|---------------------------|---------------|---------------|
| Audit & Accountancy fees | 5,500 | 5,520 |
| Legal & Professional fees | 24,042 | 39,354 |
| Support costs | <u>6,053</u> | <u>39,990</u> |
| | <u>35,595</u> | <u>84,864</u> |

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

9 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.

10 Staff costs

The aggregate payroll costs were as follows:

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Staff costs during the year were: | | |
| Wages and salaries | 665,213 | 719,563 |
| Social security costs | 49,026 | 51,733 |
| Pension costs | 13,029 | 8,275 |
| | <u>727,268</u> | <u>779,571</u> |

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

| | 2020 No | 2019 No |
|-------------|------------|------------|
| Management | 3 | 2 |
| Other staff | 43 | 41 |
| | <u>46</u> | <u>43</u> |

No employee received emoluments of more than £60,000 during the year.

The total employee benefits of the key management personnel of the charity were £115,782 (2019 - £76,336).

11 Auditors' remuneration

| | 2020 £ | 2019 £ |
|-----------|--------------|--------------|
| Audit fee | <u>5,600</u> | <u>5,500</u> |

12 Taxation

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

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

13 Tangible fixed assets

| | Land and buildings £ | Furniture and equipment £ | Total £ |
|-----------------------|----------------------------|------------------------------------|------------------|
| Cost | | | |
| At 1 April 2019 | 3,614,218 | 485,440 | 4,099,658 |
| Additions | 47,462 | 12,652 | 60,114 |
| Disposals | (75,000) | - | (75,000) |
| At 31 March 2020 | <u>3,586,680</u> | <u>498,092</u> | <u>4,084,772</u> |
| Depreciation | | | |
| At 1 April 2019 | 174,536 | 320,583 | 495,119 |
| Charge for the year | <u>61,702</u> | <u>56,558</u> | <u>118,260</u> |
| At 31 March 2020 | <u>236,238</u> | <u>377,141</u> | <u>613,379</u> |
| Net book value | | | |
| At 31 March 2020 | <u>3,350,442</u> | <u>120,951</u> | <u>3,471,393</u> |
| At 31 March 2019 | <u>3,439,682</u> | <u>164,857</u> | <u>3,604,539</u> |

There is a legal charge over all buildings, fixtures and fittings and fixed plant and machinery that are situated on or form part of all that 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.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

14 Fixed asset investments

| | 2020 £ | 2019 £ |
|-------------------|-----------|-----------|
| Other investments | <u>1</u> | <u>1</u> |

Other investments

| | Listed investments £ | Total £ |
|--------------------------|----------------------------|------------|
| Cost or Valuation | | |
| At 1 April 2019 | <u>1</u> | <u>1</u> |
| At 31 March 2020 | <u>1</u> | <u>1</u> |
| Net book value | | |
| At 31 March 2020 | <u>1</u> | <u>1</u> |
| At 31 March 2019 | <u>1</u> | <u>1</u> |

Hazelbrook Specialist Care at Home Ltd (HSCH) is a wholly owned subsidiary (100% ordinary shares) trading company of Derwentside Hospice Care Foundation. Hazelbrook Specialist Care at Home Ltd is a dormant entity and as such, consolidated accounts have not been prepared in 2020.

15 Debtors

| | 2020 £ | 2019 £ |
|-----------------|----------------|----------------|
| Trade debtors | 87,567 | 36,385 |
| Prepayments | 14,736 | 14,684 |
| Accrued income | 51,041 | 38,307 |
| VAT recoverable | 6,992 | 18,004 |
| | <u>160,336</u> | <u>107,380</u> |

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

16 Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Trade creditors | 20,581 | 59,811 |
| Other taxation and social security | 13,795 | 2 |
| Other creditors | 55,019 | 85,826 |
| Accruals | 19,271 | 39,353 |
| Deferred income | - | 8,330 |
| | <u>108,666</u> | <u>193,322</u> |
| | 2020 £ | 2019 £ |
| Deferred income at 1 April 2019 | 8,330 | 5,598 |
| Resources deferred in the period | - | 8,330 |
| Amounts released from previous periods | <u>(8,330)</u> | <u>(5,598)</u> |
| Deferred income at year end | <u>-</u> | <u>8,330</u> |

Other creditors includes a loan of £50,000 from Mr Paul Jackson, a Trustee of the charity (2019 - £50,000 shown in creditors more than one year and £85,000 due to Trustee Mr Mark McArdle). This loan attracts interest of 5% per annum and was repaid in April 2020.

17 Creditors: amounts falling due after one year

| | 2020 £ | 2019 £ |
|---------------------------|-----------|---------------|
| Trustees current accounts | <u>-</u> | <u>50,000</u> |

18 Obligations under leases and hire purchase contracts

Operating lease commitments

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

| | 2020 £ | 2019 £ |
|----------------------------|--------------|---------------|
| Other | | |
| Within one year | 3,169 | 16,318 |
| Between one and five years | <u>350</u> | <u>3,519</u> |
| | <u>3,519</u> | <u>19,837</u> |

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

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 £13,029 (2019 - £8,275).

20 Contingent liabilities

Included as a restricted reserve is a grant of £450,000 received from the Social Enterprise Investment Fund (SEIF). Until March 2021 the conditions attached to this grant mean that it could be repayable if the free reserves (liquid assets that are not restricted) of the charity exceed 12 months operational expenditure

Included as a restricted reserve is a grant of £1,500,000 received 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, with the repayment then reducing by 10% each subsequent year up to year twenty of the agreement. In any case, the repayment would be limited to the fair value of the Helen McArdle Wing, if lower.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

21 Funds

| | Balance at 1 April 2019 £ | Incoming resources £ | Resources expended £ | Transfers £ | Balance at 31 March 2020 £ |
|------------------------------------|------------------------------------|----------------------------|----------------------------|------------------|-------------------------------------|
| Unrestricted funds | | | | | |
| <i>General</i> | | | | | |
| General Fund | 3,123,012 | 1,138,299 | (1,051,499) | (1,382,274) | 1,827,538 |
| Restricted funds | | | | | |
| Day Hospice | 4,805 | - | - | - | 4,805 |
| Social Fund | 450,000 | - | - | - | 450,000 |
| Hospice at Home | 2,135 | - | - | - | 2,135 |
| IPU | 24,008 | - | (24,008) | - | - |
| Family Support | 8,439 | - | (8,439) | - | - |
| Fundraising | 6,533 | - | (6,533) | - | - |
| Service Development | 54,639 | - | (54,639) | - | - |
| Other Grants less than £10,000 | 19,126 | 36,935 | (32,477) | (6,073) | 17,511 |
| North Star Ventures | 7,617 | - | - | - | 7,617 |
| Mark Benevolent Fund | 34,484 | - | - | (34,484) | - |
| CDCF Banks Community Foundation | - | 27,500 | - | (27,500) | - |
| Postcode Local Trust | 19,770 | - | (1,099) | (18,671) | - |
| Michael McArdle | - | - | - | 1,500,000 | 1,500,000 |
| M Hogan | 30,998 | - | - | (30,998) | - |
| Total restricted funds | <u>662,554</u> | <u>64,435</u> | <u>(127,195)</u> | <u>1,382,274</u> | <u>1,982,068</u> |
| Total funds | <u><u>3,785,566</u></u> | <u><u>1,202,734</u></u> | <u><u>(1,178,694)</u></u> | <u><u>-</u></u> | <u><u>3,809,606</u></u> |

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

21 Funds (continued)

Day Hospice Fund

Funds restricted for the provision of day hospice services only.

Social Fund

A grant received from the Social Enterprise Investment Fund to fund the purchase of the land that the hospice is situated on. The land was purchased in 2011 but the trustees have decided to keep the land as a restricted asset due to the covenants on the land.

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.

IPU Fund

Funds restricted for the provision of IPU services only.

Family Supported Fund

Funds restricted for the provision of family support and bereavement services only.

Fundraising Fund

Funds restricted to support the development of fundraising activities only.

Service Development Fund

Funds restricted for the development of service delivery only.

Michael McArdle

A donation was made in the prior year of £1,455,000 to fund the building of the McArdle Wing. The donation is reduced annually by the depreciation charge incurred on the works and currently stands at £1,396,800. Following receipt of the final signed grant agreement, the donation should remain as restricted for a period of 20 years through to the 31 May 2039 when the clawback period ends, after which time the remaining asset will be de-restricted and transferred to unrestricted reserves.

Other grants less than £10,000

NorthStar Ventures

Funds restricted to upgrade the IT systems to enable the use of SystmOne, a digital care management system.

Mark Benevolent Fund

Funds restricted for the provision and fitting of an oxygen piped system in the Helen McArdle Wing.

CDCF Banks Community Foundation

Funds restricted to develop the gardens at Willow Burn Hospice for the North Durham community as part of the new-build Hospice facility.

Hospice UK Masonic Grant

Restricted grant to fund the provision of a dedicated bereavement service for children and young people.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

21 Funds (continued)

Stanley Community Fund

£8,570 - Restricted grant to fund a registered nurse, three days a week to run a targeted day service aimed at people living at home with a specific life-limiting illness in North Durham.

JGW Patterson Foundation

£9,304 - Restricted grant to purchase six recliner chairs for the Helen McArdle Wing bedrooms and two syringe drivers.

England Woodlands

£3,724 - Restricted grant for the development of the Willow Burn Hospice woodland areas.

Hadrian Trust

£1,000 - Restricted grant to fund the volunteering service at Willow Burn Hospice.

National Lottery Community Fund

£7,887 - Restricted grant to fund the volunteer service for the gardens and café at Willow Burn Hospice.

£117,726 was transferred from restricted to unrestricted funds in the year. This was to cover the cost of capital expenditure incurred in the year and also costs incurred in the prior year which had not been offset against the requisite funds.

£1,500,000 was transferred from unrestricted to restricted funds in the year. This was to reflect that the grant provided by Michael McArdle to help fund the creation of the McArdle wing is to be restricted for a period of 20 years from when the project was completed.

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

22 Analysis of net assets between funds

| | Unrestricted funds | Restricted funds | Total funds |
|----------------------------------|--------------------|------------------|------------------|
| | General £ | £ | £ |
| Tangible fixed assets | 1,521,393 | 1,950,000 | 3,471,393 |
| Fixed asset investments | 1 | - | 1 |
| Net current assets/(liabilities) | 306,144 | 32,068 | 338,212 |
| Total net assets | <u>1,827,538</u> | <u>1,982,068</u> | <u>3,809,606</u> |

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

The trustees do not 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 £1.5million.

| | Unrestricted funds | Restricted funds | Total funds at 31 March 2019 |
|----------------------------------|--------------------|------------------|------------------------------|
| | General £ | £ | £ |
| Tangible fixed assets | 3,154,539 | 450,000 | 3,604,539 |
| Fixed asset investments | 1 | - | 1 |
| Net current assets/(liabilities) | 18,472 | 212,554 | 231,026 |
| Creditors over 1 year | (50,000) | - | (50,000) |
| Total net assets | <u>3,123,012</u> | <u>662,554</u> | <u>3,785,566</u> |

Derwentside Hospice Care Foundation

Notes to the Financial Statements for the Year Ended 31 March 2020

23 Analysis of net funds

| | At 1 April 2019 £ | Cash flow £ | At 31 March 2020 £ |
|--------------------------|----------------------|-----------------|--------------------------|
| Cash at bank and in hand | 316,968 | (30,426) | 286,542 |
| Net debt | <u>316,968</u> | <u>(30,426)</u> | <u>286,542</u> |
| | | | |
| | At 1 April 2018 £ | Cash flow £ | At 31 March 2019 £ |
| Cash at bank and in hand | 147,853 | 169,115 | 316,968 |
| Net debt | <u>147,853</u> | <u>169,115</u> | <u>316,968</u> |

24 Related party transactions

A loan of £50,000 was paid to Derwentside Hospice Care Foundation by Mr P Jackson, a Trustee of the charity, in December 2017. This loan attracts annual interest at the rate of 5% and has a repayment date of December 2020. The loan was repaid in full post year end (April 2020). Interest of £2,708 (2019 - £2,500) was paid in the year with £nil (2019 - £833) being accrued at the year end.

A loan of £85,000 was paid to Derwentside Hospice Care Foundation by Mr M H McArdle, a Trustee of the charity. This loan is interest free and was fully repaid during the year.

Michael McArdle donated £1,455,000 to Derwentside Hospice Care Foundation in the year ending 31 March 2019. This donation was towards the construction of the new Helen McArdle Wing which was completed in the year.