

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 2021

# **Derwentside Hospice Care Foundation**

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## **Derwentside Hospice Care Foundation**

### **Reference and Administrative Details**

<b>Trustees</b>	P Jackson (Chair)
	R Bennett
	S E Brent
	A Britton
	M Davies
	Dr T C Kelly
	M H McArdle
	L Telford
<b>Key Management Personnel</b>	C Hagri – Clinical Lead
	D Barker – Director of Operations
	R Todd – Marketing Communications Manager
	C P Hewitt – Finance Director
<b>Principal Office</b>	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  
Durham  
DH8 5AB

**Bankers** Lloyds Bank  
1 Victoria Road  
Consett  
Durham  
DH8 5AE

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

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

## **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 2021.

### **Report from the Chair of the Board**

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

The Director of Operations and staff have combined to work towards improving the stability of the charity and further develop the services of Willow Burn for the future. While the COVID-19 pandemic has been disruptive to operations, it has been an opportunity for consolidating some processes and internal workings to strengthen the overall business, ready hopefully, for a return to more normal times. The charity has continued to face the challenges of securing the necessary funds, and in so doing has bolstered the marketing and fund-raising capability in house. As I write this, we have recently said goodbye to Kirsty Crozier, and appointed David Barker (who has a wealth of charities' experience in the North East) as our new Director of Operations. Thank you to Kirsty for all her efforts over the last two years, and we wish her well for the future.

Service development has continued to be a priority throughout the duration of the pandemic, both during and outside lockdown situations. We are grateful for the support and encouragement we have received from our local NHS Clinical Commissioning Group who commission four of our six beds to support the people of Derwentside.

The COVID19 pandemic has been a significant impact on our activities in 2019-20, but we continued to operate as full a programme of services as we were able at all times; mindful of the impact on peoples' lives, whether patients, colleagues, friends or clients – on site, in our shops, or at home. 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, and look forward to developing our services with David's help.

**Paul Jackson**

Chair of the Board of Trustees

## **Trustees' Report (continued)**

### **Structure, governance and management**

#### **Nature of governing document**

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

The charitable company was established under a Memorandum of Association that established the objects and powers of the organisation and is governed under its Articles of Association passed by special resolution in January 2013. 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 that target despite the constraints presented by the pandemic. At these meetings members receive detailed management accounts (including cashflow projections and reforecasts) as well as reports on operational activities each month. The Board also receive regular presentations and reports on any major developments or proposals. They participate in the strategic planning process and have ultimate responsibility for approval of the strategic plan. During the pandemic restrictions, meetings have been held virtually, but these along with other processes are now returning to normal.

#### **Induction and training of trustees**

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

#### **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 eight. The Trustees who served during the year, and were in office up to the signing of this report were:-

P Jackson (Chair)  
R Bennett  
S E Brent  
A Britton  
A G Burdon (resigned 8 February 2021)  
M Davies  
Dr T C Kelly (appointed 2 June 2021)  
M H McArdle  
L Telford (appointed 2 October 2020)

## Trustees' Report (continued)

### Sub-Committees

The board of trustees has 4 sub-committees:

- **Finance 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. The responsibility of the group is to provide an effective review process of both current and future performance, against budget and peer group. The group is currently meeting four times a year, with monthly performance reporting continuing between meetings. 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.
- **Governance, HR and Compliance Sub-Committee** which comprises of at least two trustees who are independent of the management team who are free from any relationship that in the opinion of the board would interfere with the exercise of independent judgement as members of the group. At least one member of the group has relevant clinical experience at a senior level, this is currently the Vice-Chair. 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.
- **Community Engagement and Marketing Sub-Committee** which comprises of at least two trustees who are independent of the management team who are free from any relationship that in the opinion of the board would interfere with the exercise of independent judgement as members of the group. At least one member of the group has relevant 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. 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 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 of Operations) hold regular meetings as needed, to address all relevant operational issues.

## **Trustees' Report (continued)**

### **Objectives and activities**

#### ***Objects and aims***

Derwentside Hospice Care Foundation's objects are to promote the relief of sickness by providing appropriate 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, further ways are being explored as to how the hospice becomes more sustainable and self-sufficient. This will be paramount in the further 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 six 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 made for individual need for end-of-life patients. A Contract with CHC has been drawn up for patients who may require longer term funding in a hospice bed (beds 5 and 6) where they are assessed either not suitable for nursing home (they have extended beyond the extended KPI period) 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 with dependency and higher occupancy. There is no staffing model designed for the small numbers of patients and staff which matches the unique service at Willow Burn.

During the current year to March 21, the in-patient unit cared for 73 patients, of whom 64 had a cancer diagnosis. Work has continued during the year to improve the admission procedures for referrals to the hospice to reduce the onus on GP workloads. This was also influenced by Covid-19, which expedited the use of virtual consultations and remote working. This continues to be a work in progress into 2021-22, with additional support from the CCG in reviewing and trialling an extended KPI length of stay model.

A range of pandemic factors – cancer services' disruption, hospital non-covid capacities, family lockdowns – mean that occupancy wasn't as high as might have been expected. The CCG provided additional funding in Q4 January to March '21 for beds 5 and 6 following Tier 4 restrictions in anticipation of the need for hospital discharges, which did not eventuate.



### Trustees' Report (continued)

The second GPSI session was agreed by the CCG and recruited to with an experienced doctor, and a Consultant SLA was also secured in this reporting period which has enhanced our service with medical review provided now three days a week – Monday, Wednesday and Friday.

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. 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.

The day service, actioning telephone consultations as appropriate, supported up to 39 patients through the year. Sixteen new referrals were received from Quarters 2-4 with 31 in service at the end of Q4 and 13 attending each week (some alternate weeks to facilitate numbers attending) with the remainder on phone/virtual support at the end of Q4. Reduced numbers of patients recommenced in Q2 20-21 following suspension of attendance in Q1 with one full clinical day on Friday and two half-day men's and ladies' groups on Thursdays, with additional telephone/Zoom contacts for those choosing not to attend. The Tuesday social drop-in was created to provide self-generating referrals and also support to people living in the community in sign-posting them to services. It was hosted through the Café and in the Sir Tom Cowie Day Centre as restrictions allowed. The music therapy was an additional dimension to the service provided by Nordoff Robbins student placements. The clinical day service is supported by a team of volunteers including those with additional qualifications and talents – crafts, beauty and complementary therapy. The service was adapted to work with restricted numbers of staff and patients with robust risk assessments and procedures in place to maintain a Covid-secure environment. A grant was secured in Q4 to fund a complementary therapist with appointment to the post delayed until Q2 21-22 in order to optimise the provision of the service to the maximum number of patients.

The Family Services and Bereavement support team comprising of a Family Support Co-ordinator, Counsellor, and Young People Bereavement Pathway Worker are supported by a team of 5 volunteer counsellors. The pilot for group sessions trialled successfully in November 2019, to identify referrals into the service suitable for group support, was postponed due to the pandemic. The Children's Bereavement pathway worker achieved the targets outlined in the grant, with provision extended to September 21 following service disruption due to the pandemic. The family support service had 92 clients receiving support or counselling in the service at the start of Q1 when face-to-face appointments were suspended and these were all reviewed in Q2 with the re-commencement of face-to-face appointments supported with robust risk assessments and Covid security measures in place. 62 new referrals were received through Quarters 2-4 and 63 clients were attending for appointments with a very small number of these receiving Zoom/telephone counselling at the end of Q4.

The Family Support Co-ordinator in addition to completing assessments from referrals and allocating to counsellor services also supports all of the in-patients and their families: These are not included in the numbers outlined which only relate to those who are externally referred into the service or generated after in-service episodes of care.

The CDDFT Lymphoedema service hosted at Willow Burn delivering care to Derwentside patients, with clinics held alternate Mondays with the option for additional clinics as demand increases, was suspended due to the pandemic with the intention to resume as restrictions ease and risk assessments are completed.

## Trustees' Report (continued)

### Financial review

The Statement of Financial Activities (SoFA) shows that gross income increased from £1,202,734 to £1,296,493 and expenditure reduced from £1,178,694 to £1,052,802. This resulted in a surplus of £243,691 (2020: £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 the year was highly unusual, and are keen to, at least, maintain the strength of overall reserves in the future. During the year a designation was made to a Contingent Liabilities' Reserve. This Reserve represents the amount payable by Willow Burn Hospice as statutory redundancy were it required to close, added to the "stretch" targets within the following year budget (financial year to 31 March, 2022) – those items considered to be most demanding for achieving a balanced budget.

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

### *Policy on reserves*

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

At the year end, free reserves were £434,368 (2020: £306,144), an increase of £128,224 in the year and at 91.4% of the upper boundary of the required operating costs' range.

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

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

**Trustees' Report (continued)**

**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.

**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 its impact on the wider economy.

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

**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.

## **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      and signed on its behalf by:



13/12/2021

**P Jackson** – Chair & Trustee

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

### **Opinion**

We have audited the financial statements of Derwentside Hospice Care Foundation (the 'charity') for the year ended 31 March 2021, 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 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

**Responsibilities of Trustees**

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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 and Statutory Auditors  
1 Massey Road  
Thornaby  
Stockton-on-Tees  
TS17 6DY

14/12/2021

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

**Statement of Financial Activities for the year-ended 31 March 2021**  
**(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

		Unrestricted funds	Restricted funds	Total 2021	Total 2020
Note		£	£	£	£
Income and Endowments:					
Donations and legacies	3	295,596	257,784	<b>553,380</b>	319,430
Charitable Activities	4	602,827	-	<b>602,827</b>	621,441
Other trading activities	5	140,286	-	<b>140,286</b>	261,863
Total Income		<b>1,038,709</b>	<b>257,784</b>	<b>1,296,493</b>	1,202,734
Expenditure:					
Raising funds	6	(145,055)	-	<b>(145,055)</b>	(155,977)
Charitable activities	7	(841,768)	(65,979)	<b>(907,747)</b>	(1,022,717)
Total Expenditure		<b>(986,823)</b>	<b>(65,979)</b>	<b>(1,052,802)</b>	(1,178,694)
Net Income/(expenditure)		51,886	191,805	<b>243,691</b>	24,040
Transfer between funds		624,394	(624,394)	-	-
		<b>676,280</b>	<b>(432,589)</b>	<b>243,691</b>	24,040
Reconciliation of funds					
Total funds brought forward		1,827,538	1,982,068	<b>3,809,606</b>	3,785,566
Total funds carried forward	21	<b>2,503,818</b>	<b>1,549,479</b>	<b>4,053,297</b>	3,809,606

All of the Charity's activities derive from continuing operations during the above two periods.  
The funds breakdown for 2020 is shown in note 22.

<i>Comparative period</i>		Unrestricted funds	Restricted funds	Total 2020
Note		£	£	£
Income and Endowments:				
Donations and legacies	3	254,995	64,435	319,430
Charitable Activities	4	621,441	-	621,441
Other trading activities	5	261,863	-	261,863
Total Income		<b>1,138,299</b>	<b>64,435</b>	<b>1,202,734</b>
Expenditure:				
Raising funds	6	(155,977)	-	(155,977)
Charitable activities	7	(895,522)	(127,195)	(1,022,717)
Total Expenditure		<b>(1,051,499)</b>	<b>(127,195)</b>	<b>(1,178,694)</b>
Net Income/(expenditure)		86,800	(62,760)	24,040
Transfer between funds		(1,382,274)	1,382,274	-
		<b>(1,295,474)</b>	<b>1,319,514</b>	<b>24,040</b>
Reconciliation of funds				
Total funds brought forward		3,123,012	662,554	3,785,566
Total funds carried forward	21	<b>1,827,538</b>	<b>1,982,068</b>	<b>3,809,606</b>



# Derwentside Hospice Care Foundation

## Balance Sheet as at 31 March 2021

		2021	2020
	Note	£	£
<b>Fixed assets</b>			
Tangible assets	13	3,382,449	3,471,393
Investments	14	1	1
		<u>3,382,450</u>	<u>3,471,394</u>
<b>Current assets</b>			
<b>Inventory</b>	15	1,734	-
Debtors	16	125,014	160,336
Cash at bank and in hand		622,820	286,542
		<u>749,568</u>	<u>446,878</u>
Creditors: Amounts falling due within one year	17	(78,721)	(108,666)
<b>Net current assets</b>		<u>670,847</u>	<u>338,212</u>
<b>Net assets</b>		<u>4,053,297</u>	<u>3,809,606</u>
<b>Funds of the charity:</b>			
<b>Restricted funds</b>		1,549,479	1,982,068
<b>Unrestricted income funds</b>			
Designated Reserve		187,000	-
Unrestricted Reserve		2,316,818	1,827,538
<b>Total funds</b>	21	<u>4,053,297</u>	<u>3,809,606</u>

The financial statements on pages 14 to 26 were approved by the trustees, and authorised for issue on 13/12/2021 and signed on their behalf by



**P Jackson** – Chair & Trustee

## Statement of Cash Flows for the year-ended 31 March 2021

		2021	2020
	Note	£	£
<b>Cash flows from operating activities</b>			
Net cash income		243,691	24,040
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation	13	110,110	118,260
Interest payable	7	1,057	2,708
		<u>354,858</u>	<u>145,008</u>
<b>Working capital adjustments</b>			
(Increase)/decrease in inventory	15	(1,734)	-
(Increase)/decrease in debtors	16	35,322	(52,956)
Increase/(decrease) in creditors	17	(31,966)	(126,326)
Increase/(decrease) in deferred income	18	2,021	(8,330)
<b>Net cash flows from operating activities</b>		<u>358,501</u>	<u>(42,604)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	13	(21,166)	(60,114)
Disposal of fixed assets		-	75,000
Net cash flows from investing activities		<u>(21,166)</u>	<u>14,886</u>
<b>Cash flows from financing activities</b>			
Interest payable and similar charges	7	(1,057)	(2,708)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>336,278</u>	<u>(30,426)</u>
<b>Opening cash and cash equivalents at 1 April</b>		<u>286,542</u>	<u>316,968</u>
<b>Cash and cash equivalents at 31 March</b>	23	<u><u>622,820</u></u>	<u><u>286,542</u></u>

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

**Notes to the Financial Statements for the year-ended 31 March 2021**

**1. Charity Status**

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

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

**2. Accounting Policies**

**Summary of significant accounting policies and key accounting estimates**

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

**Statement of compliance**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

**Basis of preparation**

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

The presentation currency of the charitable company is Sterling.

**Going concern**

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

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

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

**Notes to the Financial Statements for the year-ended 31 March 2021 (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 £3.29m) 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 2021 (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 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 2021 (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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
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 2021 (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 2021	Total 2020
	£	£	£	£
Donations	48,234	-	<b>48,234</b>	103,265
Legacies	50,999	-	<b>50,999</b>	51,993
Gift Aid reclaimed	17,627	-	<b>17,627</b>	18,777
Grants	81,924	257,784	<b>339,708</b>	131,955
Regular giving and capital donations	10,621	-	<b>10,621</b>	13,440
Government Grants - CJRS	86,191	-	<b>86,191</b>	-
	<u>295,596</u>	<u>257,784</u>	<u><b>553,380</b></u>	<u>319,430</u>

Included under Grants – Restricted funds (see Note 21) is the funding provided by Hospice UK to sustain this part of the Healthcare sector through the Covid-19 pandemic (£203k), while normal operations were restricted and curtailed.

### 4. Income from charitable activities

	Unrestricted funds General	Total 2021	Total 2020
	£	£	£
NHS contract	556,854	<b>556,854</b>	618,451
Additional hospice income	45,973	<b>45,973</b>	2,990
	<u>602,827</u>	<u><b>602,827</b></u>	<u>621,441</u>

### 5. Income from other trading activities

	Unrestricted funds General	Total 2021	Total 2020
	£	£	£
Shop income from sale of donated goods and services	52,356	<b>52,356</b>	189,126
Other events income	41,693	<b>41,693</b>	58,060
Café income	7,348	<b>7,348</b>	13,652
Other income	38,889	<b>38,889</b>	1,025
	<u>140,286</u>	<u><b>140,286</b></u>	<u>261,863</u>

In 2021, Other income includes a settlement of a business interruption claim (£29,304) by our insurers to cover lost revenues and profit (principally from the retail activities) because of the pandemic restrictions.

# Derwentside Hospice Care Foundation

## Notes to the Financial Statements for the year-ended 31 March 2021 (continued)

### 6. Expenditure on raising funds

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Employment costs	88,822	-	<b>88,822</b>	88,830
Other costs	56,233	-	<b>56,233</b>	67,147
	<u>145,055</u>	<u>-</u>	<u><b>145,055</b></u>	<u>155,977</u>

### 7. Expenditure on charitable activities

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Charitable activity costs	244,576	41,359	<b>285,935</b>	364,279
Staff costs	597,192	24,620	<b>621,812</b>	638,438
Loss on disposal of fixed asset	-	-	-	20,000
	<u>841,768</u>	<u>65,979</u>	<u><b>907,747</b></u>	<u>1,022,717</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 2021	Total 2020
	£	£	£	£
Charitable activity costs	595,734	282,879	<b>878,613</b>	987,122
Governance costs	-	29,134	<b>29,134</b>	35,595
	<u>595,734</u>	<u>312,013</u>	<u><b>907,747</b></u>	<u>1,022,717</u>

In addition to the expenditure analysed above, there are also governance costs of £29,134 (2020 - £35,595) which relate directly to charitable activities. See note 8 for further details.

Included in Support costs is £1,057 of interest and finance charges (2020 - £2,708). £417 relates to loan interest (see note 24) and £640 to instalment financing costs for insurance premiums.



**Notes to the Financial Statements for the year-ended 31 March 2021 (continued)**

**8. Analysis of support costs**

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

**Support costs allocated to charitable activities**

	<b>Governance costs</b>	<b>Other support costs</b>	<b>Total</b>	<b>Total</b>
			<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Leadership	-	620	<b>620</b>	730
Finance	-	45,767	<b>45,767</b>	69,461
Governance – wages & salaries	7,660	-	<b>7,660</b>	6,053
Human resources	-	10,627	<b>10,627</b>	22,101
Learning & development	-	2,325	<b>2,325</b>	3,942
Administration	11,707	21,238	<b>32,945</b>	60,075
IT services	-	39,600	<b>39,600</b>	11,001
Legal & professional	9,767	-	<b>9,767</b>	8,556
Facilities	-	162,702	<b>162,702</b>	217,318
	<u>29,134</u>	<u>282,879</u>	<u><b>312,013</b></u>	<u>399,237</u>

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

<b>Governance costs</b>	<b>Total</b>	<b>Total</b>
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Audit & accountancy	<b>5,658</b>	5,500
Legal & professional	<b>15,816</b>	24,042
Support costs	<b>7,660</b>	6,053
	<u><b>29,134</b></u>	<u>35,595</u>

**9. Taxation**

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

**Notes to the Financial Statements for the year-ended 31 March 2021 (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:

	<b>Total 2021</b>	<b>Total 2020</b>
	<b>£</b>	<b>£</b>
<b>Staff costs during the year were</b>		
Wages and salaries	<b>651,043</b>	665,213
Social security costs	<b>46,685</b>	49,026
Pension costs	<b>12,906</b>	13,029
	<b><u>710,634</u></b>	<b><u>727,268</u></b>

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

	<b>Total 2021</b>	<b>Total 2020</b>
Management	<b>3</b>	3
Other staff	<b>32</b>	43
	<b><u>35</u></b>	<b><u>46</u></b>

No employee received emoluments of more than £60,000 during the year (2020 – None).

The total employee benefits of the key management personnel of the charity were £122,306 (2020 - £115,782).

**12. Auditor's remuneration**

	<b>2021 £</b>	<b>2020 £</b>
Audit fee	<b><u>5,000</u></b>	<b><u>5,600</u></b>

## Notes to the Financial Statements for the year-ended 31 March 2021 (continued)

## 13. Tangible fixed assets

	Land and buildings	Furniture and equipment	Total
	£	£	£
Cost			
At 1 April 2020	3,586,680	498,092	4,084,772
Additions	4,334	16,832	21,166
Disposals	-	-	-
<b>At 31 March 2021</b>	<b>3,591,014</b>	<b>514,924</b>	<b>4,105,938</b>
Depreciation			
At 1 April 2020	236,238	377,141	613,379
Charge for year	62,914	47,196	110,110
Disposals	-	-	-
<b>At 31 March 2021</b>	<b>299,152</b>	<b>424,337</b>	<b>723,489</b>
Net book value			
<b>At 31 March 2021</b>	<b>3,291,862</b>	<b>90,587</b>	<b>3,382,449</b>
At 31 March 2020	3,350,442	120,951	3,471,393

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.

## 14. Fixed asset investments

	2021 £	2020 £
Other investments	1	1
	<b>Hazelbrook Specialist Care</b>	<b>Total</b>
	£	£
Cost or Valuation		
At 1 April 2020	1	1
<b>At 31 March 2021</b>	<b>1</b>	<b>1</b>
Net book value		
<b>At 31 March 2021</b>	<b>1</b>	<b>1</b>
At 31 March 2020	1	1

Hazelbrook Specialist Care at Home Ltd (HSCH) is a wholly owned subsidiary trading company of Derwentside Hospice Care Foundation (100% ordinary shares). Hazelbrook Specialist Care at Home Ltd is a dormant entity and as such, consolidated accounts have not been prepared in 2021.

Notes to the Financial Statements for the year-ended 31 March 2021 (continued)

15. Inventory

	2021 £	2020 £
Inventory	<u>1,734</u>	<u>-</u>

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

16. Debtors

	2021 £	2020 £
Trade debtors	13,236	87,567
Prepayments	27,081	14,736
Accrued income	75,475	51,041
VAT recoverable	9,222	6,992
	<u>125,014</u>	<u>160,336</u>

17. Creditors

	2021 £	2020 £
Trade creditors	31,715	20,581
Other taxation and social security	13,410	13,795
Other creditors	5,218	55,019
Accruals	26,357	19,271
Deferred income	2,021	-
	<u>78,721</u>	<u>108,666</u>
Deferred income at 1 April 2020	-	8,330
Resources deferred in the period	2,021	-
Amounts released from previous periods	-	(8,330)
Deferred income at year end	<u>2,021</u>	<u>-</u>

In the prior year other creditors included a loan of £50,000 from Mr Paul Jackson, a Trustee of the charity. This loan attracted interest of 5% per annum and was repaid in April 2020.

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

18. Obligations under lease and hire purchase contracts

Operating lease commitments

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

	Land & buildings £	Other £	2021 £	2020 £
Within one year	31,625	7,026	38,651	3,169
Between one and five years	117,625	10,419	128,044	350
Over five years	56,000	-	56,000	-
	<u>205,250</u>	<u>17,445</u>	<u>222,695</u>	<u>3,519</u>

## Notes to the Financial Statements for the year-ended 31 March 2021 (continued)

## 19. Pension and other schemes

**Defined contribution pension scheme**

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £12,906 (2020 - £13,029).

## 20. Contingent liabilities

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

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

## 21. Analysis of net assets between funds

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

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

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

<i>Comparative analysis</i>	Unrestricted funds	Restricted funds	Total funds at 31 March 2020
	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
<b>Total net assets</b>	<b>1,827,538</b>	<b>1,982,068</b>	<b>3,809,606</b>

## Notes to the Financial Statements for the year-ended 31 March 2021 (continued)

## 22. Funds

	Balance at 1 April 2020	Incoming resources	Resources expended	Transfers	Balance at 31 March 2021
	£	£	£	£	£
Unrestricted funds					
General					
General fund	1,827,538	1,038,709	(986,823)	437,394	<b>2,316,818</b>
Contingency fund	-	-	-	187,000	<b>187,000</b>
Total unrestricted funds	<u>1,827,538</u>	<u>1,038,709</u>	<u>(986,823)</u>	<u>624,394</u>	<u><b>2,503,818</b></u>
Restricted funds					
Day Hospice	4,805	400	-	-	<b>5,205</b>
Social Fund	450,000	-	-	(450,000)	-
Hospice at Home	2,135	-	-	-	<b>2,135</b>
North Star Ventures	7,617	-	(5,392)	(2,225)	-
CAF Resilience Fund	-	18,644	(18,644)	-	-
Durham AAP	-	10,000	(104)	-	<b>9,896</b>
Hospice UK	-	202,955	-	(202,955)	-
Other grants less than £10,000	17,511	25,785	(10,996)	(57)	<b>32,243</b>
Michael McArdle	1,500,000	-	(30,843)	30,843	<b>1,500,000</b>
Total restricted funds	<u>1,982,068</u>	<u>257,784</u>	<u>(65,979)</u>	<u>(624,394)</u>	<u><b>1,549,479</b></u>
Total funds	<u><u>3,809,606</u></u>	<u><u>1,296,493</u></u>	<u><u>(1,052,802)</u></u>	<u><u>-</u></u>	<u><u><b>4,053,297</b></u></u>

**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 and included covenants which expired on 31 March 2021.

**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.

**CAF Resilience Fund**

A grant towards the salary and overhead costs of our Family Support and Bereavement Service and Day Service well-being calls between October 2020 and March 2021.

**Mid-Durham AAP**

Funding from the Mid-Durham AAP Area and Neighbourhood budgets to contribute to the on-going overheads associated with running the Hospice (utilities and insurance costs) for May to July 2021.

**Hospice UK**

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

**Notes to the Financial Statements for the year-ended 31 March 2021 (continued)**

**22. 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 £1,441,466 (total cost £1,533,474). Following signature of grant agreements, the donation clawback remains restricted (up to a value of £1,500,000; see Note 20) for a total period of 20 years through to 31 May 2039 when the restriction ends, after which time the remaining asset will be de-restricted and transferred to unrestricted reserves.

**Other grants less than £10,000**

**NorthStar Ventures**

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

**Persimmon Homes**

Funds were provided to support the continuation of our Children's Bereavement Services from April 2021.

**Durham AAP**

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

**Co-op Community Fund**

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

**Durham Freemasons**

For the purchase of a summer house and equipment to set up The Potting Shed Gift Shop in the Willow Burn Hospice gardens.

**JGW Patterson Foundation**

Restricted grant to purchase six recliner chairs for the Helen McArdle Wing bedrooms and two syringe drivers.

**England Woodlands**

Restricted grant for the development of the Willow Burn Hospice woodland areas.

**National Lottery Community Fund**

Restricted grant to fund the volunteer service for the gardens and café at Willow Burn Hospice.

**Mid-Durham AAP Small Grants Fund**

To purchase equipment for the Willow Burn Hospice Day Services.

**Transfers between funds**

£624,394 was transferred from restricted to unrestricted funds in the year. This was proportionately to cover expenditure incurred in maintaining the hospice service through the pandemic while other fund-raising avenues were impacted by restrictions, and the expiry of the restrictions on the SEIF funds provided in 2011.

Notes to the Financial Statements for the year-ended 31 March 2021 (continued)

23. Analysis of movement in net funds

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

  

<b>Comparative analysis</b>	At 1 April 2019	Cash flow		At 31 March 2020
	£	£	£	£
Cash at bank and in hand	316,968	(30,426)	-	286,542
Net funds	316,968	(30,426)	-	286,542

24. Related party transactions

An interest-bearing loan of £50,000 was made to Derwentside Hospice Care Foundation by Mr P Jackson, a Trustee of the Charity, in December 2017. This loan was fully repaid along with interest of £417 in the prior year.

In the prior year a loan of £85,000 was made to Derwentside Hospice Care Foundation by Mr M H McArdle, a Trustee of the Charity. This loan was interest free and was fully repaid, also during the prior year.