

Derwentside Hospice Care Foundation

A Charitable Company Limited by Guarantee

Financial Statements

Year Ended 31 March 2016

Company Registration Number: 02263960

Charity Registration Number: 519659

STATUTORY INFORMATION

Trustees

Mr Mike Waterston (Chair)	Appointed May 2014
Mr Robin Statham (Vice Chairman)	Re-Appointed May 2014
Mr Paul Jackson (Vice Chairman)	Appointed February 2006
Mrs Anne Britton	Appointed September 2011
Mr Mark Davies	Appointed September 2009
Mr Michael Stirrup (Treasurer)	Appointed May 2012
Mr Nigel Cook	Appointed Jan 2009
Mrs Ruth Wright	Appointed May 2014
Ms Sally Hancox	Appointed August 2016
Ms Dinah Bennett	Resigned July 2015
Mrs Denise Franks	Resigned January 2016

Chief Executive Officer

Mrs Helen Mills	Resigned August 2016
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Registered Office

Maiden Law Hospital
Howden Bank
Lanchester
County Durham
DH7 0QS

Bankers

Lloyds Bank Plc	Barclays Bank Plc
Victoria Road	Front Street
Consett	Stanley
County Durham	County Durham
DH8 5AE	DH9 0TA

CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Legal Advisors

Bennett Richmond
23 Front Street
Lanchester
County Durham
DH8 5AB

Independent Auditors

Tait Walker LLP
Chartered Accountants
& Statutory Auditors
Bulman House
Regent Centre
Gosforth
Newcastle Upon Tyne
NE3 3LS

Key Management Personnel

Mrs Denise Crawford
Mrs Kirsteen Vaughan
Mrs Dawn Walton
Ms Victoria Dale

Head of Care Services
Head of HRM
Head of Retail
Head of Finance & Income

REPORT OF THE TRUSTEES

The trustees are pleased to present their annual report along with the financial statements of the charity and its subsidiary for the year ended 31 March 2016.

Report from the Chair of the Board

It is approximately 2 years since I became Chairman of the Board of Trustees at Willow Burn and in that time we have met and overcome a large number of challenges. We now have a new Clinical Lead, Denise Crawford, who has already had a profound impact on our clinical services and done much to help secure our future. We have undergone a successful audit by the CQC and apart from some improvements in our governance and leadership we have been given a clean bill of health. Vicki Dale has transformed our finances and is acting as an excellent interim CEO following the departure of Helen Mills. The enthusiasm and commitment of our staff is unswerving and is an essential ingredient in our ability to face the future with growing confidence. Our team of volunteers continue to make a contribution to our continued success for which we must all be grateful – it is fair to say we would not have a viable hospice without our committed band of volunteers. There is much to celebrate but we are also facing a challenging future.

Although we now have a much clearer picture of our financial health this has also demonstrated the need to have a much more robust and sustainable source of income. As a result, we are also reviewing how we finance the hospice and have set ourselves the goal of becoming financially independent of NHS funding. Part of this process also involves adapting our services to the needs of the patient in a 21st century setting.

The future of healthcare is changing and those people requiring help from the hospice are increasing in number but are also demonstrating a marked preference for receiving care in a home setting. The hospice is embracing this change and you can all look forward to an extended period of participation and consultation while we adjust our mechanisms for delivering care to meet this new challenge. I anticipate an exciting if challenging time ahead for those of us that welcome a challenge and aren't afraid of a bit of hard work.

Finally, thanks to the board of trustees that have committed their time to supporting the hospice through a difficult phase in its development.



Mike Waterston
Chair of the Board of Trustees

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Instrument and Constitution

The organisation is a charitable company limited by guarantee, incorporated on 02 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.

Board of Directors/Trustees

The charity is governed by its board of trustees who are also the appointed directors of the company. The number of trustees at present is nine.

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 its 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 six weeks. 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.

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.

Sub-committees

The board of trustees has five sub-committees:

1. A corporate governance sub-committee, that comprises of at least two trustees who are independent of the management team and free of 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 financial experience, this is currently our head of finance and income. The group is required to meet at least six times per year but are currently meeting on a four weekly cycle. It has responsibility for: providing an effective audit mechanism of current and future corporate activity; overseeing risk management; the setting of the annual income and expenditure budgets and subsequent monitoring of financial performance against these budgets; the management of cashflow and resources and advising the board on appropriate levels of free reserves.
2. A clinical governance sub-committee, that comprises of at least two trustees who are independent of the management team and free of 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 senior clinical experience, this is currently our registered manager. The group is required to meet at least six times per year. It has responsibility for providing an effective audit mechanism of current and future clinical activity and the development of future strategy.
3. An income generation sub-committee, that comprises of at least two trustees who are independent of the management team and free of 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 senior income generation experience, this is currently our income generation and marketing manager. The group is required to meet at least six times per year. It has responsibility for: providing an effective audit mechanism of current and future income generation activity; the development of annual and longer term income generation plans (including trading); and subsequently the monitoring of performance towards the achievement of these plans.
 4. A workforce sub-committee, that comprises of at least one trustee who is independent of the management team and free of any relationship that in the opinion of the board would interfere with the exercise of independent judgement as a member of the group. At least one member of the group has recent and relevant senior human resource management experience, this is currently our head of human resources. The group is required to meet at least six times per year. It has responsibility for providing an effective audit mechanism of current and future workforce activity and the development of future strategy.
 5. A remuneration sub-committee, that consists of the chairman, the treasurer, the chair of the workforce sub-committee and the chief executive. The group is required to meet at least once per year. It has responsibility for determining remuneration packages that are affordable, sustainable and encourage individual performance to enhance the overall performance of the charity.

Day to day management

The chief executive 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 chief executive appraises the chair of the board of any significant issues that may arise between formal meetings. The chief executive is supported by a senior executive team that consists of the head of finance and income, the head of clinical care, the head of retail and the head of human resources. The executive team attend board meetings but there is provision for the board to discuss any matter without management attendance when they wish to do so. The executive team (including the chief executive) also have regular meetings with other management as needed, to address all relevant operational issues.

OBJECTIVES

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.

ACTIVITIES AND ACHIEVEMENTS

The following activities demonstrate that the charity has achieved its aim of providing public benefit to the community:

Clinical and Professional

Willow Burn has four inpatient unit beds and provides end of life care, pain and symptom management and emotional and psychological support. There is one bed designated for respite care, allowing patients to be admitted for a week and allowing carers to have a well-earned break from the pressures of caring for someone with a life limiting illness. The staff in the unit care for the patient and embrace the whole family, giving them emotional support and confidence that their loved one is being well cared for.

In 2015-2016 the unit cared for 110 patients. 73% of these had a cancer diagnosis, while the remainder had other life limiting conditions such as Chronic Respiratory Disease, neurological conditions and heart failure. Average occupancy levels were at 75%.

The rehabilitation model continues to provide flexibility and choice for patients whilst maintaining a high quality of physical, psychological and spiritual well-being for them. The aim of the model is to enable patients with a life limiting condition to maximise their full potential. In 2015-2016, 193 patients accessed the service.

The Day Hospice, led by a team of therapy staff, is run on a sessional basis (morning and afternoon), 3 days a week. Patients can choose to attend from an hour up to a day, depending upon how they feel that the programme can most effectively meet their needs. The LeBed Method (a therapeutic movement programme for people with any type of chronic illness) forms the first hour of every session, with the aim of promoting wellbeing. Patients then have access to a varied programme of activities throughout the rest of the day.

A dedicated team of professionals, support staff and volunteers provide a range of interventions including Reiki, Tai Chi, therapeutic horticulture, creative writing, art, emotional support, aromatherapy massage, social interaction and therapeutic games. Patients also have access to other multi-disciplinary professionals, such as staff nurses, counsellors and a GP with Specialist Interest in Palliative Care.

A 12 week period of attendance is usually offered, although support and sign posting to other services is undertaken in preparation for discharge.

Willow Burn's Family Support Service was set up in March 2010 to delivering a family support model advocated by the National Institute of Clinical Excellence. The service is accessible at various locations within Derwentside. For example, clients can be seen at the hospice, GP surgery, or at home. It is available to people of all ages and is tailored to their individual needs. There is also a

bereavement service each month, to remember those people known to Willow Burn Hospice who have died.

This service offers free, confidential, practical and emotional support/counselling to those who have been diagnosed, or affected by a diagnosis or death of someone with a life limiting illness. The service is based at the hospice and available at both the hospice and in the community. In 2015-2016, the service supported 293 people.

Lymphedema services provide treatment, advice and support to enable patients to manage swelling of limbs, trunk, breast, neck, face or genitalia. Simple and complex lymphedema can be treated using the four cornerstones of treatment, as well as manual lymphatic drainage and bandaging. In 2014-2015, the service supported 51 patients over a two-month period. Unfortunately, the service was temporally suspended after May 2015 but it is expected that this will resume in the later part of 2016.

FINANCIAL REVIEW

The consolidated group Statement of Financial Activities (SOFA), set out on page 13, shows that gross income increased from £1,216,327 to £1,309,740 and expenditure on direct charitable expenditure increased from £1,462,426 to £1,529,521. This resulted in a group deficit of £219,781 which has been debited to unrestricted and restricted 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.

Grants

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

Reserves and Going Concern

Reserves available for use by the Charity are deemed to be those that are readily realisable, less funds whose uses are restricted or else designated for particular purposes. In previous years the Trustees set an ambitious long term objective of having 6 months running costs as emergency operating reserves. At 31 March 2016 the charity had negative unrestricted reserves of £120,940.

The Trustees note that the current levels of reserves are not sustainable and the charity has embarked on a short term plan to raise income and reduce costs to ensure that reserve levels increase. Overhead costs have been looked at in detail and multiple savings already identified to ensure that the charity is receiving value for money, with further improvement plans now being put in place. 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.

One of biggest issues for all charities is the need to manage and retain regular income whilst at the same time finding new and innovative methods of raising funds. Meeting this challenge is one that is a key priority for Trustees and the Senior Management Team at the charity. The restructured Income Generation team are starting to increase awareness of the charity in the wider community and this will start to pay dividends as their medium term fundraising strategies start to provide a return.

A strategic review of the charity is on-going and the Trustees and Senior Management Team will continue their efforts to provide a bright future for Derwentside Hospice Care Foundation.

Further details regarding the going concern position of the charity can be found in note 1 to the accounts on page 17.

Pay policy for 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 charitable company are, as noted in the statutory information 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 trustee's 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 budget and forecast information, ensuring that the charitable company can afford any proposed increases. The board then agree any uplift to remuneration.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

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.

The financial statements which have been prepared in accordance with the Statement Of Recommended Practice: Accounting and Reporting by Charities (SORP FRS102) confirm to current statutory requirements and comply with the charity's governing documents.

PUBLIC BENEFIT STATEMENT

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning future activities. The charitable objectives also are set in order to provide a clear and demonstrable public benefit.

PLANS FOR FUTURE PERIODS

The charity will be looking to create a sustainable and progressive future for the hospice. The model of care is currently being reviewed in order to bring it more into line with current and future needs of the region. There will undoubtedly be a growing emphasis on care delivered in the home setting and this represents an exciting opportunity for the charity.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees, who are also directors of Derwentside Hospice Care Foundation Limited for the purposes of company law, are responsible for preparing the trustees report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and group and the incoming resources and applications of resources, including the income and expenditure, of the charitable company and group for that year.

In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 a going concern basis unless it is inappropriate to presume that Derwentside Hospice Care Foundation will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of Derwentside Hospice Care Foundation and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of Derwentside Hospice Care Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

- there is no relevant audit information of which the group's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

A resolution to re-appoint Tait Walker LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Signed on behalf of the trustees on 9th December 2016



M Stirrup
Treasurer

INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF THE CHARITABLE COMPANY

We have audited the financial statements of Derwentside Hospice Care for the year ended 31st March 2016 on pages 13 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT ON THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- *give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31st March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended*
- *have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and*
- *have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.*

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the charitable company's ability to continue as a going concern. At the year ended 31st March 2016 whilst the charitable company had positive net current assets and net assets, since the year end, along with the other matters explained in note 1 to the financial statements, the charitable company has seen a deteriorating cash position. This deteriorated position post year end indicates the existence of a material uncertainty which may cast significant doubt about the charitable company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the charitable company was unable to continue as a going concern.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matter where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from all branches not visited by us; or
- the parent charitable company financial statements are not in agreement with 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.

 15/2/16
Simon Brown ACA (Senior Statutory Auditor)

For and on behalf

Tait Walker LLP

Chartered Accountants & Statutory Auditor

Bulman House, Regent Centre

Gosforth, Newcastle upon Tyne

NE3 3LS

Tait Walker LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2016

GROUP - CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE
FOR THE PERIOD ENDING 31 MARCH 2016

	Note	Unrestricted Funds £	Restricted Funds £	Capital Funds £	1516 Total Funds £	1415 Total Funds £
INCOME						
Donations & Legacies	4	286,428	50,232	10,000	346,660	412,491
Income from charitable activities:						
Provision of services	5	706,777	0	0	706,777	646,186
Income from trading activities:						
Fundraising events	5	68,030	0	3,745	71,775	77,443
Shop sales	5	159,599	0	0	159,599	66,546
Other sales	5	24,929	0	0	24,929	13,660
Other incoming resources:						
Investment income		0	0	0	0	1
TOTAL INCOME		1,245,763	50,232	13,745	1,309,740	1,216,327
EXPENDITURE						
Expenditure on charitable activities:						
IPU services	6	690,421	3,421	0	693,842	733,666
Family support & therapy	6	207,096	13,299	0	220,395	328,381
Hospice at home	6	200,590	18,858	0	219,448	132,680
Expenditure on raising funds:						
Voluntary income	6	203,354	2,860	0	206,214	189,942
Sales	6	189,463	159	0	189,622	77,757
TOTAL EXPENDITURE		1,490,924	38,597	0	1,529,521	1,462,426
NET MOVEMENT IN FUNDS		(245,161)	11,635	13,745	(219,781)	(246,099)
RECONCILIATION OF FUNDS						
Total funds brought forward		1,732,346	579,071	106,451	2,417,868	2,663,967
Total funds carried forward		1,487,185	590,706	120,196	2,198,087	2,417,868

The result for the year relates wholly to continuing activities.

The notes on pages 17 to 35 form part of these financial statements

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2016

CHARITY - STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE
FOR THE PERIOD ENDING 31 MARCH 2016

	Note	Unrestricted Funds £	Restricted Funds £	Capital Funds £	1516 Total Funds £	1415 Total Funds £
INCOME						
Donations & Legacies	4	286,428	50,232	10,000	346,660	412,491
Income from charitable activities:						
Provision of services	5	506,187	0	0	506,187	526,139
Income from trading activities:						
Fundraising events	5	68,030	0	3,745	71,775	77,443
Shop sales	5	159,599	0	0	159,599	66,546
Other sales	5	24,929	0	0	24,929	13,660
Other incoming resources:						
Investment income		0	0	0	0	1
TOTAL INCOME		1,045,173	50,232	13,745	1,109,150	1,096,280
EXPENDITURE						
Expenditure on charitable activities:						
IPU services	6	690,421	3,421	0	693,842	733,666
Family support & therapy	6	207,096	13,299	0	220,395	328,381
Hospice at home	6	0	18,858	0	18,858	12,633
Expenditure on raising funds:						
Voluntary income	6	203,354	2,860	0	206,214	189,942
Sales	6	189,463	159	0	189,622	77,757
TOTAL EXPENDITURE		1,290,334	38,597	0	1,328,931	1,342,379
NET MOVEMENT IN FUNDS		(245,161)	11,635	13,745	(219,781)	(246,099)
RECONCILIATION OF FUNDS						
Total funds brought forward		1,732,345	579,071	106,451	2,417,867	2,663,966
Total funds carried forward		1,487,184	590,706	120,196	2,198,086	2,417,867

The result for the year relates wholly to continuing activities.

The notes on pages 17 to 35 form part of these financial statements

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2016

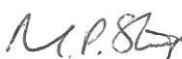
BALANCE SHEET AS AT 31 MARCH 2016

	Note	1516 Group £	1415 Group £	1516 Charity £	1415 Charity £
FIXED ASSETS					
Tangible assets	10	2,058,125	2,109,000	2,058,125	2,109,000
Investments	11	-	-	1	1
		2,058,125	2,109,000	2,058,126	2,109,001
CURRENT ASSETS					
Debtors	12	119,618	170,513	124,305	191,687
Cash at bank and in hand		263,722	348,640	244,354	316,336
		383,340	519,153	368,659	508,023
CURRENT LIABILITIES					
Creditors – amounts falling due within one year	13	243,378	210,285	228,699	199,157
NET CURRENT ASSETS		139,962	308,868	139,960	308,866
TOTAL ASSETS LESS CURRENT LIABILITIES		2,198,087	2,417,868	2,198,086	2,417,867
NET ASSETS		2,198,087	2,417,868	2,198,086	2,417,867
FUNDS OF THE CHARITY					
Capital funds	15	120,196	106,451	120,196	106,451
Restricted funds	15	590,706	579,071	590,706	579,071
Unrestricted funds	15	1,487,185	1,732,346	1,487,184	1,732,345
TOTAL FUNDS		2,198,087	2,417,868	2,198,086	2,417,867

The result for the year relates wholly to continuing activities.

Approved by the Board of Directors on 9th December 2016
and signed on their behalf by:


M Waterston
Chairman


M Stirrup
Treasurer

Company Registration Number: 02263960

The notes on pages 17 to 35 form part of these financial statements

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2016

GROUP STATEMENT OF CASHFLOWS FOR YEAR ENDING 31 MARCH 2016

	Note	1516	1415
		£	£
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash provided by (used in) operating activities	17	(80,038)	193,771
CASHFLOWS FROM INVESTING ACTIVITIES:			
Purchase of tangible fixed assets	10	(4,880)	(325,656)
Net cash provided by (used in) investing activities		(4,880)	(325,656)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE PERIOD		(84,918)	(131,885)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		348,640	480,525
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		263,722	348,640
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and Cash in hand		263,722	348,640
Total cash and cash equivalents			

The notes on pages 17 to 35 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes the charitable company will continue in operational existence for the foreseeable future. At the year end, the charitable company had net current assets of £139,962 and a total net asset position of £2,198,087.

Since the year end the charitable company is continuing to face a deteriorating cash position. This is largely due to changes in staff within the fund-raising team, which has left the charity with a shortfall in its income. This team has since been strengthened and is showing early signs of improved fund-raising, although the time required to build this back up has left the charity with a shortfall in funding.

The trustees have prepared a cashflow forecast through to the end of November 2017 which demonstrates that the charity will need additional funding before the end of March 2017 to prevent the cash balance going overdrawn. Currently the charity does not have an overdraft facility. Thereafter a cycle is established whereby the overdrawn position is replenished, upon the quarterly receipt of the Durham Clinical Commissioning Group (CCG) funding, before it is depleted prior the next quarterly receipt.

In the normal course of events the charitable company has numerous grant applications currently submitted with funders which will impact positively upon the current cash forecasts if these are successful.

Therefore, the trustees are aware that they need to seek additional funding before the end of March 2017 to bridge this shortfall and prevent the bank from going overdrawn. As a result, they have held initial talks with their bankers, Lloyds bank, who have indicated an ability to explore a finance arrangement against the charity's assets. These talks are at an early stage and no formal agreement has been reached.

In addition to the above, the trustees are aware that the CCG for the local area have commissioned a review, to be performed by an independent organisation, in which the report is to be prepared by March 2017. The CCG will then go through a consultation process with the outcome likely to be released in August 2017. The outcome will then not be fully ratified until the commencement of 2018. The charitable company will only then fully understand the model to be followed going forwards and have engaged with the CCG to ensure their involvement throughout the process. As a result, this gives the trustees no guarantee beyond 2017 that CCG funding will continue.

These circumstances give rise to material uncertainties over the ability of the charity to continue as a going concern beyond the end of March 2017.

In dealing with the uncertainties, since the year end, the charitable company has;

- Continued discussions with trustees and their associated companies to obtain direct support from them.

- Revamped and energised the fundraising team where they are already seeing significant early results. The shops are being overhauled and turned into cash generating entities. The hospices aim is to become self-sufficient as soon as possible and eliminate dependency on NHS funding to reduce future financial risk
- Undertaken a full review of the organisation and identified and implemented areas where costs savings can be made.
- The hospice is reviewing the model of care to bring it more into line with current and future needs with a growing emphasis on care delivered in the home setting. This innovative move has already attracted attention from the NHS. The hospice already has a successful and fast growing home care service called Hazelbrook Limited (the subsidiary company of the charity).
- Initial conversations with Lloyds bank are being held to assess options available.

As a result, the trustees recognise that their appraisal of going concern is dependent on confidence that following outcomes will be achieved:

- That the trustees providing continued support through additional fund raising and donations being made.
- That the shops are overhauled and become cash generative entities in the short-term.
- That the restructure of the current workforce is completed and enacted.
- That the CCG will work with the charity and continue to fund the organisation during 2017 while the hospice explores alternative models of delivering supportive and palliative care in a home setting.
- That the charity can secure additional income and funding before the end of March 2017.

The trustees have concluded that the combination of these circumstances represents a material uncertainty to the charitable company's ability to continue as a going concern increasing the risk that the charitable company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, given the unencumbered assets held, the new initiatives currently being pursued, the support of the trustee board and their respective organisations and the initial talks held with CCG and their bankers, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. MEMBERS' LIABILITY

Derwentside Hospice Care Foundation is a charitable company limited by guarantee but exempt from the requirement to use the word limited.

The charitable company is limited in that every member undertakes to contribute such an amount, not exceeding £10, as may be required in the event of the company being wound up while he/she is a member, or within one year after he ceases to be a member.

3. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

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 Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Companies Act 2006.

Derwentside Hospice Care Foundation meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recorded at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits; no material liability was required for short term compensated absence arising from employee entitlement of the parent charity and group companies; and, a restatement of reserves was required due to the earlier recognition of legacies. Such that the reserves were adjusted as follows:

	1415	1314
	£	£
Statement of Financial Activity		
Legacy income recognised earlier	95,331	0
Balance Sheet		
Reserves as previously stated at 31 March	2,322,537	2,663,967
Legacy income recognised earlier	95,331	0
Reserves restated at 31 March	2,417,868	2,663,967

Basis of Consolidation

The consolidated financial statements incorporate the results of Derwentside Hospice Care Foundation and its subsidiary undertakings as at 31 March 2016.

The financial statements of Hazelbrook Specialist Care at Home Limited are consolidated with the accounts of Derwentside Hospice Care Foundation on a line-by-line basis. The trustees have included the Statement of Financial Activity for both the charity and the group as a whole.

Fund Accounting

The general reserves are unrestricted funds that are available for the furtherance of the objects of the charity, at the discretion of the trustees. Designated funds are done so at the discretion of the trustees.

Restricted funds are subject to specific restrictions, as dictated by the donor of the funds. A review of the allocation of expenditure is performed at the year end and at the end of a completed contract or project, which can give rise to transfers between funds.

Income

Income is recognised when Derwentside Hospice Care Foundation has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Income is deferred when related grants are received and the performance conditions relating to its entitlement are not met.

Income from commercial trading activities is recognised at the point of sale for both donated and purchased goods.

Recognition of legacy income is dependent on the type of legacy, with pecuniary legacies recognised when a statement of the assets and liabilities of an estate has been received and residuary legacies recognised when the final accounts under the will have been approved and received.

Gifts in kind are included at the value to the charity, where this can be quantified. Assets donated are recognised in full as donations and fixed assets.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs associated with the provision of client supporting services (IPU, Family support & therapy and Hospice at home) and include both the direct costs and support costs relating to these activities.
- Expenditure on raising funds includes costs associated with the fundraising activities of the hospice as well as costs associated with the commercial trading activities of the retail shops. There is also a charge reflecting their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of 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 (and the group'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 note relating to support costs note (Note 7).

Operating Leases

The charity and the group classifies the leasing of equipment, as operating leases; the title to which equipment remains with the lessor and the expected economic life of the equipment is longer than the rental period. Rental charges are charged on a straight line basis over the term of the lease.

Fixed Assets

All fixed assets are initially recorded at cost. Items under £500 in value are not generally capitalised.

The cost of fixed assets is depreciated over the expected useful lives of the assets as follows:

- Freehold land & buildings – Straight line over 50 years
- Computer equipment – 50% straight line
- Fixtures, fittings and equipment (non-medical) – 20% straight line
- Fixtures, fittings and equipment (medical) – 33% straight line

No depreciation is charged on assets under construction.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments are included in the financial statements at cost less any provision for permanent diminution in value.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Pensions

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.

Corporate Taxation

Derwentside Hospice Care Foundation is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Hazelbrook Specialist Care at Home Ltd relieves its tax liability by making gift aid payments to Derwentside Hospice Care Foundation within nine months of the year end.

Transition to FRS 102

The opening fund balances have been restated (as noted above) due to a change in the recognition of legacy income. There has been no subsequent restatement of items in making the transition to FRS 102. The transition date was 1 April 2014.

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2016

4. DONATIONS AND LEGACIES

	Unrestricted	Restricted	Capital	1516 Total	1415 Total
	£	£	£	£	£
General Donations	186,328	0	0	186,328	140,769
In Memory Of	35,472	0	0	35,472	46,507
Committed Giving	14,163	0	0	14,163	13,635
Gifts-In-Kind	12,000	0	0	12,000	0
Donations	247,963	0	0	247,963	200,911
Legacies	33,879	0	0	33,879	154,051
Grants	4,586	50,232	10,000	64,818	57,529
Total	286,428	50,232	10,000	346,660	412,491

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2016

5. INCOME

INCOME - GROUP

	Unrestricted	Restricted	Capital	1516 Total	1415 Total
	£	£	£	£	£
Provision of Services:					
NHS bodies	706,777	0	0	706,777	615,260
Grants	0	0	0	0	30,926
Income from charitable activities	706,777	0	0	706,777	646,186
Fundraising activities:					
Willow Burn events	43,787	0	0	43,787	37,032
Corporate events	14,523	0	0	14,523	19,056
Light Up A Life	6,733	0	0	6,733	9,261
Willow Burn Woods	350	0	0	350	1,316
Everlasting Leaves	2,637	0	0	2,637	4,412
Capital campaign	0	0	3,745	3,745	6,366
	68,030	0	3,745	71,775	77,443
Shop sales:					
Birtley Shop	5,560	0	0	5,560	0
Stanley Shop	66,844	0	0	66,844	62,811
Chester-Le-Street Shop	30,020	0	0	30,020	0
Consett Shop	43,172	0	0	43,172	3,735
Bishop Auckland Shop	14,003	0	0	14,003	0
	159,599	0	0	159,599	66,546
Other sales:					
Refreshments	6,075	0	0	6,075	8,366
Craft sales	2,902	0	0	2,902	2,724
Other sales	15,952	0	0	15,952	2,570
	24,929	0	0	24,929	13,660
Income from trading activities	252,558	0	3,745	256,303	157,649
Investment Income	0	0	0	0	1
Other Income	0	0	0	0	1

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2016

INCOME - CHARITY

	Unrestricted	Restricted	Capital	1516 Total	1415 Total
	£	£	£	£	£
Provision of Services:					
NHS bodies	506,187	0	0	506,187	495,213
Grants	0	0	0	0	30,926
Income from charitable activities	506,187	0	0	506,187	526,139
Fundraising activities:					
Willow Burn events	43,787	0	0	43,787	37,032
Corporate events	14,523	0	0	14,523	19,056
Light Up A Life	6,733	0	0	6,733	9,261
Willow Burn Woods	350	0	0	350	1,316
Everlasting Leaves	2,637	0	0	2,637	4,412
Capital campaign	0	0	3,745	3,745	6,366
	68,030	0	3,745	71,775	77,443
Shop sales:					
Birtley Shop	5,560	0	0	5,560	0
Stanley Shop	66,844	0	0	66,844	62,811
Chester-Le-Street Shop	30,020	0	0	30,020	0
Consett Shop	43,172	0	0	43,172	3,735
Bishop Auckland Shop	14,003	0	0	14,003	0
	159,599	0	0	159,599	66,546
Other sales:					
Refreshments	6,075	0	0	6,075	8,366
Craft sales	2,902	0	0	2,902	2,724
Other sales	15,952	0	0	15,952	2,570
	24,929	0	0	24,929	13,660
Income from trading activities	252,558	0	3,745	256,303	157,649
Investment Income	0	0	0	0	1
Other Income	0	0	0	0	1

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2016

6. EXPENDITURE

EXPENDITURE - GROUP

	Unrestricted	Restricted	1516 Total	1415 Total
	£	£	£	£
IPU Services:				
Clinical staff	376,189	0	376,189	437,411
Other clinical costs	13,884	2,700	16,584	16,985
CHKS	1,821	0	1,821	11,729
General costs	11,103	0	11,103	10,763
Support costs	287,424	721	288,145	256,778
	690,421	3,421	693,842	733,666
Family Support & Therapy Services:				
Clinical staff	110,503	0	110,503	198,663
Day Hospice services	43	12,137	12,180	1,849
Therapy services	410	964	1,374	1,227
General costs	0	0	0	878
Support costs	96,140	198	96,338	125,764
	207,096	13,299	220,395	328,381
Hospice at home services	200,590	18,858	219,448	132,680
Expenditure on charitable activities	1,098,107	35,578	1,133,685	1,194,727
Voluntary Income:				
Salaries	92,370	0	92,370	92,144
Fundraising costs	47,290	2,686	49,976	41,537
Support costs	63,694	174	63,868	56,261
	203,354	2,860	206,214	189,942
Sales:				
Salaries	88,486	0	88,486	25,842
Purchased goods for resale	5,164	0	5,164	1,680
Facilities	34,837	0	34,837	33,372
General costs	2,928	0	2,928	0
Support costs	58,048	159	58,207	16,863
	189,463	159	189,622	77,757
Expenditure on raising funds	392,817	3,019	395,836	267,699

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2016

EXPENDITURE - CHARITY

	Unrestricted	Restricted	1516 Total	1415 Total
	£	£	£	£
IPU Services:				
Clinical staff	376,189	0	376,189	437,411
Other clinical costs	13,884	2,700	16,584	16,985
CHKS	1,821	0	1,821	11,729
General costs	11,103	0	11,103	10,763
Support costs	287,424	721	288,145	256,778
	690,421	3,421	693,842	733,666
Family Support & Therapy Services:				
Clinical staff	110,503	0	110,503	198,663
Day Hospice services	43	12,137	12,180	1,849
Therapy services	410	964	1,374	1,227
General costs	0	0	0	878
Support costs	96,140	198	96,338	125,764
	207,096	13,299	220,395	328,381
Hospice at home services	0	18,858	18,858	12,633
Expenditure on charitable activities	897,517	35,578	933,095	1,074,680
Voluntary Income:				
Salaries	92,370	0	92,370	92,144
Fundraising costs	47,290	2,686	49,976	41,537
Support costs	63,694	174	63,868	56,261
	203,354	2,860	206,214	189,942
Sales:				
Salaries	88,486	0	88,486	25,842
Purchased goods for resale	5,164	0	5,164	1,680
Facilities	34,837	0	34,837	33,372
General costs	2,928	0	2,928	0
Support costs	58,048	159	58,207	16,863
	189,463	159	189,622	77,757
Expenditure on raising funds	392,817	3,019	395,836	267,699

7. ANALYSIS OF GOVERNANCE AND 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.

	General Support Costs	Governance Costs	1516 Total	IPU	Family Supt	Vol Income	Sales	1415 Total
	£	£	£	£	£	£	£	£
Leadership	17,514		17,514	10,088	2,766	2,438	2,222	16,257
Finance	44,648		44,648	25,717	7,051	6,215	5,664	35,976
Governance		74,271	74,271	42,780	11,730	10,339	9,423	65,875
Human Resources	55,058		55,058	31,713	8,695	7,665	6,985	43,621
Learning & Development	2,138		2,138	1,231	338	298	271	4,577
Administration	41,231		41,231	23,749	6,512	5,740	5,231	26,416
IT Services	12,000		12,000	6,912	1,895	1,670	1,522	27,661
Legal & Professional		28,326	28,326	16,315	4,473	3,943	3,594	15,858
Facilities	182,362		182,362	105,039	28,800	25,386	23,136	175,158
Domestic & Catering	47,759		47,759	23,879	23,879			44,267
Other	1,251		1,251	721	198	174	159	0
	403,961	102,597	506,558	288,145	96,338	63,868	58,207	455,666

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

Analysis of Governance Costs	1516 £	1415 £
Audit & Accountancy fees	9,917	15,041
Legal & Professional fees	18,409	817
Support costs	74,271	65,875
	102,597	81,733

8. INCOME / (EXPENDITURE) FOR THE YEAR 2016 – GROUP

The group deficit is stated after charging:

	1516	1415
	£	£
Depreciation for the year	55,755	57,522
Hire of Equipment	5,357	22,148
Property Rental	40,200	20,064
Auditors Remuneration	7,500	7,800
Other Accountancy Fees	6,517	7,242

The deficit within the financial statements of Derwentside Hospice Care Foundation (Charity) was £219,781 (2015: £246,099). There was no gifted contribution from Hazelbrook Specialist Care at Home at the end of the financial year (2015: £0).

9. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION & EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

	1516	1415
	£	£
Staff costs during the year:		
Wages and salaries	848,776	955,728
Social security costs	65,968	88,668
Pension costs	27,715	50,844
	<u>942,459</u>	<u>1,095,240</u>

There was one member of staff earning more than £60,000 per annum (2015: 1). Their salary was between £60,000 and £70,000.

None of the trustees of the charity received any remuneration or expenses from the group.

The key management personnel of the charity, comprise the trustees, chief executive, head of finance and income, head of care services, head of human resources and head of retail. The total employee benefits of these key management personnel were £168,303 (2015: £152,139)

The key management personnel of the group, comprise those of the charity and the key management personnel of its wholly owned subsidiary, Hazelbrook Specialist Care at Home which comprises of the Care Manager. The employee benefits of key management personnel for the group were £189,985 (2015: £168,039).

9. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION & EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL (CONTINUED)

The average headcount of persons employed by the group (including casual and part-time) during the year was:

	1516	1415
Trustees	8	10
Management	6	5
Other Staff	54	46
	<u>68</u>	<u>61</u>

Pension scheme

The group operates a defined contribution pension scheme, with some employees belonging to the NHS pension scheme. The assets of both schemes are held separately from those of the group in independently administered funds. The pension costs charged represent contributions payable to the schemes and amounted to £27,715 (2015: £50,844). At the year end, included in other creditors are amounts payable of £4,340 (2015: £4,684).

The trustees are not aware of any liabilities in respect of these schemes, other than amounts included within other creditors as disclosed above.

10. FIXED ASSETS – GROUP AND CHARITY

	Freehold Land & Buildings	Computer Equipment	Fixtures & Fittings, Equipment	Total
	£	£	£	£
Cost:				
As at 1 April 2015	2,073,250	78,820	189,898	2,341,968
Additions			4,880	4,880
As at 31 March 2016	<u>2,073,250</u>	<u>78,820</u>	<u>194,778</u>	<u>2,346,848</u>
Depreciation:				
As at 1 April 2015	20,523	68,042	144,403	232,968
Charge for the year	30,068	10,778	14,909	55,755
As at 31 March 2016	<u>50,591</u>	<u>78,820</u>	<u>159,312</u>	<u>288,723</u>
Net Book Value:				
As at 31 March 2015	<u>2,052,727</u>	<u>10,778</u>	<u>45,495</u>	<u>2,109,000</u>
As at 31 March 2016	<u>2,022,659</u>	<u>0</u>	<u>35,466</u>	<u>2,058,125</u>

11. INVESTMENTS - CHARITY

	Equities	Subsidiary Investments	Total
	£	£	£
Balance at 1 April 2015	0	1	1
Additions/Disposals	0	0	0
Balance at 31 March 2016	0	1	1

Hazelbrook Specialist Care at Home Ltd is a wholly owned subsidiary (100% ordinary shares) trading company of Derwentside Hospice Care Foundation. It delivers high quality palliative and end of life care at home to those with a life limiting illness. This support enables people to remain in their own homes and significantly enhances the quality of life of those being cared for.

A summary of the trading results of Hazelbrook Specialist Care at Home Ltd is shown below:

	1516 Total £	1415 Total £
Income	219,448	132,680
Cost of sales	172,329	107,103
Other operating expenditure	47,119	25,577
Net Profit	0	0

A summary of the balance sheet position of Hazelbrook Specialist Care at Home Ltd is shown below:

	1516 Total £	1415 Total £
Current assets	41,304	79,480
Current liabilities	(41,303)	(79,479)
Net Assets	1	1

12. DEBTORS

	1516 Group £	1415 Group £	1516 Charity £	1415 Charity £
Amounts owed by subsidiary	0	0	26,622	68,350
Other debtors	24,450	48,086	2,515	9,389
HMRC	2,815	0	2,815	0
Prepayments	23,763	16,542	23,763	16,055
Accrued Income	68,590	105,885	68,590	97,893
	119,618	170,513	124,305	191,687

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2016

13. CREDITORS (amounts falling due within one year)

	1516	1415	1516	1415
	Group	Group	Charity	Charity
	£	£	£	£
Trade creditors	18,762	3,963	17,038	3,963
HMRC	21,318	14,952	18,288	13,084
Accruals	193,455	181,322	183,815	176,882
Deferred Income	3,223	364	3,223	364
Other creditors	6,620	9,684	6,335	4,864
	243,378	210,285	228,699	199,157

14. LEASING COMMITMENTS

Total minimum lease payments due over the lease term, falling due as follows:

	1516	1415	1516	1415
	Group	Group	Charity	Charity
	£	£	£	£
Leases expiring within 1 year	3,500	30,833	3,500	30,833
Leases expiring 2 to 5 years	138,234	38,611	138,234	38,611
Leases expiring over 5 years	0	0	0	0
	141,734	69,444	141,734	69,444

15. ANALYSIS OF CHARITABLE FUNDS

Analysis of movements in unrestricted funds

CHARITY

	As at 1 April	Incoming	Resources		As at 31
	2015	Resources	Expended	Transfers	March 2016
	£	£	£	£	£
General Fund	1,732,345	1,045,173	1,290,334	0	1,487,184
Total unrestricted funds	1,732,345	1,045,173	1,290,334	0	1,487,184

15. ANALYSIS OF CHARITABLE FUNDS (CONTINUED)

GROUP	As at 1 April 2015 £	Incoming Resources £	Resources Expended £	Transfers £	As at 31 March 2016 £
General Fund	1,732,346	1,245,763	1,490,924	0	1,487,185
Total unrestricted funds	1,732,346	1,245,763	1,490,924	0	1,487,185

Analysis of movements in restricted funds

	As at 1 April 2015 £	Incoming Resources £	Resources Expended £	Transfers £	As at 31 March 2016 £
Capital Fund	106,451	13,745	0	0	120,196
Social Fund	450,000	0	0	0	450,000
Day Hospice	303	11,835	12,138	0	0
Hospice at Home	121,192	0	18,858	0	102,334
IPU	720	25,874	2,700	0	23,894
Family Support	2,222	0	964	0	1,258
Fundraising	0	2,686	2,686	0	0
Service Develop	4,634	9,837	1,251	0	13,220
Total restricted funds	685,522	63,977	38,597	0	710,902

Capital Fund

Funds raised for the capital campaign are to be used towards phases two and three of the new hospice building.

£100,000 of this fund relates to a capital grant from the Will Charitable Trust. During June 2016 it was agreed with the Trust, that due to a delay in the delivery of our capital programme and the start of phase two, that £75,000 of this grant would be repaid with a view to reapplying for the funds at a later date. The Trust agreed to the charity retaining £25,000 of this grant with the restrictions being removed and the money being transferred to unrestricted funds in the year ending 31 March 2017.

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 (see note 20).

Day Hospice Fund

Funds restricted for the provision of day hospice services only.

Hospice at Home Fund

Funds restricted for the purpose of setting up and supporting the growth of the hospice at home service. These services are now provided through the trading subsidiary Hazelbrook Specialist Care at Home Limited.

The trustees took the decision to keep this activity outside of the main charity. The trading subsidiary continues to be supported by these funds during the growth of these services.

IPU Fund

Funds restricted for the provision of IPU services only.

Family Support 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.

16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Capital Funds £	Restricted Funds £	Total Funds £
Fund balances				
Tangible fixed assets	1,608,125	0	450,000	2,058,125
Current assets	119,618	0	0	119,618
Bank and cash	2,820	120,196	140,706	263,722
Current Liabilities	(243,378)	0	0	(243,378)
Total net assets	1,487,185	120,196	590,706	2,198,087

17. NOTES TO CASHFLOW

Reconciliation of net income / (expenditure) to net cashflow from operating activities:

	1516	1415
	Total	Total
	£	£
Net income/(expenditure) for the reporting period	(219,781)	(246,099)
Adjustments for:		
Depreciation	55,755	57,522
Decrease in debtors	50,895	423,115
Increase in creditors	33,093	(40,767)
Net cash provided by operating activities	(80,038)	193,771

18. RELATED PARTY TRANSACTIONS

Grants totalling £18,858 (2015: £12,633) were paid to Hazelbrook Specialist Care at Home Limited. They gift aided profits of £0 (2015: £0) to the parent and at the balance sheet date they owed the parent £26,622 (2015: £68,350). Hazelbrook Specialist Care at Home Limited is a wholly owned trading subsidiary of Derwentside Hospice Care Foundation.

IT support services to the value of £12,000 were gifted, during the year to the group by Waterstons Limited. A trustee is a director of this company.

19. ULTIMATE CONTROLLING PARTY

In the opinion of the trustees there is no ultimate controlling party, other than the trustees themselves.

20. CONTINGENCIES

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.

The SEIF had a first legal charge over the land purchased by the charity until the expiry of the contingent period, but this was removed in April 2016.