

Derwentside Hospice Care Foundation

A Charitable Company Limited by Guarantee

Financial Statements Year Ended 31 March 2018

Company Registration Number: 02263960

Charity Registration Number: 519659

REFERENCE AND ADMINISTRATIVE DETAILS

STATUTORY INFORMATION

Trustees

Mr Paul Jackson (Chair)	
Mrs Anne Britton (Vice Chair)	
Mr Mark Davies	
Mr Nigel Cook	
Mrs Anita Burdon	Appointed October 2017
Mr Mark McArdle	Appointed October 2017
Mr Robin Statham	Resigned May 2017
Miss Sally Hancox	Resigned June 2017
Mr Robert Waterston	Resigned June 2017
Mr Michael Stirrup	Resigned June 2017

Chief Executive Officer

Ms Victoria Dale	Appointed April 2017
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Registered Office

Willow Burn Hospice
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
West Malling
Kent
ME19 4JQ

Legal Advisors

Bennett Richmond
23 Front Street
Lanchester
County Durham
DH8 5AB

Independent Auditors

Tait Walker LLP

Bulman House
Regent Centre
Gosforth
Newcastle Upon Tyne
NE3 3LS

Key Management Personnel

Ms Victoria Dale
Mrs Denise Crawford
Mr Paul Jones King

Chief Executive Officer
Head of Care Services (Resigned Oct 2017)
Head of Clinical Services (Appointed Feb 2018)

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 2018.

Report from the Chair of the Board

As I approach the end of my first year as Chairperson for the Board of Trustees with Derwentside Hospice Care Foundation, I reflect on the last year with pride as to what the team of dedicated staff, trustees and volunteers have achieved. A huge thank you to everyone for their hard work and dedication, this truly is what makes Willow Burn so special.

It is fair to say it has been a year of difficult decision making and considerable changes to the operations of the charity. In December 2017, after great debate and careful consideration the decision was made to cease delivering services through our trading subsidiary, Hazelbrook Specialist Care at Home. Whilst this was a very difficult time for all involved the process was dealt with in a professional and efficient manner, ensuring continuity of care for our service users and employment for our staff.

The charity continues to face challenges in terms of securing funds year on year to keep the hospice services operational. However, the team are very much fired up to take on this challenge and we face it with determination and enthusiasm. The Chief Executive, Victoria Dale has worked tirelessly in managing the financial position of the charity and the transparency, scrutiny and complete understanding of this has aided an effective decision making process that is supported by accurate and robust information. This has helped to strengthen the governance arrangements within the organisation.

The big news for the hospice at the start of 2018 was the securing of an amazing donation of £1.5 million from Helen McArdle to support the construction of a new state of the art six bedded inpatient unit. This generous donation along with grant funding secured to renovate our Sir Tom Cowie Unit will provide a first class facility to house services which have been redesigned to provide innovative and patient centred care which will be delivered at the highest of standards to the people of Derwentside.

Service development has been a priority throughout 2018 for the hospice and we have received great support and encouragement from our local Clinical Commissioning Group. Their belief in the

great work we have and continue to do has been reflected in the agreement of a five year funding contract.

We are all extremely excited and very much looking forward to the opening of our new inpatient unit, which will also house a new dedicated family suite, a luxury spa bathroom and a new community café towards the end of 2018. Coupled with the renovation works in the Sir Tom Cowie Unit which will provide a new family support and bereavement suite and a new health and wellbeing centre, Willow Burn can celebrate 30 years of supporting the communities of Derwentside in a state of the art facility and with a very promising future.

On a personal note, I am fully committed to leading the hospice as it continues its journey over the next couple of years.

A handwritten signature in black ink, appearing to read 'Paul Jackson', with a stylized flourish at the end.

Paul Jackson
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 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.

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 six.

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 two months. At these meetings members receive detailed management accounts (including cashflow projections) as well as reports on operational activities each month. The board also receive regular presentations and reports on any major developments or proposals. They participate in the strategic planning process and have ultimate responsibility for approval of the strategic plan.

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 management team that consists of the head of clinical services, the health & wellbeing coordinator, the family support & bereavement team lead, the clinical lead, the central support manager and the income generation manager. The management team attend board meetings (when required) but there is provision for the board to discuss any matter without management attendance when they wish to do so. The management 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 2017-2018 the unit cared for 137 patients (2016-17 119 patients). 68% of these had a cancer diagnosis, while the remainder had other life limiting conditions such as Chronic Respiratory Disease, neurological conditions and heart failure. Occupancy level for the year was at 78% (2016-17 73%).

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.

The Day Hospice, led by a team of therapy staff, is run on a sessional basis (morning and afternoon), 3 days a week and in 2017-18 patients attended 1,228 appointments. Patients can choose to attend from an hour up to a day, depending upon how they feel 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 including: massage, Reiki and nails

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 2017-2018, the service supported 291 people (2016-17 444).

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. The service runs for two days per week.

FINANCIAL REVIEW

The consolidated group Statement of Financial Activities (SOFA), set out on page 16, shows that gross income increased from £1,741,667 to £1,756,620 and expenditure on direct charitable expenditure reduced from £1,886,203 to £1,746,004. This resulted in a group surplus of £10,616 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 Charitable group 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, this would equate to an amount of approximately £700,000. At 31 March 2018 the charitable group had free reserves of £22,151.

The Trustees remain aware that the current levels of reserves are not sustainable. Work is continuing on ways in which income levels can be increased and a review of expenditure has taken place to ensure the charity consistently achieves value for money. This continuing work will allow a position whereby reserve levels can start to be built up to a level that offers financial security to the charity moving forward. A key piece of work which is currently underway is the review of the income generation strategy. The charity is working closely with a consultancy firm who are offering guidance and support in identifying alternative income streams that will be regular and sustainable. 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 on-going and the Trustees and Senior Management Team will continue their efforts to provide a bright future for Derwentside Hospice Care Foundation.

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 Reference and Administration section. Together with the board, these KMP are those in charge of directing and controlling, running and operating the activities of the charity on a day to day basis. The pay of the KMP is reviewed annually and normally increased in accordance with average earnings. The 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.

STATEMENT OF FUNDRAISING

The charitable group has embarked on a project to re-evaluate and change its direction in relation to fundraising. The charity needs to consider a more sustainable and regular source of income. To undertake this project the charity has recruited a consultancy company to test new income streams and work with the organisation to review its fundraising strategy. This period of testing and the new strategy will determine the skills set, knowledge and experience required of a new business development team. This should be finalised towards the end of 2018 and recruitment of the new team will begin early 2019.

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.

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

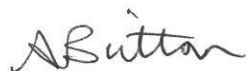
In so far as the trustees are aware:

- 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 6 November 2018

A handwritten signature in black ink, appearing to read 'A Britton'.

A Britton

Vice Chair of the Board of Trustees

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

Opinion

We have audited the financial statements of Derwentside Hospice Care Foundation (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Statement of Cash Flows and supporting notes. 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 group's and parent charity's affairs as at 31 March 2018 and of the group's incoming resources and application of resources including its income and expenditure;
- 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.

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to

the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Responsibilities of trustees

As explained more fully in the statement of Trustee 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 group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of the Report

This report is made solely to the charitable parent 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 group'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 parent company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

 13.11.18

Simon Brown ACA (Senior Statutory Auditor)

For and on behalf of

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.

**GROUP - CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE
FOR THE YEAR ENDING 31 MARCH 2018**

	Note	Unrestricted Funds £	Restricted Funds £	Capital Funds £	17/18 Total Funds £	16/17 Total Funds £
INCOME						
Donations & Legacies	4	363,611	72,138	62,000	497,749	463,376
Income from charitable activities:						
Provision of services	5	825,950	0	0	825,950	857,242
Income from trading activities:						
Fundraising events	5	164,704	0	0	164,704	178,055
Retail sales	5	213,081	0	0	213,081	212,167
Other sales	5	55,136	0	0	55,136	30,827
TOTAL INCOME		1,622,482	72,138	62,000	1,756,620	1,741,667
EXPENDITURE						
Expenditure on charitable activities:						
IPU services	6	611,702	8,871	42,860	663,433	763,929
Family support & therapy	6	159,846	1,313	0	161,159	173,994
Hospice at home	6	308,435	94,594	0	403,029	354,129
Expenditure on raising funds:						
Voluntary income	6	322,651	9,461	0	332,112	302,851
Retail overheads	6	186,271	0	0	186,271	291,300
TOTAL EXPENDITURE		1,588,905	114,239	42,860	1,746,004	1,886,203
NET MOVEMENT IN FUNDS		33,577	(42,101)	19,140	10,616	(144,536)
RECONCILIATION OF FUNDS						
Total funds brought forward		1,438,547	592,660	22,344	2,053,551	2,198,087
Total funds carried forward		1,472,124	550,559	41,484	2,064,167	2,053,551

The result for the year relates wholly to continuing activities.

The notes on pages 20 to 38 form part of these financial statements

**CHARITY - STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE
FOR THE YEAR ENDING 31 MARCH 2018**

	Note	Unrestricted Funds £	Restricted Funds £	Capital Funds £	17/18 Total Funds £	16/17 Total Funds £
INCOME						
Donations & Legacies	4	372,408	72,138	62,000	506,546	463,376
Income from charitable activities:						
Provision of services	5	508,718	0	0	508,718	508,718
Income from trading activities:						
Fundraising events	5	164,704	0	0	164,704	178,055
Retail sales	5	213,081	0	0	213,081	212,167
Other sales	5	55,136	0	0	55,136	30,827
TOTAL INCOME		1,314,047	72,138	62,000	1,448,185	1,393,143
EXPENDITURE						
Expenditure on charitable activities:						
IPU services	6	611,702	8,871	42,860	663,433	763,929
Family support & therapy	6	159,846	1,313	0	161,159	173,994
Hospice at home	6	0	94,594	0	94,594	5,605
Expenditure on raising funds:						
Voluntary income	6	322,651	9,461	0	332,112	302,851
Retail overheads	6	186,271	0	0	186,271	291,300
TOTAL EXPENDITURE		1,280,470	114,239	42,860	1,437,569	1,587,679
NET MOVEMENT IN FUNDS		33,577	(42,101)	19,140	10,616	(144,536)
RECONCILIATION OF FUNDS						
Total funds brought forward		1,438,546	592,660	22,344	2,053,550	2,198,086
Total funds carried forward		1,472,123	550,559	41,484	2,064,166	2,053,550

The result for the year relates wholly to continuing activities.

The notes on pages 20 to 38 form part of these financial statements

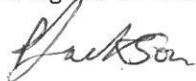
DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2018

BALANCE SHEET AS AT 31 MARCH 2018

	Note	17/18 Group £	16/17 Group £	17/18 Charity £	16/17 Charity £
FIXED ASSETS					
Tangible assets	10	1,984,973	2,026,143	1,984,973	2,026,143
Investments	11	0	0	1	1
		<u>1,984,973</u>	<u>2,026,143</u>	<u>1,984,974</u>	<u>2,026,144</u>
CURRENT ASSETS					
Debtors	12	98,152	116,828	121,276	119,924
Cash at bank and in hand		<u>174,939</u>	<u>68,433</u>	<u>147,853</u>	<u>51,961</u>
		273,091	185,261	269,129	171,885
Debtors: falling due more than one year		0	1,272	0	1,272
CURRENT LIABILITIES					
Creditors – amounts falling due within one year	13	143,897	158,126	139,937	144,751
NET CURRENT ASSETS		<u>129,194</u>	<u>28,407</u>	<u>129,192</u>	<u>28,406</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,114,167</u>	<u>2,054,551</u>	<u>2,114,166</u>	<u>2,054,550</u>
Creditors: amounts falling due after more than one year	13	50,000	1,000	50,000	1,000
NET ASSETS		<u>2,064,167</u>	<u>2,053,551</u>	<u>2,064,166</u>	<u>2,053,550</u>
FUNDS OF THE CHARITY					
Capital funds	15	41,484	22,344	41,484	22,344
Restricted funds	15	550,559	592,660	550,559	592,660
Unrestricted funds	15	<u>1,472,124</u>	<u>1,438,547</u>	<u>1,472,123</u>	<u>1,438,546</u>
TOTAL FUNDS		<u>2,064,167</u>	<u>2,053,551</u>	<u>2,064,166</u>	<u>2,053,550</u>

The result for the year relates wholly to continuing activities.

Approved by the Board of Directors on 6 November 2018
and signed on their behalf by:



P Jackson
Chairman

The notes on pages 20 to 38 form part of these financial statements

GROUP STATEMENT OF CASHFLOWS FOR YEAR ENDING 31 MARCH 2018

	Note	17/18 £	16/17 £
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash provided by (used in) operating activities	17	109,452	(182,346)
CASHFLOWS FROM INVESTING ACTIVITIES:			
Purchase of tangible fixed assets	10	(2,946)	(12,943)
Net cash provided by (used in) investing activities		(2,946)	(12,943)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE PERIOD		106,506	(195,289)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		68,433	263,722
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		174,939	68,433
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and Cash in hand		174,939	68,433
Total cash and cash equivalents			

The notes on pages 20 to 38 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 that the charitable company will continue in operational existence for the foreseeable future. The trustees have made comment on the year-end reserves position in their Trustees' Report.

The Trustees have prepared a cash flow forecast through to November 2019. The cash flow forecast includes a number of assumptions about the level of income, which the trustees consider to be reasonable. The trustees have every expectation that the forecast income levels can be achieved, including income from streams which can be harder to predict (charity shop income/events income), so that they are confident that the charitable company would not have any difficulty in meeting creditor payments as they fall due.

If the income forecast was not met, then the trustees recognise that they have flexibility to vary expenditure and have support from a number of trustees to provide short term finance (if necessary) to suit cash flow needs.

The Trustees have concluded that the cash flow forecast they have prepared demonstrates that the charitable company has adequate resources to continue to adopt the going concern basis of accounting in preparing the 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 Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) 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). The fundamental currency of the charitable company is Sterling

Basis of Consolidation

The consolidated financial statements incorporate the results of Derwentside Hospice Care Foundation and its subsidiary undertakings as at 31 March 2018.

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.

Judgements and key sources of estimation uncertainty

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.

Significant judgements

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 £1.972m) 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.

Key sources of estimation uncertainty

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 amounts of assets and liabilities within the next financial year are as follows:

Depreciation is estimated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset. An estimate of the useful economic life of that assets is detailed in the depreciation accounting policy. During the year the total depreciation charge was £44,116.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

4. DONATIONS AND LEGACIES

DONATIONS AND LEGACIES - GROUP

	Unrestricted	Restricted	Capital	17/18 Total	16/17 Total
	£	£	£	£	£
General Donations	155,194	0	60,000	215,194	292,144
In Memory Of	15,840	0	0	15,840	37,127
Committed Giving	15,527	0	0	15,527	19,431
Gifts-In-Kind	24,860	0	0	24,860	34,636
Donations	211,421	0	60,000	271,421	383,338
Legacies	112,890	0	0	112,890	47,534
Grants	39,300	72,138	2,000	113,438	32,504
Total	363,611	72,138	62,000	497,749	463,376

DONATIONS AND LEGACIES - CHARITY

	Unrestricted	Restricted	Capital	17/18 Total	16/17 Total
	£	£	£	£	£
General Donations	163,991	0	60,000	223,991	292,144
In Memory Of	15,840	0	0	15,840	37,127
Committed Giving	15,527	0	0	15,527	19,431
Gifts-In-Kind	24,860	0	0	24,860	34,636
Donations	220,218	0	60,000	280,218	383,338
Legacies	112,890	0	0	112,890	47,534
Grants	39,300	72,138	2,000	113,438	32,504
Total	372,408	72,138	62,000	506,546	463,376

5. INCOME

INCOME - GROUP

	Unrestricted	Restricted	Capital	17/18 Total	16/17 Total
	£	£	£	£	£
Provision of Services:					
NHS bodies	825,950	0	0	825,950	857,242
Income from charitable activities	825,950	0	0	825,950	857,242
Fundraising activities:					
Willow Burn events	132,978	0	0	132,978	119,208
Corporate events	31,426	0	0	31,426	54,522
Sponsorship	300	0	0	300	2,177
Capital campaign	0	0	0	0	2,148
	164,704	0	0	164,704	178,055
Shop sales:					
Birtley Shop	0	0	0	0	20,056
Stanley Shop	76,864	0	0	76,864	69,655
Chester-Le-Street Shop	44,732	0	0	44,732	41,659
Consett Shop	58,088	0	0	58,088	46,298
Bishop Auckland Shop	33,397	0	0	33,397	34,499
	213,081	0	0	213,081	212,167
Other Income:					
Miscellaneous	55,136	0	0	55,136	30,827
	55,136	0	0	55,136	30,827
Income from trading activities	432,921	0	0	432,921	421,049

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2018

INCOME - CHARITY

	Unrestricted	Restricted	Capital	17/18 Total	16/17 Total
	£	£	£	£	£
Provision of Services:					
NHS bodies	508,718	0	0	508,718	508,718
Income from charitable activities	508,718	0	0	508,718	508,718
Fundraising activities:					
Willow Burn events	132,978	0	0	132,978	119,208
Corporate events	31,426	0	0	31,426	54,522
Sponsorship	300	0	0	300	2,177
Capital campaign	0	0	0	0	2,148
	164,704	0	0	164,704	178,055
Shop sales:					
Birtley Shop	0	0	0	0	20,056
Stanley Shop	76,864	0	0	76,864	69,655
Chester-Le-Street Shop	44,732	0	0	44,732	41,659
Consett Shop	58,088	0	0	58,088	46,298
Bishop Auckland Shop	33,397	0	0	33,397	34,499
	213,081	0	0	213,081	212,167
Other sales:					
Miscellaneous	55,136	0	0	55,136	30,827
	55,136	0	0	55,136	30,827
Income from trading activities	432,921	0	0	432,921	421,049

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2018

6. EXPENDITURE

EXPENDITURE - GROUP

	Unrestricted	Restricted	Capital	17/18 Total	16/17 Total
	£	£	£	£	£
IPU Services:					
Clinical staff	391,071	0	0	391,071	401,984
Other clinical costs	9,403	0	0	9,403	13,492
General costs	4,538	8,871	0	13,409	6,740
Other	0	0	42,860	42,860	75,000
Support costs	206,690	0	0	206,690	266,713
	611,702	8,871	42,860	663,433	763,929
Family Support & Therapy Services:					
Clinical staff	91,433	0	0	91,433	88,510
Day Hospice services	804	1,313	0	2,117	711
General costs	8,391	0	0	8,391	9,047
Support costs	59,218	0	0	59,218	75,725
	159,846	1,313	0	161,159	173,993
Hospice at home services	308,435	94,594	0	403,029	354,129
Expenditure on charitable activities	1,079,983	104,778	42,860	1,227,621	1,292,052
Voluntary Income:					
Salaries	161,213	0	0	161,213	147,152
Fundraising costs	73,627	9,461	0	83,088	61,232
Support costs	87,811	0	0	87,811	94,467
	322,651	9,461	0	332,112	302,851
Sales:					
Salaries	77,944	0	0	77,944	128,641
Purchased goods for resale	1,463	0	0	1,463	2,547
Facilities	65,059	0	0	65,059	85,845
Support costs	41,805	0	0	41,805	74,266
	186,271	0	0	186,271	291,299
Expenditure on raising funds	508,922	9,461	0	518,383	594,150

DERWENTSIDE HOSPICE CARE FOUNDATION
YEAR ENDED 31 MARCH 2018

EXPENDITURE - CHARITY

	Unrestricted	Restricted	Capital	17/18 Total	16/17 Total
	£	£	£	£	£
IPU Services:					
Clinical staff	391,071	0	0	391,071	401,984
Other clinical costs	9,403	0	0	9,403	13,492
General costs	4,538	8,871	0	13,409	6,740
Other	0	0	42,860	42,860	75,000
Support costs	206,690	0	0	206,690	266,713
	611,702	8,871	42,860	663,433	763,929
Family Support & Therapy Services:					
Clinical staff	91,433	0	0	91,433	88,510
Day Hospice services	804	1,313	0	2,117	711
General costs	8,391	0	0	8,391	9,047
Support costs	59,218	0	0	59,218	75,725
	159,846	1,313	0	161,159	173,993
Hospice at home services	0	94,594	0	94,594	5,605
Expenditure on charitable activities	771,548	104,778	42,860	919,186	943,527
Voluntary Income:					
Salaries	161,213	0	0	161,213	147,152
Fundraising costs	73,627	9,461	0	83,088	61,232
Support costs	87,811	0	0	87,811	94,467
	322,651	9,461	0	332,112	302,851
Sales:					
Salaries	77,944	0	0	77,944	128,641
Purchased goods for resale	1,463	0	0	1,463	2,547
Facilities	65,059	0	0	65,059	85,845
Support costs	41,805	0	0	41,805	74,266
	186,271	0	0	186,271	291,299
Expenditure on raising funds	508,922	9,461	0	518,383	594,150

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	17/18 Total	IPU	Family Supt	Vol Income	Sales	16/17 Total
	£	£	£	£	£	£	£	£
Leadership	15,465	0	15,464	8,380	1,959	3,455	1,670	16,737
Finance	31,716	0	31,716	17,187	4,018	7,085	3,426	76,078
Governance	0	47,345	47,344	25,656	5,998	10,576	5,114	83,290
Human Resources	27,337	0	27,338	14,814	3,464	6,107	2,953	37,456
Learning & Development	4,830	0	4,829	4,044	217	383	185	11,899
Administration	37,306	0	37,306	20,216	4,727	8,334	4,029	39,799
IT Services	17,846	0	17,846	4,515	1,056	11,375	900	34,193
Legal & Professional	0	25,387	25,388	10,983	3,738	4,528	6,139	28,370
Facilities	161,009	0	161,010	87,252	20,400	35,968	17,390	134,096
Domestic & Catering	27,282	0	27,282	13,641	13,641	0	0	49,254
Other	0	0	0	0	0	0	0	0
	322,791	72,732	395,523	206,688	59,218	87,811	41,806	511,172

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

Analysis of Governance Costs	17/18 £	16/17 £
Audit & Accountancy fees	4,750	4,600
Legal & Professional fees	20,637	23,770
Support costs	47,345	83,290
	72,732	111,660

8. INCOME / (EXPENDITURE) FOR THE YEAR 2018 – GROUP

The group deficit is stated after charging:

	17/18	16/17
	£	£
Depreciation for the year	44,116	44,924
Hire of Equipment	0	8,529
Property Rental	43,500	68,900
Auditors Remuneration	8,170	7,500
Pension Contributions	26,446	22,187

The surplus within the financial statements of Derwentside Hospice Care Foundation (Charity) was £10,616 (2017: Deficit £144,536). There was a gifted contribution from Hazelbrook Specialist Care at Home at the end of the financial year to the value of £8,797 (2017: £75,304).

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

	17/18	16/17
	£	£
Staff costs during the year:		
Wages and salaries	1,167,361	1,157,261
Social security costs	77,251	82,179
Pension costs	26,446	22,936
	<u>1,271,058</u>	<u>1,262,376</u>

There was no member of staff earning more than £60,000 per annum (2017: 0).

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

The key management personnel of the charity comprises of the trustees, chief executive and head of clinical services. The total employee benefits of these key management personnel were £115,562 (2017: £187,884).

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 CEO and Care Manager. The employee benefits of key management personnel for the group were £152,189 (2017: £211,635).

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:

	17/18	16/17
Trustees	7	8
Management	6	5
Other Staff	69	73
	<u>82</u>	<u>86</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 £26,446 (2017: £22,187). At the year end, included in other creditors are amounts payable of £2,180 (2017: £9,166).

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 2017	2,085,078	79,935	194,778	2,359,791
Additions	0	0	2,946	2,946
Revaluations	0	0	0	0
As at 31 March 2018	<u>2,085,078</u>	<u>79,935</u>	<u>197,724</u>	<u>2,362,736</u>
Depreciation:				
As at 1 April 2017	81,713	79,377	172,557	333,648
Charge for the year	31,120	558	12,438	44,116
As at 31 March 2018	<u>112,833</u>	<u>79,935</u>	<u>184,995</u>	<u>377,763</u>
Net Book Value:				
As at 31 March 2017	<u>2,003,365</u>	<u>558</u>	<u>22,221</u>	<u>2,026,143</u>
As at 31 March 2018	<u>1,972,244</u>	<u>0</u>	<u>12,728</u>	<u>1,984,974</u>

11. INVESTMENTS - CHARITY

	Subsidiary Investments	Total
	£	£
Balance at 1 April 2017 and 31 March 2018	1	1

Hazelbrook Specialist Care at Home Ltd (HSCH) is a wholly owned subsidiary (100% ordinary shares) trading company of Derwentside Hospice Care Foundation. In October 2017, the Board of Trustees made the decision to cease trading in Hazelbrook. The last day of service was 3 December 2017.

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

	17/18 Total	16/17 Total
	£	£
Income	317,232	348,524
Cost of sales	279,247	248,832
Other operating expenditure	37,985	99,692
Net Profit	0	0

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

	17/18 Total	16/17 Total
	£	£
Current assets	31,171	60,116
Current liabilities	(31,170)	(60,115)
Net Assets	1	1

12. DEBTORS

	17/18 Group	16/17 Group	17/18 Charity	16/17 Charity
	£	£	£	£
Amounts owed by subsidiary	0	0	27,210	46,740
Other debtors	1,271	53,374	1,271	9,730
HMRC	18,928	9,923	14,843	9,923
Prepayments	15,804	34,228	15,804	34,228
Accrued Income	62,149	19,303	62,149	19,303
	98,152	116,828	121,277	119,924

13. CREDITORS

	17/18 Group £	16/17 Group £	17/18 Charity £	16/17 Charity £
Trade creditors	21,819	43,337	21,279	43,337
HMRC	16,335	19,951	16,335	14,219
Accruals	63,266	62,484	59,846	55,013
Deferred Income	5,598	6,016	5,598	6,016
Other Creditors	34,880	17,338	34,880	17,166
Other Loans within 1 year	2,000	9,000	2,000	9,000
	143,898	158,126	139,938	144,751
Other Loans more than 1 year	50,000	1,000	50,000	1,000

14. LEASING COMMITMENTS

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

	17/18 Group £	16/17 Group £	17/18 Charity £	16/17 Charity £
Leases expiring within 1 year	18,460	37,251	18,460	37,251
Leases expiring 2 to 5 years	19,837	58,814	19,837	58,814
Leases expiring over 5 years	0	42	0	42
	38,297	96,107	38,297	96,107

15. ANALYSIS OF CHARITABLE FUNDS

Analysis of movements in unrestricted funds

CHARITY

	As at 1 April 2017 £	Incoming Resources £	Resources Expended £	Transfers £	As at 31 March 2018 £
General Fund	1,438,546	1,314,047	1,280,470	0	1,472,123
Total unrestricted funds	1,438,546	1,314,047	1,280,470	0	1,472,123

15. ANALYSIS OF CHARITABLE FUNDS (CONTINUED)

GROUP	As at 1 April 2017 £	Incoming Resources £	Resources Expended £	Transfers £	As at 31 March 2018 £
General Fund	1,438,547	1,622,482	1,588,905	0	1,472,124
Total unrestricted funds	1,438,547	1,622,482	1,588,905	0	1,472,124

Analysis of movements in restricted funds and capital funds

	As at 1 April 2017 £	Incoming Resources £	Resources Expended £	Transfers £	As at 31 March 2018 £
Capital Fund	22,344	62,000	42,860	0	41,484
Social Fund	450,000	0	0	0	450,000
Day Hospice	430	5,688	1,313	0	4,805
Hospice at Home	96,729	0	94,594	0	2,135
IPU	23,894	8,985	8,871	0	24,008
Family Support	1,539	6,900	0	0	8,439
Fundraising	6,848	9,146	9,461	0	6,533
Service Develop	13,220	41,419	0	0	54,639
Total restricted funds	615,004	134,138	157,099	0	592,043

Capital Fund

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

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. The services delivered through Hazelbrook Specialist Care at Home ceased on 3 December 2017 and these remaining funds will be used to support research into alternative delivery methods of care at home.

IPU Fund

Funds restricted for the provision of IPU services only.

Family 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	1,534,973	0	450,000	1,984,973
Current assets	98,152	0	0	98,152
Bank and cash	32,896	41,484	100,559	174,939
Current Liabilities	(143,897)	0	0	(143,897)
Long Term debtors/(creditors)	(50,000)			(50,000)
Total net assets	1,472,124	41,484	550,559	2,064,167

17. NOTES TO CASHFLOW

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

	17/18	16/17
	Total	Total
	£	£
Net income/(expenditure) for the reporting period	10,616	(144,536)
Adjustments for:		
Depreciation	44,116	44,924
Decrease in debtors	19,948	1,518
Increase/(decrease) in creditors	34,771	(84,252)
Net cash provided by/(used in) operating activities	109,451	(182,346)

18. RELATED PARTY TRANSACTIONS

Grants totalling £94,594 (2017: £5,605) were paid to Hazelbrook Specialist Care at Home Limited. They giftaided profits of £8,797 (2017: £75,304) to the parent and at the balance sheet date they owed the parent £27,210 (2016: £46,740). Hazelbrook Specialist Care at Home Limited is a wholly owned trading subsidiary of Derwentside Hospice Care Foundation which ceased trading on 3 December 2017.

IT support services to the value of £8,000 were gifted, during the year to the group by Waterstons Limited (2017: £12,000). A trustee was a director of this company but retired in June 2017.

An interest loan of £10,000 was paid to Derwentside Hospice Care Foundation by Waterstons Limited during December 2016. At the year end £2,000 (2017: £10,000) was due for repayment and since the year end the loan has now been repaid in full. A director of this company was a Trustee on the Board, but retired in June 2017.

A loan of £50,000 was paid to Derwentside Hospice Care Foundation by Mr Paul Jackson, a Trustee of the charity, in December 2017. This loan attracts annual interest at the rate of 5% and has a repayment date of December 2020.

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.