

Annual report and financial statements

For the year ended 31 March 2021

The Katharine House Hospice Trust
(Company limited by guarantee)
Company No. **02133391**
Registered Charity No. 297099



**KATHARINE
HOUSE
HOSPICE**

;

Contents:

	Page
Reference and Administrative Details	1
Report of the Board of Trustees (incorporating the Strategic Report)	3
Independent Auditor's Report	11
Consolidated Statement of Financial Activities	15
Group and Charity Balance Sheet	16
Consolidated Statement of Cash Flows	17
Notes to the Financial Statements	18

Reference and Administrative Details:

Registered name	The Katharine House Hospice Trust	
Status	The organisation is a Charitable Company limited by guarantee, incorporated on 20 May 1987 and registered as a Charity on 26 June 1987.	
	The Katharine House Hospice Trust is a Company limited by guarantee, having no share capital, with all Trustees being members of the Company. The liability of the members is limited to £1 in the event of the winding up of the Company.	
Governing document	The Company was established under Memorandum and Articles of Association which established the objects and powers of the Charitable Company.	
Company number	02133391	
Charity number	297099	
Registered office	Aynho Road, Adderbury, Banbury OX17 3NL	
Trustees	Dr Jonathan Williams	(chair to 18 March 2021, resigned 18 March 2021)
	Ms Dorothy Bean	(resigned 18 March 2021)
	Ms Lindsey Bowser	
	Ms Geraldine Burke	
	Mr David Drummond	(resigned 18 March 2021)
	Sir Tim Jenner	(chair from 18 March 2021)
	Mr Richard Jones	
	Dr Christina Lloyd	
	Ms Carol Shaw	(resigned 12 June 2021)
	Mr Anthony Summersgill	(resigned 18 March 2021)
	Ms Catherine Teideman	(appointed 18 March 2021)
	Ms Vicki Reay	(appointed 18 March 2021)
	Ms Holly Splers	(appointed 18 March 2021)
	Mr Robert Cooke	(appointed 18 March 2021)
Senior Leadership Team	Angharad Orchard	Chief Executive (to 10 th May)
	Dr Charlie Bond	Medical Director and Consultant in Palliative Medicine (transferred to Oxford University Hospitals NHS Trust 31 March 2021)
	Michele Booth	Director of Patient and Family Care (transferred to Oxford University Hospitals NHS Trust 31 March 2021)
	Justine Williams	Director of Fundraising and Communications (to 18 August 2021)
	Chris Keeping	Head of Finance (from 18 March 2021 – 9 September 2021)
	Karen Welsh	Head of Marketing and Communication (from 1 Sep 2021)
	Scott Bloomfield	Head of Retail (from 18 March 2021)
	Trevor Johnson	Chief Executive (from 10 th May 2021)
	Jeremy Childerstone	Head of Finance (from 23 August 2021)
	Stephanie Lawless	Head of Fundraising (from 15 November 2021)

Advisors:

Principal Bankers	Yorkshire Bank 7 Gold Street Northampton NN1 1EN
	HSBC 17 Market Place Banbury OX16 5ED
Investment Managers	Investec Investment Wealth Limited 30 Gresham Street London EC2V 7QN
	Quilter Cheviot Two Snowhill Birmingham B4 6GA
Solicitors	Anthony Collins Solicitors 134 Edmund Street Birmingham B3 2ES
Auditors	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford OX1 2EP

The Trustees present their annual report together with the audited financial statements for the year ended 31 March 2021. The format and content of the report and the financial statements comply with current statutory requirements, the Charity's Memorandum and Articles of Association and the Charities Statement of Recommended Practice (FRS 102 second edition – October 2019) 'Accounting and Reporting by Charities'.

It is important to preface this report by highlighting the two major changes which occurred during the year. First, the Covid pandemic had a major effect on the delivery of our service, and on the performance of our fundraising and retail operations. Secondly, the work to plan and implement the collaboration arrangement with Oxford University Hospitals National Health Service Foundation Trust (OUH) was extensive. Combined, these two factors placed an exceptionally high work load on each and every member of our team. The Trustees wish to place on record their thanks to them all for continuing to provide the highest quality clinical service throughout and for achieving an agreement with OUH that will allow the Charity to continue to meet its objectives in the future.

As a result of the transition to the new arrangement with OUH, effective on 1 April 2021, the Trustees undertook a consultation to determine the future Board structure and membership, the committee structure, and the structure, skills and competencies required for the Senior Leadership Team. A number of changes have been made and these are recorded in the next section. The Charity's objectives remain essentially unchanged; although the Board intends to propose some minor amendments to more accurately reflect the new organisation.

1. Structure, governance, and management

Governing document and structure

The Company was registered in May 1987 (No. 2133391) with the governing instrument being its Memorandum and Articles of Association. The Articles state that the Board of Trustees shall have full discretion as to the admission of any person to membership of the association.

The Katharine House Hospice Trust is a company limited by guarantee, having no share capital, with all Trustees being Members of the company. The liability of the Members is limited to £1 in the event of the winding up of the company.

The Trustee Board

The Board of Trustees meets quarterly to set and review the strategy of the Charity. The Chief Executive is appointed by the Board and has delegated responsibility for the day-to-day management of the Charity with the support of the Senior Leadership Team.

The Board of Trustees is fully committed to the financial stewardship, quality, and safety of the Charity.

The Trustees are guided by an agreed scheme of corporate governance which sets out their responsibilities and those of the executive management team. Potential conflicts of interest are addressed in a Conflict of Interests Policy and a register of Trustees' interests is maintained. Potential conflicts of interest are addressed at every meeting of the Trustees.

New Trustees undertake an induction programme designed to ensure their understanding of the Trustee role and their knowledge of the hospice and wider hospice sector. As well as a review of core documents the induction offers provides opportunities to meet with staff and volunteers across the hospice, and to observe or shadow parts of our service delivery.

No Trustee received any remuneration during the year nor any reimbursement of expenses (see note 9) to the financial statements).

Sub-committees

The Board is advised by a range of sub-committees. The regular sub-committees at 31st March were:

- Finance, Fundraising and Retail
- Workforce
- Clinical Governance.

From 1 April 2021 the sub-committees are:

- Finance Audit and Risk
- Income Generation
- General Management

Organisation structure and key management personnel

Trustees are responsible for the strategic direction of the organisation. Day to day management is delegated to the Senior Leadership Team. The pay of the Leadership Team is set by Trustees in line with the pay policy of the Charity, which is in line with market rates for similar roles in the charity sector.

2. Objectives, values, and public benefit statement

Objectives

We provide specialist palliative care for adults with life-limiting conditions across North Oxfordshire, South Northamptonshire, and South Warwickshire.

Whilst we care for people at end of life, we also offer support for symptom management and pain relief throughout a person's illness. Our care is not just about managing the physical symptoms of disease; we know that people need emotional and spiritual support too, and our team works to support people in these areas too, as well as helping people to access the practical support they need.

Our care is offered throughout the local community. Whilst many of our patients come into the Hospice, we care for many more in their own homes, care homes or in hospital.

In the last year, the transition to the new collaboration with OUH has resulted in a shift of leadership and focus to a fundraising Charity that works in partnership with other agencies to deliver a regional end of life care provision. The seamless nature of care resulting from this strategic partnership means that we expect service utilisation and standards to continue to increase in future years in line with our strategic goals.

Our vision and core values

We exist because every individual's journey matters.

Our aim

If you are diagnosed with a life limiting condition, you will be given every opportunity to live fully with your illness. You will be cared for sensitively through to death, and your friends, families and carers will be helped to continue with life after loss.

Our role

We offer individualised care to those facing life limiting illnesses. We support people when they need it, where they need it and how they need it. We work in partnership and help educate other professionals so that they can deliver great care too.

Our values

When you become a part of the Katharine House community, we want you to be:

Fulfilled

Life is for living, right up until the last moment, and here you'll be able to do that alongside people who recognise what you're going through and accept you as you are. Our individualised approach to care gives you the freedom and opportunity to continue a full and vibrant life and our warm and friendly team will help you to access a range of support.

Respected

Every person's situation is unique, so we'll always treat you and your family that way. We'll work with you to identify the type of care you would find most helpful, as well as the different places and times you would most appreciate support. We'll listen to you and respect your choices, while always making sure that you're well informed and can feel confident about the help you're receiving.

Reassured

You'll always be cared for by competent, knowledgeable, and sensitive people, who fully recognise your situation and will respect your privacy. We have strong partnerships with a variety of both local and national healthcare providers, making sure that we can offer high-quality and holistic care, and we're continually investing in our staff so that we can stay on top of new developments that could improve the support we offer you.

Public benefit statement

The Trustees have referred to the Charities Act 2011 on guidance on public benefit when reviewing the aims and objectives of Katharine House Hospice and in planning its future activities and the OUH partnership, and consequently are able to confirm their belief that the Hospice's activities are of public benefit and will continue to be in the future. Our activities and achievements in furtherance of the public benefit are set out below, the Trustees gave particular consideration to public and community benefit when making decisions on the partnership with OUH.

3. Our care and services

Partnership with NHS Foundation Trust

Over the last 18 months Trustees have worked to achieve the implementation of the partnership with OUH that would lead to the transfer of Katharine House's clinical service to OUH. These discussions were successfully concluded and the changes took effect on 1 April 2021. Going forward Katharine House Hospice Trust remains a Charity and the fundraising and retail activities will continue to be a vital part of the partnership, enabling the existing services to continue. The Trustees will also seek to build fundraising income over the coming years to support future developments in services provided by OUH.

With effect from 1 April 2021, all the clinical services previously provided by Katharine House will be carried out by OUH, to the same high standards of care that were provided by Katharine House. The clinical services will continue to be provided on the same site under the name of Katharine House Hospice.

Further details of the partnership can be found in notes 3 and 21 to the financial statements.

Services until 31st March 2021

The services provide in the reporting period are outlined below, with particular reference to the impact of Covid. These services will continue unchanged under the collaboration with OUH.

Katharine House cares for patients and families facing life-limiting illnesses living in North Oxfordshire, South Northamptonshire, and South Warwickshire. We support people with the care they needed, when and where they needed it.

We provided our services at our Hospice in Adderbury, as well as out in the community at local hospitals, care homes and in patients' homes. Our care includes an inpatient unit, community and living well services and a hospital palliative care service.

At the centre of our philosophy is our belief in caring for the whole person, addressing the physical, psychological, social, and spiritual needs of our patients in equal balance to ensure they and their family are best supported. We recognise people as individuals and our multi-disciplinary team of specialist palliative care nurses, doctors and other professionals, work in collaboration with other health providers and volunteers to ensure we deliver the right care for each patient and support them in ways which reduce their symptoms, enhance quality of life, and help them to live as fully as possible with their illness.

Inpatient services

Our inpatient ward at our hospice in Adderbury provides round the clock specialist care for people in a welcoming and safe environment and patients may be admitted for symptom control as well as end of life care.

Community services

Our Hospice community services enhance the care already available in the community meaning not everyone needs to visit the Hospice itself. Our CNS's are registered nurses who have specialised in palliative care. They give specialist advice and support to help manage patient's symptoms as well as helping them and their family to meet their social, emotional, and spiritual needs.

Hospital services

We support patients with life limiting illnesses who have been admitted to the Horton General Hospital. Our team of two specialist doctors and a Clinical Nurse Specialist work alongside hospital teams in an advisory capacity.

Living Well services

The aim of Living Well is to enhance the wellbeing of people affected by life-limiting illness. Wellbeing means different things to different people and so our aim is to offer a programme of varied support and activities within which we hope everyone will find something right for them.

The service is run by a multi-professional team including a nurse, health care assistant, chaplain, social worker, physiotherapist, lymphoedema specialist nurse and bereavement lead and it's supported by a team of volunteers. Due to Covid many of these services have been suspended for the year in question.

Social Investment and volunteers

As a service-led Charity, our staff and volunteers are our most important asset. Without the skills, expertise, and dedication of our volunteers we wouldn't be able to provide the care we do to patients and families throughout the year. We know we need to maintain and build our team, recruiting, retaining, and training skilled people, and we have made significant developments to our Human Resources and Volunteering team to enable this.

Our 302 regular volunteers make a huge contribution to our work. Due to the enormous disruption of Covid, volunteering became very difficult AND we took the decision to put all regular volunteering at the hospice on hold for the safety of our patients, staff, and volunteers. This inevitably impacted on the amount of support our volunteers could provide, working as bereavement counsellors, drivers, receptionists, administrators, fundraisers, shop assistants, gardeners, complementary therapists, and Trustees. The work of our volunteers has equated to approximately 23 full time staff and we estimate the value of these donated hours to be approximately £390,000 per annum.

For our staff, Covid impacted significantly on our ability to provide social investment. This is now being reviewed and will relaunch in 2022.

Admissions and referrals

Our mission is to ensure that anyone facing a life-limiting illness in our community has access to the highest quality care throughout their illness and that their family is supported after death. We therefore admit patients solely on the basis of need, regardless of their background.

We provide all our services free of charge to patients and their families.

Anyone in our community can make a referral to our hospice services. In all cases, there must be agreement from the patients' GP or hospital. Depending on the person's needs, they may be admitted to any one of our services, and our team often transfers patients between our services as their illness changes over a period of weeks, months or even years.

We work closely with GPs and hospital staff who refer patients. A dedicated Katharine House community nurse is attached to each GP practice and the Horton General Hospital.

4. Group Strategic Report

Activities, achievements, and performance. How did we do?

Within a year of a global pandemic, our retail and fundraising activities came under enormous pressure and in many cases were prohibited by government legislation – for long periods our shops were closed, and fundraising events were cancelled. In contrast our statutory funding increased markedly as the Hospice became a Covid support centre. Therefore, the usual mix of our income completely changed, as did our service model.

Our Not The Midnight Walk Event was cancelled, as was most of the Open Gardens programme, the Tractor Run and Christmas events were also cancelled. Against this backdrop and the pressures of work caused by the OUH partnership work the Hospice was very successful supporting over 1,000 patients in a year for the first time.

Fundraising disclosures under section 13 of the Charities Act 2016.

As outlined above, performance in fundraising was significantly affected by the pandemic. The Charity continued to focus on its retail activities and also placed an emphasis on remote fundraising such as its lottery and raffles programme.

The Charity is a member of the Fundraising Regulator, The Charity Retail Association and The Institute of Fundraising.

Under the provisions of Section 13 of the Charities (Protection and Social Investment) Act 2016, the Charity can confirm that there has been no failure to comply with fundraising standards by any of its staff, and that Katharine House Hospice does not employ external fundraising agencies.

Katharine House Hospice works within the Fundraising code to ensure that vulnerable people are protected within all fundraising activities.

Strategic priorities

Previously our strategic priorities were:

- Provide high quality patient-led care that recognises individual needs and mobilises services around them
- Ensure the needs of the carers, families and loved ones of those experiencing life limiting illnesses are effectively met
- Reach more people, particularly those with non-cancer diagnoses and from harder to reach communities
- Empower professionals to deliver great care through collaboration, support, communication, and education
- Ensure a financially sustainable organisation, equipped to meet the needs of our local community in the long term

Within the pandemic it has been very difficult to monitor the success of these, given the environment in which we had to operate. However, the partnership with OUH and the funding model that we have applied to this, means that we believe that our services will reach more people than ever before and that we have been able to secure End of Life services and support for our community for the future. Despite all of these challenges we still supported in 2020/21:

Total number of patients seen	1,054
Total number on IPU	150
Total number supported in hospital	349
Total number supported by CNS team	507
Total number seen by Living Well	74
Total seen by lymphoedema	112
Total number of bereavement support patients	176

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2021
Report of the Board of Trustees (incorporating the Strategic Report)

Since 31st March 2021 we have had a shift in leadership in the Charity to ensure that strategically Katharine House is fit for a future within the new partnership with OUH. This includes the appointment of a new CEO who is more income generation focussed and a change to the leadership team. Considerable effort was also expended to change the composition of the Trustee Board and a strategic Trustee recruitment campaign was launched which resulted in the appointment of 5 new Trustees with a new focus appropriate to the changed nature of the Charity.

Coronavirus pandemic - our Response

In 2020 Katharine House was asked by the NHS to make some rapid change to our services in response to the Covid 19 pandemic. In particular we:

- Substantially increased the number of beds in our inpatient unit (by nearly 300% in a few days) to enable us to care for more people at the end of life. Our nurses, doctors and healthcare professionals worked compassionately and tirelessly throughout this period despite risks to their own health, and two members of our nursing team lived away from home for a number of weeks in order to care for Covid positive patients and protect their own families.
- Helped to staff a 24/7 advice line to provide advice and support to other healthcare providers
- Enabled much of our community support to be provided remotely, including the introduction of Attend Anywhere, whilst also maintaining an ability to visit patients in their own homes where necessary.
- Moved much of our Living Well support online or on the telephone to ensure service users could continue to connect with the Hospice.
- Increased our sessions in the Horton Hospital to support the increased numbers of patients dying.
- Adapted our fundraising and retail activity to introduce new ways of supporting Katharine House during the pandemic.

To enable the provision of the services referred to above, Oxfordshire CCG (OCCG) provided additional funding to cover all clinical and related costs for the period from April to July 20. As a result, both cash flow and the net deficit position did not deteriorate as would otherwise have been the case.

The two periods of National lockdown to date have necessitated the closure of our retail shops. To mitigate the impact on income we have taken advantage of the Coronavirus Job Retention Scheme (CJRS) and the Retail Grant Scheme. The total amount received in 2021 is £193.5k. (2020: £123.4k).

CJRS income was also claimed for those members of staff who were shielding or required to self-isolate throughout the crisis.

Financial summary Income, expenditure, and results

Before revaluation of investments, the financial year ended with a deficit of £183k in unrestricted funds (2020, deficit £474k) and a gain of £471k in restricted funds (2020, gain £105k). After revaluation of investments, the net surplus for the year is £599k (2020, deficit £666k).

As noted above, due to the global pandemic, our retail and fundraising activities came under enormous pressure and in many cases were prohibited by government legislation – for long periods our shops were closed and fundraising events were cancelled. In contrast our statutory funding increased as the Hospice became a Covid support centre. Therefore, the usual mix of our income completely changed.

	Note	2021	2020	+/-%
Donations & legacies	2	999,480	1,297,823	-23.0%
Charitable activities (including statutory funding)	3	2,972,773	1,383,324	114.9%
Other trading	4	777,727	1,349,501	-42.4%
Investments	5	81,328	110,572	-26.4%
Business interruption claims	6	88,951	-	n/a
		<u>4,920,259</u>	<u>4,141,220</u>	<u>18.8%</u>

Staff costs represent 73.9% of our total annual expenditure (2020: 76.2%) and rose by 1.4% (£48k) compared with last year. Further resources have been invested into all areas and there has been an annual inflationary increase.

Pensions form a significant part of staff costs and Trustees have always believed that the recruitment and retention of good quality staff is enhanced by the provision of attractive pension benefits. We had a dispensation which allowed staff eligible for the NHS defined benefit pension scheme to continue in that scheme, and Katharine House to pay appropriate employer's contributions accordingly. Following the OUH transfer the pensions liability for the NHS scheme has been transferred to OUH.

Other staff are offered a group personal pension scheme administered by Aviva.

The remaining expenditure, not directly related to staff, showed an increase of 14.8% (£159k) on the previous year.

All assets are held for the furtherance of our objectives, enabling us to provide the highest quality of care. These assets are considered to be adequate for this purpose. The net book value of the freehold property as shown in the financial statements is £1.66m. The Trustees are of the opinion that the current market value is not less than the net book value shown in the accounts.

Investment Policy and Performance

In accordance with the Memorandum and Articles of Association, the Trustees have the authority to invest in such stocks, shares, investments, and property as they see fit. An agreed Investment Policy describes the Trustees' investment aspirations which include:

- Providing income
- Providing enhanced value where possible
- Avoiding undue risk by investing diversely and monitoring investments carefully
- Avoiding investment in tobacco related industries

The combined performance of our Investment Fund Managers showed a net capital gain (realised and unrealised) of £428k for the year (2020: loss £297k - £91k realised and £388k notional). There, has been a significant recovery in 2021. Investment income for the year fell by £29k.

Key risks

The Charity has a risk management system to identify key risks that could affect the achievement of our objectives. These are considered by each sub-committee and by the Board and mitigation measures are identified, put into effect, and monitored. The methodology within the risk register has been revised to ensure key risks are quickly brought to the attention of the sub-committees and Board.

The Coronavirus pandemic and further lockdowns remain the key risk facing the Charity and the Charity has a dynamic approach to managing this risk, operating a key stakeholders and leadership support and intervention approach as needed.

Future plans

Following the pandemic and partnership agreement, the Charity is an organisation that exists to provide support to the regional healthcare providers that provide palliative care. Our objectives are to ensure that we will be the leading voice and advocate for those who need end of life care in our community and to be a strong voice nationally, to continue to be the first choice for volunteering in our area, and to help to demonstrate the positivity that quality end of life care can bring to families as they create lasting memories whilst ensuring that we can direct and support new service development and improvements for our supporters and service users.

5. Reserves policy

The Charity has developed a Reserves Policy that includes a realistic assessment of the impact of a sudden and dramatic reduction in income and Trustees judge that the Charity needs to retain £2.3m of free reserves to satisfy the requirement. Trustees are aware of the continuing financial deficit likely for the immediate future which will see

further pressure on reserves and continue to carefully monitor movement. When we have eliminated the current levels of deficit a further review of holdings will be undertaken.

The total reserve requirement will be £2.3m at point of transfer (1st April 2021), falling to £2.0m after initial investment of £300k in fundraising activity post-transfer. As at 31 March 2021 the level of free reserves held was £4.325m 2020: (£3.516m).

6. Statement of accounting and reporting responsibilities

The Trustees are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practices).

Company and Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the group and of the group's incoming resources and application of resources, including the group's income and expenditure for that year. In preparing those 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 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 the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity 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 the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

7. Statement of disclosure of information to auditors

We confirm that, in so far as the Trustees are aware:

- there is no relevant audit information of which the Charity's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors & Trustees report (including Strategic report) is approved on behalf of the Trustees by:



Sir Tim Jenner
Chair of Trustees

Date: 27th January 2022

**Independent Auditor's report to the members of
The Katharine House Hospice Trust for the year ended 31 March 2021**

Opinion

We have audited the financial statements of The Katharine House Hospice Trust for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheet, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Katharine House Hospice Trust's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the Directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report and the strategic report included within 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 the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of the Trustees

As explained more fully in the Trustees' responsibilities statement [set out on page 10], the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of

irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with Directors/Trustees, and from our knowledge and experience of the client's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company,
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with 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.



28/01/2022

Robert Kirtland, Senior Statutory Auditor
for and on behalf of Critchleys Audit LLP
Statutory Auditors
Beaver House
23 – 38 Hythe Bridge Street
Oxford
OX1 2EP.

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2021
Consolidated Statement of Financial Activities
(Including Consolidated Income and Expenditure account)

	Note	Unrestricted £	Restricted £	2021 Total £	Unrestricted As restated £	Restricted £	2020 Total As restated £
Income from:							
Donations and legacies	2	971,095	28,385	999,480	1,113,852	183,971	1,297,823
Charitable activities	3	2,388,702	584,071	2,972,773	1,312,527	70,797	1,383,324
Other trading activities	4a	777,727	-	777,727	1,349,501	-	1,349,501
Investments	5	81,328	-	81,328	110,572	-	110,572
Other	4b	88,951	-	88,951	-	-	-
Total income		4,307,803	612,456	4,920,259	3,886,452	254,768	4,141,220
Expenditure on:							
Raising funds	6	(1,030,011)	-	(1,030,011)	(1,274,817)	(8,175)	(1,282,992)
Charitable activities	6&7	(3,460,755)	(141,461)	(3,602,216)	(3,085,265)	(141,857)	(3,227,122)
Total expenditure	6	(4,490,766)	(141,461)	(4,632,227)	(4,360,082)	(150,032)	(4,510,114)
Net income/ (expenditure) before revaluation		(182,963)	470,995	288,032	(473,630)	104,736	(368,894)
Net gain/(loss) on investments		427,890	-	427,890	(296,655)	-	(296,655)
Loss on transfer of assets to OUH		(78,369)	(38,632)	(117,001)	-	-	-
Net income / (expenditure) for the year		166,558	432,363	598,921	(770,285)	104,736	(665,549)
Transfers between funds		-	-	-	-	-	-
Net movement of funds for the year		166,558	432,363	598,921	(770,285)	104,736	(665,549)
Reconciliation of funds:							
Balances brought forward at 31 March		5,223,275	193,512	5,416,787	5,993,560	88,776	6,082,336
Balances carried forward 31 March	18a&b	5,389,833	625,875	6,015,708	5,223,275	193,512	5,416,787

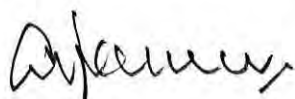
The notes on pages 18 to 32 form part of these financial statements.

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2021
Group and Charity Balance Sheet

	Note	The Group		The Company	
		2021	2020 As restated	2021	2020 As restated
		£	£	£	£
Fixed assets:					
Intangible assets	11	4,501	6,033	4,501	6,033
Tangible assets	12	1,685,988	1,894,873	1,685,988	1,894,873
Investments	13	3,247,803	2,760,592	3,247,804	2,760,593
		4,938,292	4,661,498	4,938,293	4,661,499
Current assets:					
Debtors	15	1,030,601	742,747	1,032,109	744,255
Cash at bank and in hand		526,650	790,165	525,141	788,656
		1,557,251	1,532,912	1,557,250	1,532,911
Liabilities:					
Creditors: amounts falling due within one year	16	(479,835)	(777,623)	(479,835)	(777,623)
Net current assets		1,077,416	755,289	1,077,415	755,288
Total net assets	18	6,015,708	5,416,787	6,015,708	5,416,787
Funds:					
Restricted income funds	19	625,875	193,512	625,875	193,512
Unrestricted funds		5,389,833	5,223,275	5,389,833	5,223,275
Total funds	18	6,015,708	5,416,787	6,015,708	5,416,787

The notes on pages 18 to 32 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Trustees on 27th January 2022 and were signed on its behalf by:



Sir Tim Jenner
Chair of Trustees

Company Registration Number: 02133391

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2021
Consolidated Statement of Cash Flows

	Note	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Net income / (expenditure) for the reporting period (as per the Statement of Financial Activities)		288,032		(368,894)	
Amortisation of intangible assets	8	1,532		2,813	
Depreciation of fixed assets	8	113,521		122,023	
Dividends, interest, and rent from investments		(81,328)		(110,572)	
(Profit)/loss on the disposal of fixed assets		117,085		-	
(Profit)/loss on the disposal of fixed assets to OUH		(117,001)		-	
(Increase)/decrease in debtors		(287,854)		(182,358)	
Increase/(decrease) in creditors		(297,788)		260,298	
Net cash (used in) operating activities			(263,801)		(276,690)
Cash flows from investing activities:					
Interest received	5	26,070		36,272	
Dividends received	5	55,258		74,300	
Purchase of intangible fixed assets		-		-	
Proceeds from sale of tangible fixed assets		3,166		-	
Purchase of tangible fixed assets		(24,887)		(46,519)	
Proceeds from sale of investments		1,723,075		815,230	
Purchase of investments		(580,979)		(303,619)	
Net cash provided by / (used in) investing activities			1,201,703		575,664
Change in cash and cash equivalents in the year			937,902		298,974
Cash and cash equivalents at the beginning of the year			1,508,151		1,209,177
Cash and cash equivalents at the end of the year			2,446,053		1,508,151
Cash and cash equivalents are held as follows:					
Cash at bank and in hand			526,650		790,165
Cash held in investments	13		1,919,403		717,986
Cash and cash equivalents at the end of the year			2,446,053		1,508,151

Notes to the financial statements for the year ended 31 March 2021

Statutory information

The Katherine House Hospice Trust Ltd is a private company limited by guarantee, registered in England and Wales, registration no 2133391. The registered office is Aynho Road, Adderbury, Banbury OX17 3NL.

Compliance with accounting standards

The format and content of the financial statements have been prepared in accordance with the Charities SORP (FRS 102), the Charities Act 2011, the Companies Act 2006 and FRS 102.

Public Benefit Entity

The Charity is a public benefit entity.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below and have remained unchanged from the previous period.

(a) Going Concern, Basis of Preparation, and Presentation currency

The financial statements have been prepared on a going concern basis under the historical cost convention, modified by the inclusion of fixed asset investments at their market value.

At the time of approving the accounts, the Trustees have a reasonable expectation that Katharine House Hospice has adequate resources to continue in operational existence for the foreseeable future. The Trustees consider there are no material uncertainties about the Charity's ability to continue and adopt the going concern basis of accounting in preparing the accounts.

The financial statements are prepared in £ sterling, rounded to the nearest £, which is the functional currency of the Company.

(b) Basis of preparation of group financial statements

These accounts are consolidated accounts. The group financial statements consolidate the financial statements of the Charitable Company and of its subsidiary undertaking, Katharine's Cupboard Limited, made up to 31 March 2021. The Charity has adapted the Companies Act format of the financial statements to reflect the special nature of the Charity's activities. No separate Statement of Financial Activities has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006 and the Charities SoRP (FRS 102).

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities when the Charity is legally entitled to the income, the amount can be quantified with reasonable accuracy, and it is probable that the income will be received. The following specific policies are applied to categories of income:

Donations are accounted for as received by the Charity.

Gifts in kind: Estimating the fair value of donated goods for resale is impractical because of the volume of low-value items received. Therefore, donated goods for resale are not recognised on receipt. Instead, the value to the Charity of the donated goods sold is recognised as income when sold. Other gifts in kind, including donated facilities and services, are recognised in income at their fair value.

Legacies are recognised at the earliest of either the Charity being notified of an impending distribution or when they are received and when they are quantifiable.

Shop income is recognised on a cash receipt basis.

Lottery income is recognised when allocated to the current week's draw. Lottery funds received and not drawn before the balance sheet date are recorded as deferred income and included within creditors in the balance sheet.

The income from fund raising ventures is shown gross, with the associated costs included within fund raising costs.

Investment income is included when receivable. Realised and unrealised gains and losses are dealt with in the Statement of Financial Activities. 2020 investment income has been restated to move realised gains from investment income to investment gains in line with SoRP (FRS102).

Grant income, including government grants, is recognised when received and conditions for receipt have been complied with. The Charity considers that where a term or condition simply restricts the use of a grant, this does not affect a Charity's entitlement to the gift and recognition of income.

No amount is included in the financial statements for volunteer time in line with the SoRP(FRS 102).

(d) Expenditure Recognition

All expenditure is accounted for on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as irrecoverable VAT in the appropriate expense category. Expenditure is categorised under the following headings:

Expenditure on Charitable Activities comprises those costs incurred by the Charity in the delivery of specialist palliative care and associated services for patients with a terminal illness.

Costs of Raising Funds comprise costs incurred in encouraging people and organisations to contribute financially to the Charity's work. This includes the cost of advertising for donations, the running of the lottery including prize money, costs associated with the running of the shops, and the staging of special fundraising events, and investment managers' costs.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly to that activity, with remaining support costs (which include office costs, governance costs and administrative payroll costs) being allocated to a particular activity on an appropriate basis as set out in notes 6 and 7.

(e) Fixed Asset Investments

Fixed interest investments are held to maturity for the purposes of income generation and not capital appreciation; the Trustees consider it appropriate to show these at cost less amortisation of premium paid.

Listed Equities are stated at market value as at the balance sheet date. Realised and unrealised gains and losses on investments during the year are dealt with in the Statement of Financial Activities.

During the year the Trustees considered it appropriate that cash held in investments should be included in investments rather than cash at bank and in hand. The Trustees also felt it appropriate for realised gains on the sale of investments to be shown as a part of net loss/ (gain) on investments, rather than, as previously, within income. The prior year Statement of Financial Activities and Balance Sheet have been restated accordingly.

(f) Current Asset Investments

Investments held for resale are included in current assets.

(g) Intangible Assets

Intangible assets are amortised on a straight-line basis over their useful lives as follows:

Computer software	20%
-------------------	-----

In the Statement of Financial Activities the amortization charge is allocated between expenditure on raising funds and Charitable activities.

(h) Tangible Fixed Assets

Tangible fixed assets are included in the financial statements at historical cost, less accumulated depreciation. Depreciation of tangible fixed assets is provided on a straight-line basis, calculated at annual rates estimated to write off each asset over the term of its useful life. During the year the Trustee's considered it appropriate that some new items of IT equipment should be depreciated over 3 years. The depreciation rates applicable are:

Freehold land	nil
Freehold buildings	2%
Leasehold property	period of the lease
Motor vehicles, medical, office & catering & computer equipment	10%, 20% and 33 1/3%
Assets under construction	nil

(i) Stock

Any stocks held are felt by the Trustees to be insignificant and carry no value.

(j) Taxation

The Company is registered as a Charity and is not liable to corporation tax on its Charitable activities.

(k) Value Added Tax

The Company and its trading subsidiary have a group registration for VAT purposes. The Group is partially exempt for the purposes of VAT.

(l) Pension costs

Retirement benefits are provided to employees by way of various pension schemes as set out in note 10 to the financial statements. Contributions payable to these pension schemes are charged in the Statement of Financial Activities in the period to which they relate. Any differences between the contributions payable in the year and those actually paid are included within creditors in the Balance Sheet. FRS 102 requires fixed payments amounts to be included on the Balance Sheet.

(m) Operating leases

Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight-line basis over the term of the lease

(n) Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors, funding providers or which have been raised by the Company for a particular purpose. The costs of raising and administering such funds are charged against the specific fund.

(o) Debtors

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

(p) Cash at bank and in hand

Cash at bank and cash 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.

(q) Creditors and provisions

Creditors are recognised where the Company 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.

(r) Financial Investments

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value except for bank loans which are subsequently measured at amortised cost using the effective interest method.

2. Income from donations & legacies

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Donations	880,512	28,385	908,897	847,875	183,971	1,031,846
Legacies	90,583	-	90,583	265,977	-	265,977
	<u>971,095</u>	<u>28,385</u>	<u>999,480</u>	<u>1,113,852</u>	<u>183,971</u>	<u>1,297,823</u>

3. Income from Charitable activities

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Statutory NHS funding	2,204,548	535,000	2,739,548	1,297,610	22,690	1,320,300
Fees & Grants	184,154	-	184,154	14,917	-	14,917
Gifts in Kind	-	49,071	49,071	-	48,107	48,107
	<u>2,388,702</u>	<u>584,071</u>	<u>2,972,773</u>	<u>1,312,527</u>	<u>70,797</u>	<u>1,383,324</u>

As a part of the transfer to Oxford University Hospitals NHS Foundation Trust £535,000 of restricted income was received to cover future capital works and transition expenses.

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

The Company has had gifts in kind in the form of donated services for a Specialist Registrar. An amount of £49,071 (2020: £48,107) has been shown as incoming and expended resource with a net nil effect on the results of the Company for both years.

4a. Income from other trading activities

	Unrestricted £	£	2021 Total £	Unrestricted £	£	2020 Total £
Charity shop income	245,763	-	245,763	777,101	-	777,101
Lottery	194,964	-	194,964	197,566	-	197,566
Retail grant	80,960	-	80,960	120,000	-	120,000
Furlough grant	112,596	-	112,596	3,426	-	3,426
Other fundraising income	142,191	-	142,191	242,503	-	242,503
Other generated income	1,253	-	1,253	8,905	-	8,905
	<u>777,727</u>	<u>-</u>	<u>777,727</u>	<u>1,349,501</u>	<u>-</u>	<u>1,349,501</u>

4b. Other Income

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Insurance claims	88,951	-	88,951	-	-	-

This represents loss of profits from retail trading during the first government lockdown.

5. Income from investments

	Unrestricted £	Restricted £	2021 Total £	Unrestricted As restated £	Restricted £	2020 Total As restated £
Dividends – Equities	55,258	-	55,258	74,300	-	74,300
Interest - Fixed Interest Securities	26,070	-	26,070	34,874	-	34,874
Interest – Deposits	-	-	-	1,398	-	1,398
	81,328	-	81,328	110,572	-	110,572

6. Total expenditure

		-----Raising Funds-----						
	Basis of Allocation	Charity shops	Charity lottery	Fund Raising	Investment income	Charitable activities	2021 Total	2020 Total
		£	£	£	£	£	£	£
Costs directly allocated to Charitable activities								
Staff costs	Direct	230,323	-	285,014	-	2,389,372	2,904,709	2,779,293
Rent & other shop costs	Direct	133,519	-	-	-	-	133,519	217,025
Merchandise costs	Direct	2,255	-	-	-	-	2,255	5,155
Staff training, recruitment & welfare	Direct	-	-	-	-	19,633	19,633	25,936
Staff and patient travel	Direct	1,145	-	-	-	3,721	4,866	28,439
Waste removal	Direct	5,905	-	-	-	15,282	21,187	24,852
Lottery prizes & costs	Direct	-	88,578	-	-	-	88,578	87,399
Other fundraising costs	Direct	-	-	63,488	-	-	63,488	95,474
Irrecoverable VAT - in year (Recoverable)/ Irrecoverable VAT prior years	Direct	-	-	(26,362)	-	-	(26,362)	36,476
Investment manager costs	Direct	-	-	-	15,216	-	15,216	16,272
Repairs to clinical equipment	Direct	-	-	-	-	18,765	18,765	20,774
Patient welfare	Direct	-	-	-	-	6,513	6,513	6,061
Medical consumables	Direct	-	-	-	-	122,511	122,511	115,590
Other costs	Direct	-	-	-	-	9,754	9,754	22,107
Depreciation	Direct	2,962	1,374	4,159	-	56,739	65,234	72,453
		376,109	89,952	326,299	15,216	2,642,290	3,449,866	3,564,146
Support costs allocated to other activities								
Catering costs	Floor	-	-	-	-	141,575	141,575	146,074
Housekeeping costs	Floor	-	-	9,320	-	123,819	133,139	104,803
Administration staff costs	w.t.e	98,818	-	44,917	-	305,437	449,172	411,343
Admin & office expenses	Head	1,961	-	981	-	6,866	9,808	13,765
Admin & office expenses	w.t.e	28,014	-	12,734	-	86,800	127,548	52,189
Utilities, services & insurance	Floor	949	-	6,644	-	87,327	94,920	77,312
Repairs and maintenance	Floor	935	-	6,543	-	85,995	93,473	31,756
Governance	Floor	996	-	6,974	-	91,652	99,622	48,963
Irrecoverable VAT - in year	Floor	-	-	-	-	-	-	7,380
Recoverable VAT prior years	Floor	(166)	-	(1170)	-	(15,380)	(16,716)	-
Depreciation	Floor	498	-	3,487	-	45,835	49,820	52,383
Total expenditure 2021		508,114	89,952	416,729	15,216	3,602,216	4,632,227	4,510,114
Total expenditure 2020		645,022	117,547	504,151	16,272	3,227,122	4,510,114	4,510,114

Represented by:

	Unrestricted	Restricted	2021 Total	Unrestricted	Restricted	2020 Total
	£	£	£	£	£	£
Raising funds	1,030,011	-	1,030,011	1,274,817	8,175	1,282,992
Charitable activities	3,460,755	141,461	3,602,216	3,085,265	141,857	3,227,122
	4,490,766	141,461	4,632,227	4,360,082	150,032	4,510,114

The Katharine House Hospice Trust
Annual Report and Financial Statements for the year ended 31 March 2021
Notes to the Financial Statements

7. Expenditure on Charitable activities

	Basis of allocation	In Patient Unit	Living Well	CNS Home Care	Hospital Liaison	Lymphoedema	Bereavement Service	Welfare & Education	2021 Total	2020 Total
		£	£	£	£	£	£	£	£	£
Costs directly allocated to Charitable Activities:										
Clinical Staff Costs	Direct	1,165,993	-	422,693	65,862	33,046	6,103	116,433	1,810,130	1,613,266
Clinical Staff Costs	Usage	376,697	61,357	114,117	1,979	1,979	16,586	6,527	579,242	535,537
Staff training, recruitment & welfare	Direct	13,155	785	3,338	196	196	785	1,178	19,633	25,936
Staff and patient travel	Direct	-	169	3,441	-	-	-	111	3,721	22,986
Waste removal	Direct	15,282	-	-	-	-	-	-	15,282	6,156
Repairs to clinical equipment	Direct	18,765	-	-	-	-	-	-	18,765	20,774
Patient welfare	Direct	3,400	2,869	143	8	8	34	51	6,513	6,061
Medical consumables	Direct	118,450	-	-	-	4,061	-	-	122,511	115,590
Other Charitable Activities costs	Direct	2,926	2,926	2,926	244	244	244	244	9,754	22,107
Irrecoverable VAT prior years	Direct	-	-	-	-	-	-	-	-	28,451
Depreciation	Direct	33,054	21,266	2,419	-	-	-	-	56,739	61,509
		1,747,722	89,372	549,077	68,289	39,534	23,752	124,544	2,642,290	2,458,373
Support costs allocated:										
Catering costs	Head	94,855	5,663	24,068	1,416	1,416	5,663	8,494	141,575	146,074
Housekeeping costs	Floor	74,292	18,573	12,382	-	2,476	2,476	13,620	123,819	97,467
Administration staff costs	Head	204,643	12,218	51,924	3,054	3,054	12,218	18,326	305,437	279,713
Administration and office expenses	Head	4,599	275	1,167	69	69	275	412	6,866	9,635
Administration and office expenses	w.t.e	46,969	5,195	20,781	1,732	1,732	2,598	7,793	86,800	35,488
Utilities, services, and insurance	Floor	52,395	13,099	8,733	-	1,747	1,747	9,606	87,327	71,127
Repairs and maintenance	Floor	51,597	12,899	8,600	-	1,720	1,720	9,459	85,995	29,212
Governance	Floor	54,991	13,748	9,165	-	1,833	1,833	10,082	91,652	45,046
Irrecoverable VAT - in year	Floor	-	-	-	-	-	-	-	-	6,790
Recoverable VAT prior years	Floor	(9,227)	(2,308)	(1,538)	-	(308)	(308)	(1,691)	(15,380)	-
Depreciation	Floor	27,500	6,875	4,584	-	917	917	5,042	45,835	48,197
Total expenditure 2021		2,350,336	175,609	688,943	74,560	54,190	52,891	205,687	3,602,216	3,227,122
Total expenditure 2020		2,008,066	178,693	667,747	74,146	53,380	61,761	183,329		3,227,122

8. Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2021 £	2020 £
Depreciation of fixed assets	113,521	122,023
Amortisation of intangible assets	1,532	2,813
(Profit) / loss on disposal of fixed assets	117,085	-
Operating lease rentals:		
Property	84,748	110,236
Auditor's remuneration (excluding VAT):		
Audit	8,000	7,500
Other	-	10,556
	<u>117,085</u>	<u>129,795</u>

9. Staff costs and numbers

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	2,903,456	2,853,478
Redundancy and termination costs	-	16,443
Social security costs	255,578	246,006
Pension costs	327,575	322,539
	<u>3,486,609</u>	<u>3,438,466</u>

Redundancy and termination payments are accounted for in the period in which the payments were made. During the current financial year such payments amounted to £nil (2020: £16,433) and were charged to unrestricted funds.

Staff numbers

The average number of persons employed by the Charity during the year was:

	2021 FTE	2020 FTE	2021 No.	2020 No.
Charitable activities	45	43	75	70
Support activities	18	20	28	37
Raising funds	21	24	36	34
	<u>84</u>	<u>87</u>	<u>139</u>	<u>141</u>

FTE: Full time equivalent

The number of employees whose total employee benefits (excluding employer pension costs) exceeded £60,000, for the reporting period fell within each band of £10,000 as follows:

	2021 No.	2020 No.
£60,000 - £69,999	2	2
£70,000 - £79,999	1	1
£80,000 - £89,999	2	-

The key management personnel of the Trust comprise the Trustees, the Chief Executive Officer, Medical Director, Director of Nursing and Director of Fundraising. The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £372,194 (2020: £336,473).

Two of the higher paid employees are members of the NHS defined benefit pension scheme and the other has an individual defined contribution pension scheme to which the Hospice contributes.

The Charity Trustees were neither paid or received any other benefits from employment with the Trust or its subsidiary in the year (2020: £nil), neither were they reimbursed expenses during the year (2020: £nil). No Charity Trustee received payment for professional or other services supplied to the Charity (2020: £nil).

The role played by Volunteers is disclosed in the Trustees' report (page 6)

10. Pension costs

The Charity operates two pension schemes for the benefit of all employees. The assets of the pension schemes are held separately from those of the Charity in independently administered funds.

NHS Pension Scheme - Defined Benefit Scheme

A number of the Company's employees are eligible to join the National Health Service pension scheme. The scheme is a defined benefit multi-employer pension scheme administered for the benefit of NHS employees, General Practices and other bodies allowed under the direction of the Secretary of State. The Company is unable to identify its share of the underlying notional assets and liabilities of the scheme with any certainty and accordingly has accounted for the scheme, as permitted by FRS102, as if it were a defined contribution scheme.

The Company's contributions to the scheme in the current year were based on a contribution rate of 14.38% of pensionable pay (2020: 14.38% of pensionable pay) with employees contributing between 5.6% and 13.5% of pensionable pay in accordance with NHS revised contribution rules (2020: between 5.6% and 13.5% of pensionable pay). The pension costs for the year ended 31 March 2021 as included in the Statement of Financial Activities, amounted to £162,687 (2020: £149,140). There was a balance owing to the scheme as at 31 March 2021 of £24,204 (2020: £20,556).

Aviva Pension Scheme – Defined Contribution Scheme

The main scheme operated by the Company, for those who are not eligible to join the NHS scheme, is administered by Aviva and is a group personal pension scheme with defined contribution rules. The scheme was set up in 2008 with both a flexible contribution rate from the employer and an opportunity for employees to contribute via a salary sacrifice arrangement which the Trustees felt fairly reflected a modern pension scheme for its employees. Since May 2014, this scheme has been used as the Company's Auto Enrolment Scheme.

The Company's contributions to the scheme in the current year based on a contribution rate of up to 13% of pensionable pay (2020: up to 13% of pensionable pay). The pension costs for the year ended 31 March 2021, as included in the Statement of Financial Activities, amounted to £164,888 (2020: £173,399). There was a balance owing to the scheme as at 31 March 2021 of £18,362 (2020: £18,409).

11. Fixed assets – Intangible (Group & Charity)

	Computer software £	Total £
Cost		
At 1 April 2020	31,743	31,743
Additions in year	-	-
Transfer to OUH	(24,082)	(24,082)
Disposals in year	-	-
At 31 March 2021	7,661	7,661
Amortisation		
At 1 April 2020	25,710	25,710
Charge for the year	1,532	1,532
Transfer to OUH	(24,082)	(24,082)
Eliminated on disposal	-	-
At 31 March 2021	3,160	3,160
Net book value		
At 31 March 2021	4,501	4,501
At 1 April 2020	6,033	6,033

All of the above assets are used for Charitable purposes.

12. Fixed assets – Tangible (Group & Charity)

	Freehold land and buildings £	Leasehold improvement £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2020	2,831,171	61,098	792,545	37,067	3,721,881
Additions in year	-	-	15,889	8,998	24,887
Transfer to OUH	-	-	(707,180)	-	(707,180)
Disposals in year	-	-	(37,022)	(3,250)	(40,272)
At 31 March 2021	2,831,171	61,098	64,232	42,815	2,999,316
Depreciation					
At 1 April 2020	1,113,962	54,037	626,008	33,001	1,827,008
Charge for the year	56,236	2,800	49,557	4,928	113,521
Transfer to OUH	-	-	(590,179)	-	(590,179)
Eliminated on disposal	-	-	(37,022)	-	(37,022)
At 31 March 2021	1,170,198	56,837	48,364	37,929	1,313,328
Net book value:					
At 31 March 2021	1,660,973	4,261	15,868	4,886	1,685,988
At 1 April 2020	1,717,209	7,061	166,537	4,066	1,894,873

Land with a value of £20,000 (2020: £20,000) is included in Freehold land and buildings and is not depreciated. All of the above assets are used for Charitable purposes.

13. Investments

	Fixed Interest £	Listed equities at market value £	Group total £	Unlisted £	Charity total £
Fair value at 1 April 2020	570,525	1,472,081	2,042,606	1	2,042,607
Additions	339,319	241,660	580,979	-	580,979
Disposals	(351,419)	(1,163,622)	(1,515,041)	-	(1,515,041)
Revaluation during the year	(38,425)	258,281	219,856		219,856
Fair value at 31 March 2021	520,000	808,400	1,328,400	1	1,328,401
Cash held in investments			1,919,403		1,919,403
Net book value at 31 March 2021			3,247,803		3,247,804
Fair value at 31 March 2020	570,525	1,472,081	2,042,606	1	2,042,607
Cash held in investments			717,986		717,986
Net book value at 31 March 2020			2,760,592		2,760,593

The historical cost of Listed Equity Investments included above at market value is £1,102,367 (2020: £2,036,429).

14. Subsidiary undertaking

The Company owns the whole of the issued ordinary share capital of Katharine's Cupboard Limited, a company registered in England with company number 06297831. The registered office address is East End, Adderbury, Banbury, Oxford, OX17 3NL. The company is non trading.

The aggregate of the assets, liabilities and reserves was:	2021 £	2020 £
Assets	23,506	23,506
Liabilities	(23,505)	(23,505)
Reserves	1	1

The amounts owed to the parent undertaking are shown in note 15.

15. Debtors

	The Group		The Charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	550,549	357,589	550,549	357,589
Other debtors	16,147	16,827	16,147	16,827
Prepayments & accrued income	335,968	318,079	335,968	318,079
VAT recoverable	127,937	50,252	127,937	50,252
Amount owed by group undertaking	-	-	1,508	1,508
	1,030,601	742,747	1,032,109	744,255

16. Creditors: Amounts falling due within one year

	The Group		The Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	68,191	138,302	68,191	138,302
Taxation and social security	61,857	58,919	61,857	58,919
Other creditors	42,856	66,028	42,856	66,028
Accruals	196,215	80,154	196,215	80,154
Deferred income (note 17)	110,716	434,220	110,716	434,220
	<u>479,835</u>	<u>777,623</u>	<u>479,835</u>	<u>777,623</u>

17. Deferred Income – Group & Charity

	The Group		The Charity	
	2021	2020	2021	2020
	£	£	£	£
Balance at the beginning of the year	434,220	195,742	434,220	195,742
Amount released to income in the year	(372,337)	(195,542)	(372,337)	(195,742)
Amount deferred in the year	48,833	434,020	48,833	434,220
Balance at the end of the year	<u>110,716</u>	<u>434,220</u>	<u>110,716</u>	<u>434,220</u>

Lottery income received in advance is deferred to the date of the lottery draw. In 2020 statutory income of £300,000 was deferred to match with the timing of service delivery.

18 (a) Analysis of net assets between funds – current year

	General unrestricted	Restricted funds	Total funds
	£	£	£
Intangible assets	4,501		4,501
Tangible assets	1,685,988		1,685,988
Investments	3,247,803		3,247,803
Net current assets	451,541	625,875	1,077,416
Net assets at 31 March 2021	<u>5,389,833</u>	<u>625,875</u>	<u>6,015,708</u>

18 (b) Analysis of net assets between funds - prior year

	General unrestricted	Restricted funds	Total funds
	£	£	£
Intangible assets	6,033	-	6,033
Tangible assets	1,848,794	46,079	1,894,873
Investments	2,760,592	-	2,760,592
Net current assets	607,856	147,433	755,289
Net assets at 31 March 2020	<u>5,223,275</u>	<u>193,512</u>	<u>5,416,787</u>

19 (a) Movement on funds – current year

	As at 1 April 2020 £	Income £	Expenditure & Losses £	Transfers and Gains £	As at 31 March 2021 £
Restricted funds:					
Hospice Staffing	50,437	10,150	(46,576)	-	14,011
Patient Welfare	287	1,000	(1,287)	-	-
Chapel	1,152	-	(530)	-	622
Equipment	59,443	13,495	(19,237)	(38,632)	15,069
Projects	75,000	-	(16,321)	-	58,679
Grounds and Gardens	7,193	3,740	(8,439)	-	2,494
Intangible Funding	-	49,071	(49,071)	-	-
OUH Capital	-	535,000	-	-	535,000
Total restricted funds	<u>193,512</u>	<u>612,456</u>	<u>(141,461)</u>	<u>(38,632)</u>	<u>625,875</u>
Unrestricted funds:					
General funds	5,223,275	4,307,804	(4,490,767)	349,521	5,389,833
Total funds	<u>5,416,787</u>	<u>4,920,260</u>	<u>(4,632,228)</u>	<u>310,889</u>	<u>6,015,708</u>

19 (b) Movement on funds – prior year

	As at 1 April 2019 £	Income £	Expenditure & losses £	Transfers and Gains £	As at 31 March 2020 £
Restricted funds:					
Hospice Staffing	25,568	86,756	(61,887)	-	50,437
Patient Welfare	404	-	(117)	-	287
Chapel	1,827	-	(675)	-	1,152
Equipment	53,784	13,860	(8,201)	-	59,443
Projects	-	83,175	(8,175)	-	75,000
Grounds and Gardens	7,193	180	(180)	-	7,193
Intangible Funding	-	70,797	(70,797)	-	-
Total restricted funds	<u>88,776</u>	<u>254,768</u>	<u>(150,032)</u>	<u>-</u>	<u>193,512</u>
Unrestricted funds:					
General funds	5,993,560	3,977,641	(4,360,082)	(387,844)	5,223,275
Total funds	<u>6,082,336</u>	<u>4,232,409</u>	<u>(4,510,114)</u>	<u>(387,844)</u>	<u>5,416,787</u>

Fund Descriptions and policy

The full reserves policy is provided in the Trustees' report. Overall, the Charity needs to retain £2.3m of free reserves to satisfy the full on-going reserves requirement. This will enable Katharine House Hospice Trust to manage short term losses of statutory or fundraising income and provide sufficient time to plan any changes required to future service delivery.

Restricted Funds:

Hospice Staffing Fund – This fund represents donations received with the specific request that they be used to defray the cost of Hospice staffing. The majority of donations received during the year were for Physiotherapy. Not all these sums were called upon through the remainder of the year and, therefore, are carried forward.

Patient Welfare Fund – This fund represents donations towards equipment and projects that enhance patient wellbeing and welfare. This includes Art Room supplies, massage and therapy supplies, musical instruments, games, and CDs.

Chapel Fund – This fund represents monies given to us for use by the chaplain in defraying certain expenses incurred in running of our chapel.

Equipment Fund – This fund is for donations given towards the purchase of new equipment. This year, funding was received towards the cost of a reclining chair.

Projects – This fund represents donations received towards the cost of projects.

Grounds & Gardens Fund - The fund represents donations towards the upkeep of our grounds and gardens, which help create an atmosphere of peace and tranquillity at the Hospice for all those who come to us.

Intangible Funds - The fund represents the provision of a Specialist Registrar (£49,071) by the Oxford Radcliffe Hospitals Trust. No direct charge is made to the Hospice for these services, but this treatment is felt to illustrate more fairly the costs involved in the provision of palliative care services by the Hospice.

Oxford University Hospital Fund – This fund represents income received from Oxford University Hospitals NHS Foundation Trust to cover future capital works and transition expenses.

Unrestricted Funds:

General Fund - This fund recognises the need to protect Hospice services and the high level of costs incurred by Katharine House alongside the challenges faced by all within the hospice sector of maintaining and building both statutory and fundraising income. This fund will continue to be treated as unrestricted funding, in line with the wider Charity sector.

20. Operating lease commitments payable as a lessee

The Group's total future minimum lease payments under non-cancellable operating leases was as follows:

	Property	
	2021	2020
	£	£
Less than one year	88,333	94,436
One to five years	194,746	234,992
Over five years	52,833	91,064
	<u>335,912</u>	<u>420,492</u>

21. Commitments

As at 31 March 2021, the Group had no capital commitments (2020: £nil).

On 31st March 2021 Katharine House Hospice Trust (KHH) entered into an agreement with Oxford University Hospitals NHS Trust (OUH), to transfer the provision of hospice and palliative care services currently provided by KHH to OUH. KHH agreed to fund OUH £1.4m each year over the next two years, funded from ongoing fundraising activities and reserves.

22. Contingent liabilities

As at 31 March 2021 the Group had no contingent liabilities (2020: £nil).

23. Related party transactions

As at 31 March 2021 the sum of £1,509 was owed by Katharine's Cupboard Limited to The Katharine House Hospice Trust (2020: £1,509).

24. Parent Company/ Charity

The parent Charity's gross income and the net result for the year was as follows:

	2021	2020
	£	£
Gross income	4,920,259	4,141,220
Result for the year	598,921	(665,549)

25. Taxation

The Charity is exempt from corporation tax as all its income is Charitable and applied for Charitable purposes. The Charity's trading subsidiary, Katharine's Cupboard Ltd, did not trade during the year.

Katharine House Hospice
Aynho Road, Adderbury, Banbury OX17 3NL

Reg. Charity No 297099

www.khh.org.uk