



Annual report and financial statements

For the year ended 31 March 2020

The Katharine House Hospice Trust
(Company limited by guarantee)
Company No. 2133391
Registered Charity No. 297099



**KATHARINE
HOUSE
HOSPICE**

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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	2133391	
Charity number	297099	
Registered office	Aynho Road, Adderbury, Banbury OX17 3NL	
Trustees	Dr Jonathan Williams (Chair from 12 June 2018) Ms Dorothy Bean Ms Lindsey Bowser (appointed 2 May 2019) Ms Geraldine Burke Mr David Drummond (appointed 20 February 2020) Sir Tim Jenner (appointed 2 May 2019) Mr Richard Jones (appointed 2 May 2019) Dr Christina Lloyd (appointed 2 May 2019) Mr Anthony Lowe (resigned 23 September 2019) Ms Carol Shaw Mrs Heather Stewart (resigned 12 September 2019) Mr Anthony Summersgill Mr Roger Worrall (resigned 12 March 2020)	
Senior Leadership Team	Angharad Orchard	Chief Executive
	Dr Charlie Bond	Medical Director
	Michele Booth	Director of Patient and Family Care
	Justine Williams	Director of Fundraising and Communications

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 Limited Two Snowhill Birmingham B4 6GA
Solicitors	Hancocks 46 The Green South Bar Street Banbury OX16 9AB	
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 2020. 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 recommendations of the Statement of Recommended Practice (SORP 2015) 'Accounting and Reporting by Charities' (FRS 102).

Objectives, activities and public benefit

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 in to the hospice, we care for many more in their own homes, care homes or in the hospital.

Our vision, mission and strategic objectives have not changed and remain the foundation on which we work. Over the last 18 months we have spent considerable time exploring how we best meet the needs of our beneficiaries and this has led us explore new opportunities and ways of working. This is explained in more detail later in this report.

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 Charity Commission's guidance on public benefit when reviewing the aims and objectives of Katharine House Hospice and in planning its future activities and are able to confirm their belief that the hospice's activities are of public benefit. Our activities and achievements in furtherance of the public benefit are set out below.

Our care and services

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 need, when and where they need it.

We provide 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.

Education and placements

Raising awareness of palliative care and support supporting healthcare professionals is a fundamental part of our philosophy, and we are committed to sharing our expertise with other professionals.

Our staff and volunteers

As a service-led charity, our staff and volunteers are our most important asset. Without the skills, expertise and dedication of our 145 staff and 372 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 HR and volunteering team to enable this.

Our 372 regular volunteers make a huge contribution to our work. As the coronavirus pandemic began to take hold in the last quarter of the year volunteering became more challenging. As part of our Covid-19 preparation and risk assessments, 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, however throughout the year our volunteers gave more than 51,000 hours of their time (2019: 53,000 hours), working as bereavement counsellors, drivers, receptionists, administrators, fundraisers, shop assistants, gardeners, complementary therapists and trustees. This equates to approximately 26 full time staff (2019: 27), and we estimate the value of these donated hours to be approximately £450,000 per annum.

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.

The difference you make

Thanks to our wonderful supporters, hundreds of local families have been able to access the care they needed throughout their illness and after death. Without this ongoing support from the local community, Katharine House would not exist. The feedback we receive from patients and their families continues to be overwhelmingly positive, reflecting the quality of care we provide and the difference we make to people in our community.

We have used feedback from patients and families to inform the continued development of our services to ensure we best meet the needs of our local community.

Community support:

"Katharine House was an unbelievable source of support to my husband, David, and to me. It made an enormous difference to us both in the last few months of his life and I will always be grateful for everything you did. That sounds like something of a cliché somehow and yet I can't really find other words."

"It was such a great relief when the Community Nurse arrived to see us. She explained clearly what was happening, what our options were and what to expect. She organised everything that was needed to stay at home. Thank you."

Lymphoedema clinic:

"As soon as I met Katharine House's specialist lymphoedema nurse I knew I was in safe hands. She spent a lot of time getting to know me and putting together a plan that was specific to me and my needs. Before I visited the hospice, I'd been told to stop going to the gym, but after seeing Heidi and working through the plan, she said I could absolutely carry on doing the running and spinning classes that I love."

"Going to Katharine House made a huge difference. Once you know what you're doing, you can manage lymphoedema yourself, but it was so helpful to have somewhere like Katharine House, and someone to hold my hand and guide me through the whole process. I know I can always phone the hospice for advice and they'll always take care of the little things like making sure the special dressings are ordered or phoning me to let me know when they will be delivered."

Living Well service:

"My husband Allan had dementia, very poor eyesight and heart problems. At first, he found it hard to settle coming to Living Well, being in a strange place on his own, not knowing anyone, and not being able to see. However, after a while he started to enjoy his visits and looked forward to coming. Bertie the visiting PAT dog helped him to feel more settled. Bertie used to sit on his feet and Allan loved the warmth of the dog. Allan also enjoyed silk painting although this wasn't easy with his poor eyesight, but he could see the colours and was happy with what he did. He made his paintings into cards and he gave one to each member of his family. I really treasure that he made one for me to keep."

Bereavement support:

"Thank you for the very kind and understanding support given to me during the short stay and passing of my very dear wife. Everything that could be given to help her passing a little easier was available and given by all the staff caring for her. I felt such kindness and caring from all at the hospice who made my loss a little more bearable. Your understanding, sympathy and willingness in what you do is a credit to all of you. I hope that my sincere and heartfelt praises for everyone at Katharine House goes to let you know how much everything meant to me."

Inpatient unit (IPU):

"To each and every one of you. I cannot describe how much you have all done for me. You gave me life again. All I have felt from everyone is love, encouragement and support. I am sad that I'm leaving this safe cocoon. Thanks to everyone from doing my washing, to making me teas, to healthcare assistants, nurses and doctors."

Student placement - paramedic:

"I just wanted to say a massive thank you to everyone at Katharine House for making it possible for me to spend the last two weeks shadowing in both the inpatient unit and the community... This experience has been eye opening for me and the amount I have learnt about end of life patients has really helped me. I now know that when attending end-of-life patients within the community I will be looking at it with a completely new perspective and now have a much better idea as to what I can do to help the patient and their family."

"During my two weeks all of the staff have been lovely to me and I felt that I had been welcomed with open arms. No other work place has welcomed me like Katharine House did."

"I've decided I am going to speak to my university about how important end-of-life care is and how important it is for student paramedics to see this side of emergency care. Thank you so much for

allowing me to spend time at the hospice and for all the help everyone has given me. You are all amazing people.”

Physiotherapy:

“Hannah, our physiotherapist, organises Health Walks to increase activity levels and wellbeing, and to meet new friends. She said ‘This can really help our patients who have been recently diagnosed, or who need help rebuilding their confidence. It’s also a lovely morning out for anyone who wants to get out of the house for a bit of fresh air.”

“Steve has taken part in all but two of the weekly walks since his wife died and he enjoys discovering the new parts of the countryside. He said: “I’ve lived in Banbury for 39 years, but I’ve discovered things I never knew. It’s never the same walk, so we see new views every week. The walks have brought some wonderful new people in to my life since my wife died and there’s a real camaraderie among families at Katharine House.”

Activities, achievements and performance

How did we do?

Against a backdrop of an unsustainable national hospice funding model and, latterly, a global pandemic we have continued to make good progress against our strategic priorities. We continue to meet our objective of providing high quality patient-led care to local people, with more people than ever before being referred to the hospice’s services.

Our biggest challenge continues to be the unequitable statutory funding of hospices from government, and we have worked hard to raise awareness of this issue with commissioners, government officials and the wider public. We have launched a new Make Every Moment Matter campaign which will integrate across all our activities and provide the basis for our awareness campaign for the foreseeable future. In addition, we have stepped up our advocacy work, which this year has included meeting with local MPs and senior government ministers. We have made some progress in this area; these audiences are now more aware of the urgent need for a sustainable hospice funding model, however, we are yet to see real progress from government in this area.

The strategic priorities are as follows:

Provide high quality patient-led care that recognises individual needs and mobilises services around them

What impact did we make?

We continue to see increasing demand for our services, and this year we supported more than 800 patients and their families in the hospice, the community or in the hospital. This year we have:

- Implemented the Integrated Palliative Care Outcome Scale (IPOS) across the inpatient unit, Living Well, and in the community, enabling patients to score their own symptoms and concerns and helping our teams provide more tailored care to each person based on their individual needs.

- Transformed our Day Hospice into a Living Well service, with the aim of reaching more patients and their families and offering a more flexible service to meet the different needs of the individuals we care for. We introduced a new range of activities which have included health walks, exercise courses, chair yoga, mindfulness courses, and a breathlessness course. We completed a six-month review into our new Living Well service to determine its effectiveness in supporting patients and this has shown 241 individuals supported compared to 135 over the same previous period. Drop-in session attendance increased from 144 in Oct 2019 to 243 in Feb 2020, a 69% increase and overall attendance increased by 71% from 348 in the third quarter of 2019/20 to 597 in the first quarter of 2020/21. Service user feedback received during this period was overwhelmingly positive.
- Introduced a new Comments, Compliments and Complaints Policy, ensuring issues are managed and recorded appropriately.
- Embedded the use of the patient satisfaction questionnaire as part of a wider Oxford University study to identify any improvements that can be made to our care based on patient experience.
- Reviewed and developed our patient information leaflets. Twenty-five leaflets have been updated or created to give patients and their families accurate, up-to-date information about illnesses and new and existing services offered at Katharine House.
- Ensured our trustee board can keep patients and families as the heart of the decision-making process and make informed decisions about people's care by sharing a patient story at each trustee meeting and highlighting the difference Katharine House's care makes to local people.

Ensure the needs of the carers, families and loved ones of those experiencing life limiting illnesses are effectively met

What impact did we make?

- As part of our Living Well service, we launched new groups and courses to support carers and families of those facing life-limiting illness. Courses include a Carer's course and workshops and a 'Reclaiming Me' course for bereaved carers. Our Carers Bereavement Café peer support group offers peer support to those who have cared for someone who has died.
- We have launched a weekly community choir, hosted at the hospice, which provides a social environment for patients, carers, staff, volunteers and the wider public.
- We have launched a new Volunteer Hospice Companions service which supporting patients and carers at home with activities and social interaction and helps them to feel more connected and engaged within their community. We expect the 18-month pilot phase to be available to 30-50 patients with a life-limiting illness in our Banbury community.

Reach more people, particularly those with non-cancer diagnoses and from harder to reach communities

What impact did we make?

The number of face-to-face contacts with patients and their carers by our core services are shown below:

	2019/20	2018/19
In patient bed days	2,622	2,583
Living Well attendances	750	803
Community services patient visits	1,312	1,741
Lymphoedema clinic attendances	747	500
Hospital Liaison service visits	2,878	1,055
Contact to bereaved individuals	760	594
Physiotherapist clinic attendances	520	374
Social Worker contacts (including phone calls)	932 (1,695)	721 (1,235)

In addition to these face-to-face contacts, our clinical staff also provide telephone advice and email support to patients and their families, as well as to other health professionals. During the year ended 31 March 2020 our community team made 11,199 support calls and emails (2019: 9,725).

- During the year to 31 March 2020, more patients were referred to Katharine House (647 patients compared to 572 in 2019 – a 13 per cent increase), and we supported more than 830 patients and families.
- We cared for people with 86 different illnesses, including cancer, heart failure, respiratory illness, Parkinson's and motor neurone disease.
- We took part in an educational trial involving an Integrated Respiratory Team; a multidisciplinary team of nurses, doctors, physiotherapists, occupational therapists, and physiologists meeting regularly to review patients with non-malignant respiratory diseases.

Empower professionals to deliver great care through collaboration, support, communication and education

What impact did we make?

- We continue to participate in medical training of GPs and palliative medicine trainees, including clinical supervision of GPs and speciality trainees as well as the educational supervision of the speciality trainees. We know this is a valuable learning opportunity for trainees and one which they take with them throughout their medical careers.

- We work closely with our colleagues across many different healthcare settings and this provides opportunities to learn from each other and improve practice, but due to resource limitations we have not been able to provide the level of education and training opportunities we would like to this year.

Ensure a financially sustainable organisation, equipped to meet the needs of our local community in the long term

What impact did we make?

In light of our continuing budgeted deficit for the year, we have continued to raise awareness of both our urgent need for funding and the unsustainable national hospice funding model. We met with Prime Minister Boris Johnson at 10 Downing Street along with five other hospices, to discuss the work of hospices and to raise the issue of hospice funding. We have worked closely with local MPs to raise awareness of the current unsustainable national hospice funding model.

We have developed and launched our Make Every Moment Matter campaign, a two-year campaign to raise awareness in our community of funding challenges and boost income. We have increased the number of fundraising events in our annual portfolio and developed our relationships with donors.

This year we launched our major donor giving club, The Rose Circle, with an event hosted by Katharine House patron Lord Heseltine at his Thenford House garden. The seven founding members of the Rose Circle have each pledged to give a minimum of £5,000 per annum to support the hospice's work. During the year, a further two individuals joined the Rose Circle.

We have reviewed and revamped our trading portfolio to maintain future profitability. As part of this, we closed our Furniture Shop in order to build our online trading shop.

We have completed thorough benchmarking of our fundraising and retail operations in order to understand opportunities, drive best practice and continue growth.

Future plans

Over the last 30 years we have been privileged to care for so many people in our local community, and we are working tirelessly to ensure we can continue to provide this to everyone who needs us in the future. We know that the needs of our local community are changing as the population increases and ages, and people are living longer with more complex needs. We have been considering how to best meet these future needs in the context of an increasingly difficult financial situation which has resulted in a recurrent deficit of £0.5m pa.

Over the last few months, we have been exploring a partnership that would lead to the transfer of Katharine House's clinical service to Oxford University Hospitals NHS Foundation Trust (OUH). In this partnership all current clinical services provided by Katharine House would be retained, as would the same high standards of care that we provide. We will also continue to operate from the same site, and under the Katharine House name.

Under these proposals Katharine House would remain a charity and our fundraising and retail activities will continue to be a vital part of this partnership, enabling existing services to continue. We will also seek to build our voluntary income over the coming years to support future developments in services.

Katharine House and OUH are currently undergoing a period of due diligence with formal decision making due to take place in early 2021. If the partnership does go ahead we would anticipate transferring clinical services in Spring 2021.

Further details on the proposal can be found on our website: khh.org.uk.

Coronavirus pandemic

Our Response

In 2020 Katharine House made some rapid change to our services in response to the Covid 19 pandemic. In particular we:

- Increased the number of beds in our inpatient unit 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, retail, finance and support activities to introduce new ways of supporting Katharine House during the pandemic.

To enable the provision of the services referred to above, Oxfordshire Clinical Commissioning Group (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. £6k of Covid related costs were incurred in the year to March 2020, and have been recovered from OCCG, together with those for August 2020.

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 under both schemes at the date of signature is £189k. £123.4k has been recognised in the accounts to 31 March 2020.

Government support is also being claimed, as appropriate, for those members of staff who have been shielding or required to self-isolate throughout the crisis.

Impact of the Crisis on Going Concern

Although our Retail income has been negatively impacted, fundraising income has continued to be received. This, coupled with the support from OCCG and our utilisation of available grants, means that the Trustees are confident the Hospice has no concerns applying the Going Concern to the presentation of the accounts.

Financial summary

Income, expenditure and results

Before revaluation of investments, the financial year ended with a deficit of £382k in unrestricted funds (2019: deficit £613k) and a gain of £105k in restricted funds (2019: gain £37k). After revaluation of investments, the net deficit for the year is £666k (2019: deficit £520k).

The combined income from donations and fundraising activities, including events, shops and lottery, has held up well in the economic climate and we continued to pursue all Gift Aid opportunities.

Legacy income is difficult to predict and income from legacy giving was below expectation this year at £266k. This has had a notable impact on the overall income for the year and compares unfavourably with the 2019 figure of £436k.

Staff costs represent 76.2% of our total annual expenditure (2019: 74.9%) and rose by 2.2% (£73k) compared with last year. Further resources have been invested into our Living Well service 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 have a dispensation which allows staff eligible for the NHS defined benefit pension scheme to continue in that scheme, and Katharine House pays appropriate employer's contributions accordingly. Other staff are offered a group personal pension scheme administered by Aviva, and this has had a good response from staff.

The remaining expenditure, not directly related to staff, showed an increase of 2.9% (£32k) 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 £1.7m. 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 loss of £388k for the year as the value of our funds fell in March due to the onset of the pandemic. All three funds have shown a subsequent increase in value as trading conditions have stabilised. Investment income for the year rose by £61k.

Cash holdings held by the Fund Managers at the year end have increased by £158k as investments were sold to hedge against the decline in value. Cash flow continues to be monitored carefully across the organisation.

Reserves

Reserves Policy

As at 31 March 2020 the level of free reserves held was £3.52m.

The trustees are reviewing the reserves policy in light of our proposed partnership with OUH. They believe the current policy will ensure the level of reserves held is sufficient to meet future needs.

Thank you to all supporters

Thank you to all our supporters who have helped us to raise this income during the year. Your support means we were able to continue to provide the highest quality of care to people in our community facing a life-limiting illness.

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.

In 2019 the trustees participated in a governance review programme run by Cass Business School in partnership with Hospice UK. This was a valuable opportunity to identify areas of effectiveness and for improvement and over the last few months the trustees have implemented the recommendations of this review.

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 Trustee sub-committees. The regular sub-committees are:

- Finance, Fundraising and Retail
- Workforce
- Clinical governance

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, comprising of the Chief Executive, Medical Director, Director of Patient and Family Care and the Director of Fundraising and Communications.

Pay policy

Katharine House seeks to ensure that all employees receive appropriate pay and reward for their work, taking in to account the financial resources available.

Pay awards will take in to consideration the financial position of the charity during the year and the likely financial position in subsequent years.

The directors consider the trustees and the senior management team to be the key management personnel of the Charity, in charge of directing and controlling, running and operating the Charity on a day to day basis. All directors give of their time freely and no directors received any remuneration in the year. Details of directors' expenses and related party transactions are disclosed in notes 9 and 24 in the accounts.

Risk management

The Trustees regularly review the risks faced by Katharine House to ensure that key risks have been identified, and that suitable plans are in place to prevent or manage these risks.

We approach risk management at three levels; strategic, operational and at project level. This enables staff to undertake the identification of risks in partnership with senior managers and trustees and allows clear allocation of responsibilities for managing these risks.

The Trustees and staff use a clear understanding of risk to help inform decision making within the Charity, including decisions regarding use of resources, recruitment and service delivery and development.

Fundraising regulation and General Data Protection Regulation

Katharine House Hospice is a member of the new Fundraising Regulator which sets national standards for fundraising practice, investigates cases of malpractice, adjudicates complaints from the public, and operates a Fundraising Preference Service (FPS).

The Director of Fundraising and Communications will continue to monitor changes in fundraising regulation and ensure communication preferences are actioned appropriately. The Charity monitors and reviews third-party suppliers to ensure they also adhere to the fundraising Code of Practice. We have robust processes in place and will continue to review these regularly in line with regulatory developments.

Statement of the board of trustees' responsibilities for the financial statements

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.

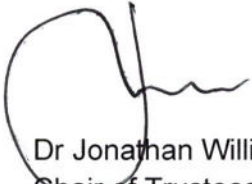
The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for 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.

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.



Dr Jonathan Williams
Chair of Trustees

Date.....
23/2/20

Independent auditors' report to the members of The Katharine House Hospice Trust

Year ended 31 March 2020

Opinion

We have audited the financial statements of The Katharine House Hospice Trust for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities (including Summary Income and Expenditure Account), the Group and Charity Balance Sheet, the Consolidated Statement of Cash Flows and the related notes 1 to 25. 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 2020, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

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 charitable company'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 trustees' 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.

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, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 trustees' responsibilities statement set out on page 16, 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 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Robert Kirtland FCA

(Senior Statutory Auditor)

for and on behalf of Critchleys Audit LLP, Chartered Accountants & Statutory Auditors

Beaver House 23-38
Hythe Bridge Street
Oxford
OX1 2EP

Date.. 24. December 2020

The Katharine House Hospice Trust
Annual Report and financial statements for the year ended 31 March 2020
Consolidated statement of financial activities
(Including consolidated income and expenditure account)

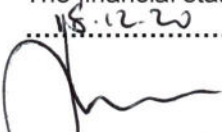
	Note	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Income from:							
Donations and legacies	2	1,113,852	183,971	1,297,823	1,193,612	155,884	1,349,496
Charitable activities	3	1,312,527	70,797	1,383,324	1,062,099	74,802	1,136,901
Other trading activities	4	1,349,501	-	1,349,501	1,290,770	-	1,290,770
Investments	5	201,761	-	201,761	140,963	-	140,963
Total income		3,977,641	254,768	4,232,409	3,687,444	230,686	3,918,130
Expenditure on:							
Raising funds	6	(1,258,545)	(8,175)	(1,266,720)	(1,295,222)	(6,650)	(1,301,872)
Charitable activities	6&7	(3,085,265)	(141,857)	(3,227,122)	(2,991,550)	(187,016)	(3,178,566)
Other	6	(16,272)	-	(16,272)	(13,894)	-	(13,894)
Total expenditure	6	(4,360,082)	(150,032)	(4,510,114)	(4,300,666)	(193,666)	(4,494,332)
Net (expenditure) / income before revaluation		(382,441)	104,736	(277,705)	(613,222)	37,020	(576,202)
Net (loss)/gain on investments		(387,844)	-	(387,844)	55,917	-	55,917
Net (expenditure) / income for the year		(770,285)	104,736	(665,549)	(557,305)	37,020	(520,285)
Transfers between funds		-	-	-	-	-	-
Net movement of funds for the year		(770,285)	104,736	(665,549)	(557,305)	37,020	(520,285)
Reconciliation of funds:							
Balances brought forward at 31 March		5,993,560	88,776	6,082,336	6,550,865	51,756	6,602,621
Balances carried forward 31 March	19a	5,223,275	193,512	5,416,787	5,993,560	88,776	6,082,336

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20a to the financial statements.

The Katharine House Hospice Trust
 Annual Report and financial statements for the year ended 31 March 2020
 Group and charity balance sheet

		The group		The charity	
	Note	2020	2019	2020	2019
		£	£	£	£
Fixed assets:					
Intangible assets	11	6,033	8,846	6,033	8,846
Tangible assets	12	1,894,873	1,970,377	1,894,873	1,970,377
Investments	13	2,042,606	2,850,871	2,042,607	2,850,872
		<u>3,943,512</u>	<u>4,830,094</u>	<u>3,943,513</u>	<u>4,830,095</u>
Current assets:					
Debtors	16	742,747	560,389	744,255	561,897
Cash at bank and in hand		1,508,151	1,209,177	1,506,642	1,207,668
		<u>2,250,898</u>	<u>1,769,566</u>	<u>2,250,897</u>	<u>1,769,565</u>
Liabilities:					
Creditors: amounts falling due within one year	17	(777,623)	(517,325)	(777,623)	(517,325)
		<u>1,473,275</u>	<u>1,252,241</u>	<u>1,473,274</u>	<u>1,252,240</u>
Net current assets		<u>1,473,275</u>	<u>1,252,241</u>	<u>1,473,274</u>	<u>1,252,240</u>
Total assets less current liabilities	19a	<u>5,416,787</u>	<u>6,082,335</u>	<u>5,416,787</u>	<u>6,082,335</u>
Funds:					
Restricted income funds	20a	193,512	88,776	193,512	88,776
Unrestricted funds		5,223,275	5,993,559	5,223,275	5,993,559
Total funds	19a	<u>5,416,787</u>	<u>6,082,335</u>	<u>5,416,787</u>	<u>6,082,335</u>

The financial statements on pages 21 to 39 were approved by the Board of Trustees on 15.12.20 and were signed on its behalf by:


 Dr Jonathan Williams
 Chair of Trustees

Date... 23.12.20

Company Registration Number: 2133391

	Note	2020 £	£	2019 £	£
Cash flows from operating activities					
Net expenditure for the reporting period (as per the statement of financial activities)		(277,705)		(576,202)	
Amortisation of intangible assets		2,813		3,161	
Depreciation of fixed assets		122,023		118,454	
(Gains)/losses on investments	5	(91,189)		(16,853)	
Dividends, interest and rent from investments		(110,572)		(124,110)	
(Profit)/loss on the disposal of fixed assets		-		(285)	
(Increase)/decrease in debtors		(182,358)		316,539	
Increase/(decrease) in creditors		260,298		157,569	
Net cash provided by / (used in) operating activities			(276,690)		(121,727)
Cash flows from investing activities:					
Interest received	5	36,272		44,382	
Dividends received	5	74,300		79,728	
Purchase of intangible fixed assets		-		(7,390)	
Proceeds from sale of tangible fixed assets		-		285	
Purchase of tangible fixed assets		(46,519)		(67,545)	
Proceeds from sale of investments		815,230		363,235	
Purchase of investments		(303,619)		(311,812)	
Net cash provided by / (used in) investing activities			575,664		100,883
Change in cash and cash equivalents in the			298,974		(20,844)
Cash and cash equivalents at the beginning of the year			1,209,177		1,230,021
Cash and cash equivalents at the end of the year			1,508,151		1,209,177

The notes on pages 24 to 39 form part of these financial statements

1. Summary of significant accounting policies

The format and content of the financial statements have been prepared in accordance with the recommendations in *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)*, the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

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' therefore continue to adopt the going concern basis of accounting in preparing the accounts.

The financial statements have been prepared in accordance with the following accounting policies:

(a) General Information and Basis of Preparation

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.

(b) Basis of preparation of group financial statements

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 2020. 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 2015 (FRS 102). The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

(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 particular categories of income:

Donations are accounted for as received by the Charity.

Gifts in kind, including donated facilities and services, are recognised in income at their fair value.

No amount is included in the financial statements for volunteer time in line with the SORP 2015 (FRS 102)

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.

(c) Income recognition (continued)

Grant income, including government grants, is recognised when received and conditions for receipt have been complied with. Grants restricted for use in future accounting periods are deferred and recognised in those future accounting periods.

(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:

Costs of Raising Funds which comprise of 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.

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.

Other Expenditure represents investment managers costs and those items not falling into the categories above.

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

These investments were previously held at market value and were revalued on an annual basis. As the securities are held to maturity for the purposes of income generation and not capital appreciation, the Trustees felt it more 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.

(f) Current Asset Investments

These investments are held in medium-term, fixed rate notice accounts

(g) Intangible Assets

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

Computer software - 20%

(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. 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% and 20%
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 Charity 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 11. 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 Charity 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 Charity for a particular purpose. The costs of raising and administering such funds are charged against the specific fund.

(o) 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.

(p) Creditors and provisions

Creditors 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.

(q) 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2. Income from donations & legacies

	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Donations	847,875	183,971	1,031,846	757,468	155,884	913,352
Legacies	265,977	-	265,977	436,144	-	436,144
	<u>1,113,852</u>	<u>183,971</u>	<u>1,297,823</u>	<u>1,193,612</u>	<u>155,884</u>	<u>1,349,496</u>

3. Income from charitable activities

	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Statutory NHS funding	1,297,610	22,690	1,320,300	1,045,603	22,558	1,068,161
Fees & Grants	14,917	-	14,917	16,496	-	16,496
Gifts in Kind	-	48,107	48,107	-	52,244	52,244
Total income from charitable activities	<u>1,312,527</u>	<u>70,797</u>	<u>1,383,324</u>	<u>1,062,099</u>	<u>74,802</u>	<u>1,136,901</u>

The hospice has had gifts in kind in the form of donated services for Specialist Registrar services. An amount of £48,107 (2019: £52,244) has been shown as incoming and expended resource with a net nil effect on the results of the Charity for both years.

4. Income from other trading activities

	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Charity shop income	777,101	-	777,101	867,509	-	867,509
Lottery	197,566	-	197,566	200,164	-	200,164
Retail grant	120,000	-	120,000	-	-	-
Furlough grant	3,426	-	3,426	-	-	-
Other fundraising	242,503	-	242,503	216,952	-	216,952
Other generated	8,905	-	8,905	6,145	-	6,145
	1,349,501	-	1,349,501	1,290,770	-	1,290,770

5. Income from investments

	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Dividends - Equities	74,300	-	74,300	79,728	-	79,728
Interest - Fixed	34,874	-	34,874	43,319	-	43,319
Interest - Deposits	1,398	-	1,398	1,063	-	1,063
Gain on sale	91,189	-	91,189	16,853	-	16,853
	201,761	-	201,761	140,963	-	140,963

6. Total expenditure

	Basis of allocation	Charity shops	Charity lottery	Fundraising	Investment income	Charitable activities	2020 Total	2019 Total
		£	£	£	£	£	£	£
Costs directly allocated to activities								
Staff costs	Direct	283,514	28,202	318,774	-	2,148,803	2,779,293	2,749,123
Rent & other shop costs	Direct	217,025	-	-	-	-	217,025	234,108
Merchandise Costs	Direct	5,155	-	-	-	-	5,155	4,841
Staff training, recruitment and welfare	Direct	-	-	-	-	25,936	25,936	34,033
Staff and patient travel	Direct	5,453	-	-	-	22,986	28,439	38,871
Waste removal	Direct	18,696	-	-	-	6,156	24,852	33,237
Lottery prizes and costs	Direct	-	87,399	-	-	-	87,399	93,643
Other fundraising costs	Direct	-	-	95,474	-	-	95,474	116,470
Irrecoverable VAT - arising in year	Direct	-	-	10,840	-	-	10,840	13,077
Irrecoverable VAT - write off of								
b/fwd balances	Direct	3,648	365	4,012	-	28,451	36,476	-
Investment manager costs	Direct	-	-	-	16,272	-	16,272	13,894
Repairs to clinical equipment	Direct	-	-	-	-	20,774	20,774	18,635
Patient welfare	Direct	-	-	-	-	6,061	6,061	7,862
Medical consumables	Direct	-	-	-	-	115,590	115,590	125,673
Other Charitable Activities costs	Direct	-	-	-	-	22,107	22,107	17,269
Depreciation	Direct	4,621	1,581	4,742	-	61,509	72,453	67,289
		538,112	117,547	433,842	16,272	2,458,373	3,564,146	3,568,024
Support costs allocated to activities								
Catering costs	Floor	-	-	-	-	146,074	146,074	151,300
Housekeeping costs	Floor	-	-	7,336	-	97,467	104,803	79,259
Administration staff costs	w.t.e	90,496	-	41,134	-	279,713	411,343	431,823
Administrative and office expenses	Head	2,753	-	1,377	-	9,635	13,765	12,430
Administrative and office expenses	w.t.e	11,481	-	5,220	-	35,488	52,189	68,193
Utilities, services and insurance	Floor	773	-	5,412	-	71,127	77,312	61,546
Repairs and maintenance	Floor	321	-	2,223	-	29,212	31,756	32,118
Governance	Floor	490	-	3,427	-	45,046	48,963	26,093
Irrecoverable VAT	Floor	73	-	517	-	6,790	7,380	9,221
Depreciation	Floor	523	-	3,663	-	48,197	52,383	54,327
		645,022	117,547	504,151	16,272	3,227,122	4,510,114	4,494,332
Total expenditure 2020		645,022	117,547	504,151	16,272	3,227,122	4,510,114	4,494,332
Total expenditure 2019		684,077	123,353	494,442	13,894	3,178,566	4,494,332	4,494,332

Expenditure on raising funds was £1,266,720 (2019 - £1,301,872) of which £8,175 was allocated to restricted funds (2019 - £6,650) and £1,258,545 to unrestricted funds (2019 - £1,295,222). Expenditure on charitable activities was £3,227,122 (2019 - £3,178,566) of which £141,857 was allocated to restricted funds (2019 - £187,016) and £3,085,265 to unrestricted funds (2019 - £2,991,550).

7. Expenditure on charitable activities

	Basis of allocation	In Patient Unit £	Living Well £	CNS Home Care £	Hospital Liaison £	Lymphoedema £	Bereavement Service £	Welfare & education £	2020 Total £	2019 Total £
Costs directly allocated to Charitable Activities:										
Clinical Staff Costs	Direct	967,553	19,469	419,006	65,657	32,876	566	108,139	1,613,266	1,618,740
Clinical Staff Costs	Useage	336,963	53,326	102,633	1,981	1,981	32,611	6,042	535,537	533,981
Staff training, recruitment and welfare	Direct	17,377	1,038	4,410	259	259	1,037	1,556	25,936	33,151
Staff and patient travel	Direct	-	6,080	12,744	63	-	1,700	2,399	22,986	28,935
Waste removal	Direct	6,156	-	-	-	-	-	-	6,156	10,945
Repairs to clinical equipment	Direct	20,774	-	-	-	-	-	-	20,774	18,635
Patient welfare	Direct	3,031	3,030	-	-	-	-	-	6,061	7,862
Medical consumables	Direct	109,469	-	-	-	6,121	-	-	115,590	125,673
Other Charitable Activities costs	Direct	6,632	6,632	6,632	553	552	553	553	22,107	17,268
Irrecoverable VAT - write off of b/fwd balances	Direct	15,364	1,707	6,828	569	569	854	2,560	28,451	-
Depreciation	Direct	35,149	23,190	3,170	-	-	-	-	61,509	53,873
		1,518,468	114,472	555,423	69,082	42,358	37,321	121,249	2,458,373	2,449,062
Support costs allocated:										
Catering costs	Head	97,869	5,843	24,833	1,461	1,461	5,843	8,764	146,074	139,196
Housekeeping costs	Floor	58,480	14,620	9,747	-	1,949	1,949	10,721	97,467	72,918
Administration staff costs	Head	187,407	11,189	47,551	2,797	2,797	11,189	16,783	279,713	293,677
Administration and office expenses	Head	6,456	385	1,638	96	96	386	578	9,635	8,701
Administration and office expenses w.t.e		19,165	2,128	8,518	710	710	1,064	3,193	35,488	46,371
Utilities, services and insurance	Floor	42,676	10,669	7,112	-	1,423	1,423	7,824	71,127	56,623
Repairs and maintenance	Floor	17,499	4,392	2,928	-	586	586	3,221	29,212	29,548
Governance	Floor	27,028	6,756	4,505	-	901	901	4,955	45,046	24,006
Irrecoverable VAT	Floor	4,073	1,020	679	-	136	136	746	6,790	8,484
Depreciation	Floor	28,944	7,219	4,813	-	963	963	5,295	48,197	49,981
Total expenditure 2020		2,008,066	178,693	667,747	74,146	53,380	61,761	183,329	3,227,122	3,178,566
Total expenditure 2019		1,908,000	238,229	641,061	72,414	51,919	75,874	191,069		3,178,566

8. Net (expenditure)/income for year

This is stated after charging / (crediting):

	2020 £	2019 £
Depreciation of fixed assets	122,023	118,454
Amortisation of intangible assets	2,813	3,161
(Profit) / loss on disposal of fixed assets	-	(285)
Operating lease rentals:		
Property	110,236	124,233
Auditor's remuneration (excluding VAT):		
Audit	7,500	12,410
Other services	10,556	6,090

9. Staff costs and numbers

Staff costs were as follows:

	2020	2019
	£	£
Salaries and wages	2,853,478	2,778,549
Redundancy and termination costs	16,443	12,292
Social security costs	246,006	245,155
Pension costs	322,539	329,144
	3,438,466	3,365,140

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 £16,433 (2019: £12,292) and were charged to unrestricted funds.

Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

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

	2020	2019	2020	2019
	FTE	FTE	No.	No.
Charitable activities	43	40	70	71
Support activities	20	19	37	35
Raising funds	24	21	34	33
	87	80	141	139

FTE: Full time equivalent

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2020	2019
	No.	No.
£60,000 - £69,999	2	2
£70,000 - £79,999	1	1

9. Staff costs and numbers (continued)

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 £336,473 (2019: £330,707).

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, nor received any other benefits from employment with the Trust or its subsidiary in the year (2019: £nil), neither were they reimbursed expenses during the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the Charity (2019: £nil).

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 Charity'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 Charity 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 employer's contributions to the scheme in the current year were based on a contribution rate of 14.38% of pensionable pay (2019: 14.38% of pensionable pay) with employees contributing between 5.6% and 13.5% of pensionable pay in accordance with NHS revised contribution rules (2019: between 5.6% and 13.5% of pensionable pay). The pension cost for the year as included in the Statement of Financial Activities represents contributions payable by the Charity to the NHS scheme during the year and amounted to £149,140 (2019: £146,105). There was a balance owing to the scheme as at 31 March 2020 of £22,521 (2019: £20,556).

Aviva Pension Scheme - Defined Contribution Scheme

The main pension scheme operated by the Charity for those 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 higher contribution rate from the employer of up to 13% of pensionable pay and an opportunity to contribute via a salary sacrifice arrangement which the Trustees felt fairly reflected a modern pension scheme for its employees. Since May 2014 this has been used as the Charities Auto Enrolment scheme. The pension cost for the year represents contributions payable by the Charity and the employees to the scheme and amounted to £310,765 (2019: £179,058). There was a balance owing to the scheme as at 31 March 2020 of £17,718 (2019: £18,409).

The above balances outstanding at the financial year end were paid into their respective schemes by their due dates in April 2020.

11. Intangible fixed assets (Group & Charity)

	Computer software £	Total £
Cost		
At 1 April 2019	31,743	31,743
Additions in year	-	-
Disposals in year	-	-
At 31 March 2020	31,743	31,743
Amortisation		
At 1 April 2019	22,897	22,897
Charge for the year	2,813	2,813
Eliminated on disposal	-	-
At 31 March 2020	25,710	25,710
Net book value		
At 31 March 2020	6,033	6,033
At 1 April 2019	8,846	8,846

All of the above assets are used for charitable purposes.

12. Tangible fixed assets (Group & Charity)

	Freehold land and buildings £	Leasehold improvement £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2019	2,831,171	61,098	752,009	37,067	3,681,345
Additions in year	-	-	46,519	-	46,519
Disposals in year	-	-	(5,983)	-	(5,983)
At 31 March 2020	2,831,171	61,098	792,545	37,067	3,721,881
Depreciation					
At 1 April 2019	1,057,727	50,742	575,644	26,855	1,710,968
Charge for the year	56,235	3,295	56,347	6,146	122,023
Eliminated on disposal	-	-	(5,983)	-	(5,983)
At 31 March 2020	1,113,962	54,037	626,008	33,001	1,827,008
Net book value					
At 31 March 2020	1,717,209	7,061	166,537	4,066	1,894,873
At 1 April 2019	1,773,444	10,356	176,365	10,212	1,970,377

Land with a value of £20,000 (2019: £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 2019	898,402	1,952,469	2,850,871	1	2,850,872
Additions	31,556	272,063	303,619	-	303,619
Disposals	(364,872)	(359,169)	(724,041)	-	(724,041)
Revaluation during the year	5,439	(393,282)	(387,843)	-	(387,843)
Fair value at 31 March 2020	570,525	1,472,081	2,042,606	1	2,042,607
Fair value at 1 April 2019	898,402	1,952,469	2,850,871	1	2,850,872

The historical cost of Listed Equity Investments included above at valuation is £2,036,429 (2019: £2,456,851).

14. Subsidiary undertaking

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

The aggregate of the assets, liabilities and reserves was:

	2020 £	2019 £
Assets	23,506	23,506
Liabilities	(23,505)	(23,505)
Reserves	1	1

Amounts owed to the parent undertaking are shown in note 16.

15. Parent charity

The parent charity's gross income and the results for the year

	2020 £	2019 £
Gross income	4,232,409	3,918,130
Result for the year	(665,549)	(520,285)

16. Debtors

	The Group		The Charity	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	357,589	68,668	357,589	68,668
Other debtors	16,827	6,328	16,827	6,328
Prepayments & accrued income	318,079	429,504	318,079	429,504
VAT recoverable	50,252	55,889	50,252	55,889
Amount owed by group undertaking	-	-	1,508	1,508
	742,747	560,389	744,255	561,897

17. Creditors: amounts falling due within one year

	The Group		The Charity	
	2020 £	2019 £	2020 £	2019 £
Trade creditors	138,302	147,165	138,302	147,165
Taxation and social security	58,919	61,254	58,919	61,254
Other creditors	66,028	38,378	66,028	38,378
Accruals	80,154	74,786	80,154	74,786
Deferred income (note 18)	434,220	195,742	434,220	195,742
	777,623	517,325	777,623	517,325

18. Deferred Income

	The group		The charity	
	2020 £	2019 £	2020 £	2019 £
Balance at the beginning of the year	195,742	63,352	195,742	63,352
Amount released to income in the year	(195,542)	(63,352)	(195,742)	(63,352)
Amount deferred in the year	434,020	195,742	434,220	195,742
Balance at the end of the year	434,220	195,742	434,220	195,742

Deferred income comprises £375,200 of funding invoiced in advance to Oxfordshire CCG (2019: £137,000), £56,536 (2019: £56,506) of subscriptions to the lottery not drawn before the year end and £2,484 (2019: £2,236) of fundraising income for future events.

19a. Analysis of group net assets between funds (current year)

	General unrestricted £	Restricted funds £	Total funds £
Intangible assets	6,033	-	6,033
Tangible assets	1,848,794	46,079	1,894,873
Investments	2,042,606	-	2,042,606
Net current assets	1,325,842	147,433	1,473,275
Net assets at 31 March 2020	5,253,731	193,512	5,416,787

19b. Analysis of group net assets between funds (prior year)

	General unrestricted £	Restricted funds £	Total funds £
Intangible assets	8,846	-	8,846
Tangible assets	1,950,838	19,539	1,970,377
Investments	2,850,871	-	2,850,871
Net current assets	1,183,004	69,237	1,252,241
Net assets at 31 March 2019	5,993,559	88,776	6,082,335

20a. Movement in funds (current year)

	At 1 April 2019 £	Income £	Expenditure & losses £	Transfers and Gains £	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	88,776	254,768	(150,032)	-	193,512
Unrestricted funds:					
General funds	5,993,560	3,977,641	(4,360,082)	(387,844)	5,223,275
Total unrestricted funds	5,993,560	3,977,641	(4,360,082)	(387,844)	5,223,275
Total funds	6,082,336	4,232,409	(4,510,114)	(387,844)	5,416,787

20b. Movements in funds (prior year)

	At 1 April 2018 £	Income & gains £	Expenditure & losses £	Transfers and Gains £	At 1 April 2019 £
Restricted funds:					
Hospice Staffing	24,674	94,684	(93,790)	-	25,568
Seven Day Service	16,080	-	(16,080)	-	-
Patient Welfare	491	933	(1,020)	-	404
Chapel	2,318	-	(491)	-	1,827
Equipment	1,000	53,377	(593)	-	53,784
Projects	-	6,650	(6,650)	-	-
Grounds and Gardens	7,193	240	(240)	-	7,193
Intangible Funding	-	74,802	(74,802)	-	-
Total restricted funds	51,756	230,686	(193,666)	-	88,776
Unrestricted Funds:					
Designated funds:					
Service Development Fund	800,000	-	-	(800,000)	-
Major Refurbishment Fund	1,000,000	-	-	(1,000,000)	-
Total designated funds	1,800,000	-	-	(1,800,000)	-
General Fund	4,750,864	3,687,444	(4,300,666)	1,855,917	5,993,559
Total unrestricted funds	6,550,864	3,687,444	(4,300,666)	55,917	5,993,559
Total funds	6,602,620	3,918,130	(4,494,332)	55,917	6,082,335

Transfers of £800,000 and £1,000,000 were made, during the year to March 2019, from the Service Development Fund and Major Refurbishment Fund to the General Fund (Hospice Services Protection Fund) as the Trustees were of the view that any new service and capital developments would need to be fully funded and could not be funded from reserves. The narrative to explain the purpose of each fund is given at the foot of the note below.

Fund descriptions

Restricted Funds comprise:

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 and a Hospice Companions Manager. Not all these sums were called upon through the remainder of the year and, therefore, are carried forward.

Seven-day service: Donations had been received towards the cost of running the service which was successfully launched in 2017/18. These were used against expenditure in the year 2018/19.

Patient Welfare Fund: This fund represents donations towards equipment and projects that enhance patient wellbeing and welfare. During the current year there was expenditure on Art Room supplies.

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

Equipment Fund: This fund is for donations given towards the purchase of new equipment. During the year new beds and specialist clinical equipment were purchased for use in the Inpatient Unit.

Projects: The fund represents donations towards the cost of specific projects – such as the annual Midnight Walk and Lights of Love events.

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

Intangible Funds: The fund represents the provision of NHS non-pharmacy services (£22,690), and Specialist Registrar services (£48,107) by the Oxford Radcliffe Hospitals Trust. No direct charge is made to the Hospice for these services, but this treatment is considered to better reflect the costs required to provide palliative care services by the Hospice.

Unrestricted Funds comprise:

General Fund: (Hospice Services Protection Fund) This fund recognises the need to protect Hospice services and the high level of costs incurred by Katharine House, together with the challenges of maintaining and building both statutory and fundraising income common to all within the hospice sector. The target level of £2.5m-£3m will enable Katharine House to manage short term losses of statutory or fundraising income and provide sufficient time to plan any required changes to safeguard the future delivery of services. This fund will continue to be treated as unrestricted funding, in line with the wider charity sector.

Designated Funds comprise:

Service Development Fund: This was originally established to help fund the growth of new services in line with our strategic plan. The funds were transferred into the General Fund during the prior year, as noted above.

Major Refurbishment Fund: The Trustees recognise the importance of maintaining the Hospice environment, the fabric of the building and the equipment, so that it is fit for purpose to meet future needs and requirements. This fund was originally established to ensure suitable alterations and adaptations could be made as necessary. The funds were transferred into the General Fund during the prior year as noted above.

21. Operating lease commitments payable as a lessee

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property	
	2020	2019
	£	£
Less than one year	94,436	85,286
One to five years	234,992	236,529
Over five years	91,064	135,989
	420,492	457,804

22. Capital commitments

At the balance sheet date, the group had no capital commitments (2019: £nil)

23. Contingent liabilities

£nil (2019: £nil). It was noted in the accounts to March 2019 that we were reviewing the terms of our Direction Status Agreement with NHS Pensions and the pensionable status of groups of employees. The conclusion of this exercise was that no contingent liability existed.

24. Related party transactions

As at 31 March 2020 the sum of £1,509 (2019: £1,506) was owed by Katharine's Cupboard Limited to Katharine House Hospice Trust.

During the year £157.50 of goods were purchased from Slurp Wine Company Limited, a company owned by a trustee, for a fundraising event. The transaction was on normal commercial terms and a balance of £nil was outstanding as at 31 March 2020.

25. Taxation

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

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

Reg. Charity No 297099

www.khh.org.uk