



annual report and group financial statements

year ended 31 March 2018

REGISTERED COMPANY NUMBER: 3077406 (England and Wales)

REGISTERED CHARITY NUMBER: 1047912



tŷ hafan

the hospice for children in Wales
yr hosbis i blant yng Nghymru

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Trustees Annual Report

trustees statement

The trustees are pleased to present their annual report and accounts of the Charity and its subsidiaries for the year ending 31 March 2018.

The accounts have been prepared in accordance with:

- the Charities Act 2011
- the Companies Act 2006
- the Memorandum and Articles of Association
- the 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 (FRS102).



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Trustees Annual Report

chairman's statement



I am pleased to present the Annual Report and Accounts for Tŷ Hafan, the children's hospice in Wales.

This has been yet another year of notable development for Tŷ Hafan. At the hospice our occupancy for the year increased to 77%. Working in partnership with the All Wales Tertiary Paediatric Palliative Care Team has enabled the team to set up a clinical base at Tŷ Hafan. We continue to develop our services, with day care sessions now well established and plans are well afoot to develop a wider community based service outside the hospice environment, to meet the growing needs of our children and families.

It is pleasing to note that our income increased by 14% over the previous year. The vast majority of the funding needed to keep the hospice operating comes from our fundraising activities. These include our well-established lottery and retail stores, events and a variety of schemes aimed at individual and corporate giving.

While research shows that we are the most well recognised Charity in Wales, we still need to continue to develop our ongoing relationships with donors and supporters and we recognise the need to widen our income streams.

We are deeply mindful that Charity contributions during times of austerity amount to discretionary expenditure, and we are massively grateful to the generosity of our supporters throughout Wales and beyond.

During the forthcoming year we have a variety of projects to undertake. These include the refurbishment of the hospice and the completion of the redevelopment of the memorial garden.

We look forward to our continuing development and being at the forefront of paediatric palliative care alongside innovative ways of developing our income streams.

A phrase that is often used when talking to children and their families in the hospice is that, "we make a difference", very often during turbulent and troubled times for children and their families. A simple expression with a great depth of meaning. I would like to thank everyone at Tŷ Hafan, those who care for our children and families and those who generate the funds to enable us to operate, supporters, stakeholders and donors for enabling us to make a difference.

Martin Davies – Trustee and Chair of the Board

chief executive's statement



This reporting period coincided with a celebration of our founder Suzanne Goodall and the values she instilled in the Charity, the importance of families and care staff who provide a high level of support to families at their most difficult times.

The hospice has undoubtedly created a haven for families with children with complex care needs and children who require end of life support. Reaffirming our values of caring, collaborative and professional and creating a strategy for people in consultation with families, staff and NHS partners was a priority. For families, facing increasingly complex conditions and the challenges of providing constant 24 hour care to their children at home, our commitment was to use the additional donations received to increase staffing in our community team with two new play worker posts, a transition co-ordinator, family support practitioner and a clinical nurse specialist.

We also designated funding to develop community clinical nurse specialist partnerships with health boards and develop transition services. In addition we increased stays and day provision to levels which are amongst the highest in the UK for children's hospice services. Our reliance on the generous public of Wales means we are committed to spend funds donated to provide the greatest relief to families in the most cost effective way.

Rob Jones – Chief Executive

3 Trustees Annual Report objectives and activities

Vision and Mission Statement

Tŷ Hafan’s vision and mission underpins all the work the Charity undertakes and is the philosophy against which all the strategies, policies and actions can be monitored. The Board regularly reviews whether the vision and mission statements remain relevant for the

Charity, whether its mission meets the needs of the children and families it supports, aiming to advance the development of specialist paediatric palliative care. Supporting the vision and mission are six key strategic objectives which implement the Charity’s charitable purposes, as set out in its Articles of Association:

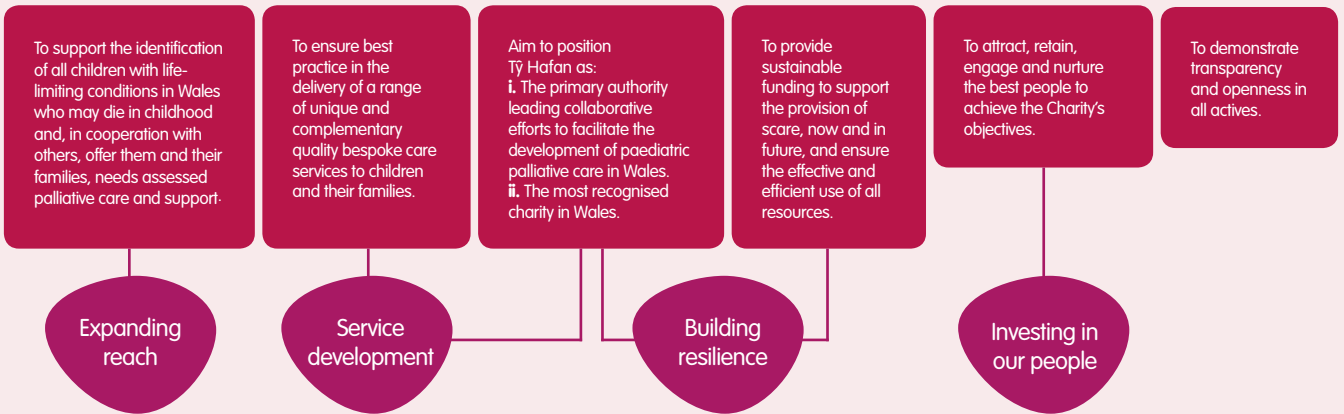
Our Vision

To see a Wales where children who are expected to die in childhood live a full family life.

Our Mission

To offer a high standard of free care and support to the families of children in Wales who may die in childhood.

Strategic Goals



Underpinning our vision and mission are our values:



This report lays out the Charity’s achievements towards delivering these objectives and how we will endeavour to drive these forward for the public benefit.

Public Benefit

Statement on Public Benefit

The aim of Tŷ Hafan, as stated in its vision, clearly sets out who the beneficiaries are, where they are located and what is being offered to those children and their families. It is entirely consistent with the Charity’s objective as set out in its governing document and statement of purpose.

The trustees have reviewed the Charity Commission’s guidance on public benefit, and agreed that Tŷ Hafan meets the requirements of the public benefit test. In particular, the trustees ensure they have regard to the public benefit guidance when exercising any powers or duties to which the guidance is relevant.

The board considers that Tŷ Hafan’s aims are consistent with the principles of public benefit, as identified in its Articles of Association and reflected in its vision and mission.

Significant Activities for Public Benefit

Clinical and Professional

Tŷ Hafan provides a wide range of specialist children’s palliative care services to 248 children and young people from across Wales, with the most significant and complex care challenges. We provide an invaluable care service for our families in their local communities with 120 families accessing a range of community based services, including family and sibling support, play, music and complimentary therapy as well as the physiotherapy and occupational therapy services at the hospice. The ethos of the Charity is to support the health, social, emotional and cultural needs of the whole family, and create precious lasting memories for families of the precious time they spend with their child on their end of life journey at the hospice. The aim is that by growing our reach into the communities, while working in partnership with the six health boards across south, west and mid Wales, we can help support more choice of where families receive support at end of life.



Increasing Awareness

Snowdogs Tails in Wales 2017 was Tŷ Hafan's brand awareness and mass participation campaign in 2017/18, and the first partnership trail in Wales with the franchisor, Wild in Art. The aim of the project was to extend reach in a regionally relevant and cost effective way. The results from the campaign delivered beyond our expectations with over 350,000 participants on the trail. There was also a youth engagement objective with a bespoke bilingual learning programme. The statistics from the engagement included:

- Over 20,000 children and young people
- Over 16,340 actively engaged in learning resources and design of the pups
- 1,264 attending Learners Day
- 879 attending the Farewell Event
- 2,000 engaged in Girl-guiding Challenge Badge

Volunteers

We provide plenty of opportunities for volunteering to support our care services, retail network, or help with our fundraising and events teams. Volunteering at Tŷ Hafan can help the public gain new skills, put old ones to use, meet lots of new people or gain valuable work experience. On average we provide over 10,000 hours of volunteering each month. Without our volunteers' support we couldn't offer the range of services and activities that Tŷ Hafan provides. During the year we introduced a new volunteering workshop which enabled volunteers to assist in upcycling donated goods to be sold in our Charity shops.

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Trustees Annual Report

achievements and performance



Review of Care Service Operations

Service development in hospice care, collaborative working and care in the community has been a priority, to meet the growing needs of families in Wales of children with life-limiting conditions. The availability of funding from partnerships and donations enabled an increase in services at the hospice and at home.

- A partnership with SENSE Cymru and the Touch Trust enabled the first satellite day care for families.
- Children in Need funding guaranteed an additional play specialist for families.
- The pilot of a joint hospice transition clinic with City Hospice and Marie Curie.
- The pilot project to deliver play therapy support with the paediatric palliative care network and health boards.
- The creation of a wheelchair race track in the grounds of the hospice, in collaboration with Whizz Kidz and corporate supporters.
- Supporting medical students in research in polypharmacy and transition.

Service development has been supported by close working with paediatric palliative care consultants and an innovative clinical nursing programme in collaboration with health boards:

- The introduction of blended diet at the hospice for families on short break care.
- The introduction of an acuity tool to ensure individual acuity is met and that dependency of need is identified for all families on short break care.
- The ongoing development of the paediatric advanced care (PAC) plan audit tool to achieve the longer term objective of a central data system for all PAC plans in Wales.
- The adoption of mobile eye gaze equipment, sound beam technology and a mobile magic carpet for short break care and community support.
- Innovation in memory making which was recognised by the RCN Wales Suzanne Goodall Paediatric Nursing Award 2017 for the outstanding contribution to the care of children or young people with lifelong and/or life-limiting illness.
- Engaging 50 schools and over 1,200 children and young people in a Snowdogs learning programme and events.

Areas of service improvement in palliative care and hospice reach to meet the growing complex needs of families include:

- Average occupancy levels at the hospice increased to 77% from 68% in the previous year. The increase is due to a short-term increase in donations and effective workforce planning.
- Clinical nurse specialist advice and support provided to NHS community teams in different health boards to support families in the community.
- Community lead nurses working closely with NHS community teams to support end-of-life care at home.
- Enhanced transition services with the recruitment of a registered paediatric nurse to the transition team.
- The introduction of Health Board commissioned bed nights at the hospice to support our NHS partners.
- An increase in oncology referrals from collaborative working with health boards.
- The development of family day care provision at the hospice, with short notice provision now in place.

Review of People objectives

A people strategy has been developed to support our business plan and values. The strategy makes a clear statement about how Tŷ Hafan values and treats its people, and the culture it wishes to foster to enable everyone to achieve and sustain excellence in their work. The strategy supports our aim of having a vibrant skilled workforce working together to ensure access to safe, effective paediatric palliative care for all eligible children across Wales. This comprehensive people programme will address culture and communications, learning and development, volunteering, leadership as well as recruitment. Our Tŷ Hafan values being caring, collaborative and professional is core to the people strategy.

The 2017 staff survey provided all staff with the opportunity to feedback on wellbeing, working practices, training and rewards. The results from the survey formed a key part in developing the new pay framework and the ongoing staff engagement programme.

Statement on Fundraising

As a charity, we recognise that our supporters form the bedrock of our community service and we are grateful to the thousands of people, businesses and organisations, whose continued generosity and compassion enables Tŷ Hafan to provide much needed care and support.

Tŷ Hafan is committed to delivering a positive, meaningful and memorable experience to all its supporters. We are registered with the Fundraising Regulator and strive to deliver fundraising in line with best practice.

We thoroughly respect and protect the privacy of our supporters and do not sell or share their data. We were well prepared in the lead up to GDPR, which allowed us the opportunity to update our privacy statements, refresh consent and review how we communicate with our supporters.

We are pleased to report Tŷ Hafan received no formal fundraising related complaints in 2017/18. Five concerns were raised by the public relating to our fundraising activities which have all since been resolved amicably. With the launch of the Fundraising Preference Service in July 2017, we received three requests from the public which were processed promptly.

Tŷ Hafan has not undertaken any telemarketing activities during 2017/18 and did not work with any third party fundraising agencies for acquisition purposes. Agreements with commercial third parties have been limited to logistical support for our events or in relation to a licencing agreement to use an established concept. All fundraising and supporter engagement associated with these events were solely managed by Tŷ Hafan so that we can be confident in the supporter care being delivered.

Our supporter acquisition efforts remain focused on the Crackerjackpot Lottery for Tŷ Hafan through a door-to-door player recruitment campaign. To ensure this campaign upholds all fundraising standards, Tŷ Hafan does not work with a third party but instead employs its own fundraising representatives. Through robust training and ongoing monitoring, we are confident that our people are delivering ethical fundraising.

Review of Objectives - Income Generation and Marketing

Income and Contribution

Total Income from all fundraising and commercial and charitable activities was £10,378,250. This compares to £9,147,774 for the same period last year, an increase of 13.5%. This increase was primarily due the receipt of a small number of high value legacies and major donor gifts, which can be attributed to supporter engagement. The surplus arising from the major gifts and legacies has been designated to a paediatric palliative community nurse fund and transition fund to support families through transition.

Retail income decreased slightly and was 0.5% lower on a year-on-year basis. Overall costs were higher than previous year mainly due to increased rent charges and provision for two additional store closures.

Income received from Events increased by 15% year on year. This is in part due to the inclusion of the Snowdogs campaign in 2017/18 figures which also accounted for the year on year increase in costs of raising funds. We also saw our Rainbow Runs participation increase to over 4,000 participants, of this group 89% were new to Tŷ Hafan. Whilst events are not only an income generation programme, they also highlight the important marketing platform they present to connecting with new (and younger) audiences and provide a valuable source of marketing data.

Lottery/Tŷ Hafan Trading

Tŷ Hafan's lottery operation, administered by the Charity's subsidiary Crackerjackpot, saw a fall in income by 2.5% compared to the previous year at £2,038,109 (2016/17: £2,089,976). Contribution increased by 7% to £1,077,256 (2016/17: £1,006,607). Vacancies in our membership acquisition team accounted for the fall in sales but also part of the cost savings. These vacancies were filled at the end of 2017/18. Our Crackerjackpot partner, Longfield, has increased their canvassing staff which has led to increased membership numbers.

The Charity's subsidiary Tŷ Hafan Trading continued to support the Charity's retail activities in respect of merchandise stock sales.

Future Focus

Our research has shown that despite being the most recognised Welsh charity, there is a high level of misunderstanding around what Tŷ Hafan does. Understanding the mission and impact of a charity is a fundamental prerequisite to increase the propensity to engage and support. Therefore, our brand activation looks to bridge this gap through a content marketing strategy, a regional engagement plan and developing an experiential brand through activations such as Snowdogs: Tails in Wales.

As we look to expand the reach of our services to deliver greater benefits to the children in Wales, our income generation model shifts to a growth strategy. Income generation will continue to focus on increasing the efficiency and profitability of the retail portfolio, developing a more competitive corporate partnership programme and growing income through grants.



Trustees Annual Report

5 plans for the future

Strategic Priorities

To deliver the six long term strategic objectives that underpin our vision and mission, we have identified four key goals:

Goal 1: Expanding Reach

It is estimated that there are 3,500 children with life-limiting conditions in Wales. Each year Tŷ Hafan supports around 250 families but we recognise there are many more that would benefit from our services that we are yet to reach. Finding these families and making them aware of our services - which could provide a much needed lifeline - is an ongoing focus for Tŷ Hafan as we seek to tackle inequity of palliative care provision and deliver a consistent 85% occupancy rate (currently averaging 77%). We also recognise that the ability to deliver care outside of the hospice setting will significantly enable Tŷ Hafan to impact on more children and families in Wales.

How we get there

- To better understand the numbers of children with life-limiting conditions across Wales through closer collaboration with Health Boards to identify deficits in referral numbers.
- Ensure every end of life referral is supported; either in the hospice or in the home or community.
- Ongoing review to ensure productive use of hospice services including access to short break care and family crisis support.
- Pilot, in partnership with the NHS, joint funded community nursing posts which further Tŷ Hafan's ability to deliver hospice care in the home.

Goal 2: Service Development

During this period of austerity, cuts to public spending are resulting in families seeing their care packages reduced with few alternative sources of support. Tŷ Hafan is examining how it can play a role in meeting the changing needs of these families but to fully realise this, a comprehensive needs assessment in Wales is required. We are acutely aware of the inadequacy of support available for young adults, transitioning from paediatrics to adult services and, therefore, this is firmly on the agenda for Tŷ Hafan.

How we get there

- Advocate and lead on a Wales wide needs assessment.
- Design, introduce and promote a Tŷ Hafan care model for young adults aged 18 -21.
- Expansion and development of bereavement support programmes.
- Introduction of a specialist paediatric palliative care pharmacist.

Goal 3: Investing in Our People

There is a particular challenge to recruit paediatric palliative care nurses in the context of a nationwide shortage. We, therefore, must ensure that Tŷ Hafan remains competitive in its ability to attract and retain these specialist nurses, who are integral to our service delivery. Volunteers will continue to play an ever growing role in the third sector and will help Tŷ Hafan meet resourcing challenges and skill deficits. An increased focus on performance, learning and development will help Tŷ Hafan ensure it maintains a talented and motivated workforce.

How we get there

- Deliver a remuneration and benefit framework to ensure Tŷ Hafan can remain competitive in attracting and retaining talent.
- Deliver a volunteer programme, adopting a skills based approach to recruitment whilst ensuring existing volunteers are retained and valued.
- Actively facilitating a culture of increased collaboration and move to flexible workforce planning to enable Tŷ Hafan to work in a more creative and agile manner.
- Drive a high performing culture where performance is aligned to charity goals, underpinned with a new learning programme, and where career aspirations are supported.

Goal 4: Building Resilience

The economic climate is proving uncertain with Brexit and the exposure of structural risks from interest rate growth within the global economy. The importance of public trust in the Charity sector has come to the fore again and charities have never been more accountable to the general public. This external climate, combined with Tŷ Hafan's reserve draw downs in the previous five years to fund an expansion in care services, creates a challenge. We, therefore, need to ensure that we are building financial resilience through cost efficiencies, increased returns from income generation activities, partnerships with the NHS as well as positive brand activation.

How we get there

- Cost efficiencies to be sought through the increase of in kind product and services, technological efficiencies and reviewing value for money in relation to procurement.
- Continue to explore the feasibility of partnering with Health Boards to offer commissioned care at Tŷ Hafan.
- Growth of income through the development of fundraising and commercial activities related to Major Giving, Corporate Partnerships and Retail – new commercial income streams.
- Continued focus on building public trust through our brand activation with particular focus on reaching new audiences.



Trustees Annual Report

6 financial review

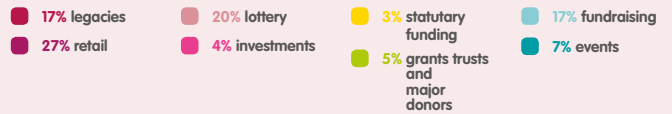
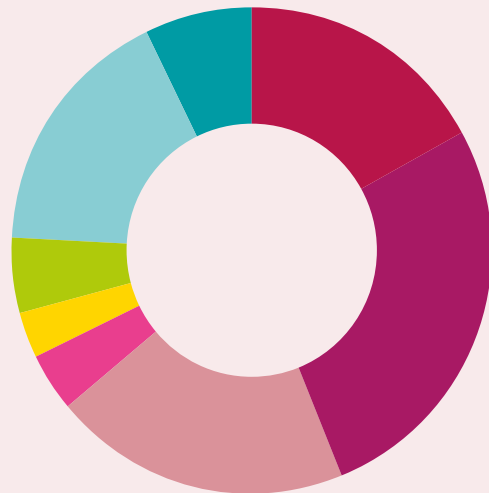
Results for the year ended 31 March 2018 are shown in the Consolidated Statement of Financial Activities on page 19. This, together with the Consolidated Balance sheet on page 20, should be read in conjunction with the related notes which have been produced in accordance with SORP (FRS102).

Net Income/Expenditure

The total net income of the group for the year ended 31 March 2018 totalled £788,626 (2017: £1,553,347) and is reported after charging a revaluation loss on investments amounting to £5,017 (2017: revaluation gain £1,656,043).

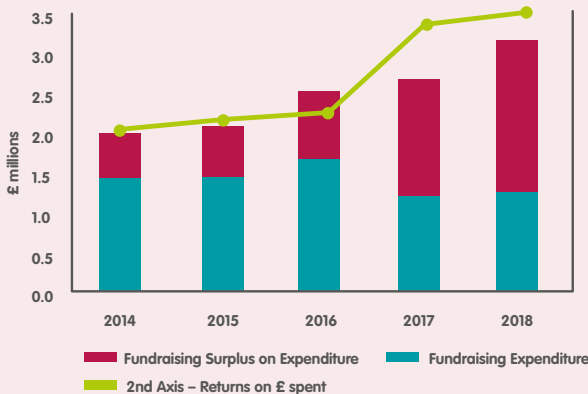
Income 2017/18

Total income received in 2017/18 was at our highest level in over five years at £10,378,250, a growth of 13.5% on the previous year. The year on year growth is mainly attributed to a substantial increase in legacies (+£716,184) and grants trusts and major donors (+£404,369). Events income increased by 15% supplemented by income from the Snowdogs campaign. Returns from our investment portfolio increased by £78,832 (+25%) to £394,377. Statutory funding remained at 3% of total income. Both lottery and retail income fell slightly year on year. Lottery income fell by 2.5% (-£51,867) mainly through the continued attrition of membership. Retail income dropped by 0.5% (-£14,695) with store numbers falling to 30 following one closure during the year.



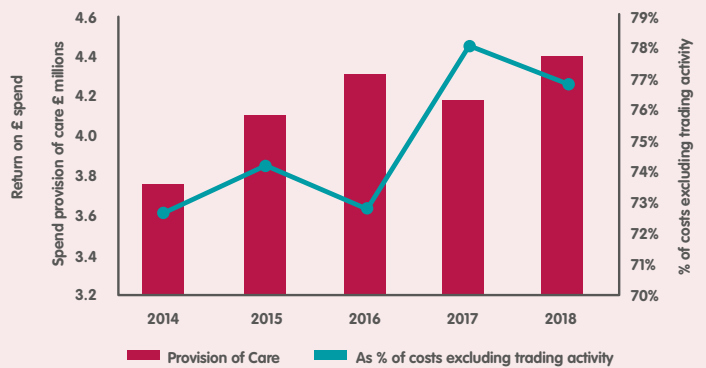
Fundraising Returns (Excluding Legacies)

Excluding legacies, fundraising income for 2017/18 was £3m compared to £2.5m in 2016/17. Tŷ Hafan has seen continued growth in fundraising income over the past five years alongside improved returns. Efficient and effective purchasing and following a review of donor engagement, has helped to deliver higher returns.



Five Year Expenditure on Charitable Activities

Expenditure on charitable activities in 2017/18 of £4.4 million was at a five year high. This was a year on year increase of £229,000 (+5.5%). This additional spend helped us to invest in our care in the community programme and increase occupancy levels from 68% in 2016/17 to 77% in 2017/18.



Reserves Policy

Maintaining a level of reserves is crucial to any charity because it underpins the long term delivery of its strategy and demonstrates good financial management. Tŷ Hafan has a responsibility to give confidence to its beneficiaries that we can provide our services even during times of economic uncertainty.

At 31 March 2018 the group held £11,014,361 in unrestricted free reserves (2017: £10,396,407) analysed as follows:

	31/03/2018	31/03/2017
Net Assets	£17,404,024	£16,615,398
Less Restricted Reserves	(£726,470)	(£490,112)
Unrestricted Reserves	£16,677,544	£16,125,286
Less Fixed Assets	(£5,663,193)	(£5,728,879)
Unrestricted Free Reserves	£11,014,361	£10,396,407

The trustees have completed a comprehensive review of the reserves policy in 2017/18 to ensure reserves levels are appropriate in order to meet the projected future needs of the Charity. The reserve policy is reviewed and approved annually by the trustees.

In establishing our reserves policy, the trustees have taken into account the following reasons why Tŷ Hafan needs to keep the current reserve levels:

- To ensure funds are available so we can provide the charitable activities for at least 18 months.
- To invest in the longer term strategy of the Charity and fund large capital programmes.
- To meet temporary working capital deficits.
- To fund unexpected expenditure.
- To fund any unforeseen significant reductions in income that are unpredictable in nature, especially legacies and major donors.
- To ensure an allowance for the risk of a fluctuating investment portfolio due to economic uncertainty.

Investment Policy

The strategic aim of the investment policy is to ensure Tŷ Hafan is able to continue to provide long term care to beneficiaries during times of economic uncertainty which may result in Tŷ Hafan not being able to generate sufficient income to cover its on-going running costs. Investments are, therefore, made with a view to achieving a balance between security and maximising growth with income.

Tŷ Hafan’s investment portfolio is invested through Barclays Wealth Management and Rathbones Investment Management subject to the board’s instructions that the Charity’s requirements are for capital growth with funds placed in low and medium risk investments. This strategy is formally reviewed with our investment managers and Finance with Governance Committee annually and more frequently when considered necessary.

The total value of the investment portfolio as at 31 March 2018 was £11,054,902 (2017: £10,715,264) representing an overall increase in value for the year of +3.2% (2017: +11.2%).

The board of directors recognises it has a responsibility to consider any ethical implications of its investments. This could lead to conflicting objectives between delivering the targeted returns and excluding certain investments that go against Tŷ Hafan’s interests and purpose. It is, therefore, Tŷ Hafan’s policy to use a negative screening approach avoiding investment in companies or sectors undertaking a particular activity or operating in a way which may be harmful to Tŷ Hafan’s interests.



Trustees Annual Report

7 structure, governance and management

Governing Document and Legal Status

Tŷ Hafan is a charitable company limited by guarantee, registered with Companies House and the Charity Commission since 1995. As a charitable company it is subject to company law, charity law, trust law and bound by legislation governing safe delivery of healthcare. The board is the accountable body, governing Tŷ Hafan through its Articles of Association as amended 26 October 2012. Trustees are accountable for acting within their powers to deliver the Charity's objects for the long term benefit of the Charity's beneficiaries and must exercise their duties according to the Charity's constitution.

Tŷ Hafan is also accountable to its regulators, the Charity Commission, HMRC, the Fundraising Regulator and Healthcare Inspectorate Wales (HIW). Tŷ Hafan is registered as a private voluntary hospital under the Independent Healthcare (Wales) Regulations 2011. HIW undertook a planned inspection in October 2018. The regulator's report on the quality of Tŷ Hafan's care services delivery can be found on their website.

Tŷ Hafan has established two subsidiary companies, Tŷ Hafan Trading Limited and Crackerjackpot Limited, which are independently governed and gift surplus funds to the Charity.

Governance framework

The Charity's Articles of Association are underpinned by a Scheme of Governance, which together with the Statement of Purpose (<https://www.tyhafan.org/statement-of-purpose/>) forms part of a robust governance framework. A governance review began in 2017 to ensure the Charity continues to deliver its objects for the public benefit in the most effective way possible. The Scheme of Governance enables the board to work effectively, delegating specific authority and duties to the chairman, committees and the chief executive. Nevertheless, the board is ultimately responsible for the Charity's affairs, financial probity, legal and regulatory compliance and registration as an independent hospital.

Governance structure and development

The board meets at least quarterly, with each meeting supported by standing committees and ad hoc working groups or specific committees from time to time. We have three standing committees scrutinising the Charity's operations. These committees offer assurance to the board on delivery of Tŷ Hafan's key strategic objectives and goals, managing risks to delivery and identifying opportunities for development.

- Clinical Governance Committee monitors standards of care service delivery
- Finance with Governance Committee scrutinises financial, fiduciary and investment matters
- Directorate and Operations Committee scrutinises fundraising activity and operational management

Trustee recruitment and development

In line with best practice and the Charity Governance Code, the board continuously seeks to enhance the diversity of its skillset. Trustees are subject to a rigorous interview, probationary period, and induction to support them in becoming effective members of the board, working in the best interests of the Charity. Trustees play an engaged role, volunteering their time and support freely, contributing the benefit of their professional expertise and experience and collaborating to protect and develop the Charity in a heavily regulated environment. Trustees are eligible for re-election to a maximum of six years' tenure (two terms of three years each). All current trustees listed at Section 8 are also directors of the company and they served throughout the year, unless otherwise noted.

With the Nominations Committee, the chairman of the board selects committee members and recommends committee chairs, co-opted members and board champions according to their specific skills and experience. At least one executive director sits on all committees. All trustees and officers of the board work to role descriptions, terms of reference and codes of conduct, with the chairman and chief executive uniting the board with the executive to enable the board to govern the whole charity, by delegating responsibilities, whilst remaining accountable. Incoming trustees and resignations during the year are listed in Section 8.

Pay structure

The Remuneration Committee meets annually to consider recommendations for an annual pay award based on affordability. All staff salaries, including executive directors, are determined from recommendations that take into account independent contemporary information on the cost of living, economic trends, third sector comparisons and predictions from the leading financial institutions. In this period a general 2% pay award was applied to all staff, recognising specific management positions following last year's restructure. As the total number of employees is less than 250, Tŷ Hafan is not currently required to report on the gender pay gap, however we do not feel there are any underlying issues to be addressed. In 2018 a new pay framework was introduced to offer a fair and equitable pay structure for all staff.

Strategic direction

The Charity's governance structure operates dynamically, in synergy with the Charity's purpose and strategic objectives. The board reviews the purpose and impact of its committees annually or whenever the board adopts a new approach to its activities. Having scrutinised the Charity's strategic direction, the Strategy Committee's responsibilities moved back to the board table in 2018. Our thanks go to the committee's deputy chair, Kath Palmer, for her direction and commitment during the two year period.

We also extend our thanks to all those who have served the board throughout the year, in particular Anne Jones and Isobel Davies. Our special thanks go to Dr Tim Jenkins, who served the Charity for seven years. Tim's long standing commitment to the board, leading the Clinical Governance Committee and also, as trusted advisor to many of us, must be recognised. We are also indebted to Chris Pearce, who led the Charity's Finance with Governance Committee, until his term of office ended during the year.

Risk Management - Principal risks and uncertainties

Principal risks and uncertainties

A risk register is at the heart of Tŷ Hafan's risk management process. It is regularly reviewed by the executive and scrutinised by committees for onward presentation and approval by the board. Risk management is inherent in all the Charity's activities and key risks broadly cover patient care, data protection, finance, fundraising, governance and compliance, health and safety and information technology.

One of the key risks identified in the period was around the protection of personally identifiable data, recognising the risk of non compliance with GDPR, related legislation and the Caldicott Principles. Staff training and awareness programmes, together with the implementation of information governance and data protection policies procedures and governance structures, in addition to the appointment of a Data Protection Officer and Senior Information Reporting Officer. Increasing public scrutiny of the Charity sector and high profile media coverage of paediatric end of life cases and safeguarding issues continue to support high risk. Therefore, another key risk for the Charity continues to be the national shortage of nursing staff, however we have taken steps to 'grow our own' through an established preceptorship programme, through partnership working and through collaboration with the paediatric palliative care tertiary team. The tertiary team will be based at Tŷ Hafan from August 2018, offering families direct specialist consultant support. Risks around the safe delivery of care are inherently high for the sector. The challenges for the forthcoming year will be around reviewing resourcing given the challenges in events and retail income, and the unpredictability of legacies. Innovative income generation streams and the impact on charitable spend are key drivers for the business plan 2018/19.

Trustees are satisfied that risks identified are rigorously controlled and regularly monitored through internal and external sources and that they are properly mitigated and managed to ensure the Charity remains compliant and meets the highest standards of care for our children and families, through a robust clinical governance framework.

Tŷ Hafan is not aware of any principle uncertainties as at 31 March 2018, nor in the period since 31 March 2018 and before the signing of these Annual Report and Accounts.



Trustees Annual Report

reference and administrative details

Registered Company Number	3077406
Registered Charity Number	1047912
Registered Office	Tŷ Hafan, Hayes Road, Sully, CF64 5XX
Auditors	Bevan Buckland LLP Swansea
Principal Solicitors	Hutchinson Thomas, Swansea
Principal Bankers	HSBC Plc, Cardiff Barclays Bank, Cardiff
Investment Managers	Barclays Wealth Management, Cardiff Rathbones, Bristol

The Trustees

The trustees who served the Charitable Company during the period were as follows:

Martin Davies	Chairman of the Board appointed 24 August 2017, appointed as a trustee 11 December 2014 (Acting Chairman 9 December 2016 to 24 August 2017)	Anne Jones	appointed 11 December 2014, resigned 25 May 2017
Kath Palmer	Deputy Chair of the Board appointed 5 July 2018, appointed as a trustee 11 December 2014 and re-elected 31 May 2018	Isobel Davies	appointed 11 December 2014, resigned 24 August 2017
Peter Maggs	appointed 20 April 2017	Dr Timothy Jenkins	appointed 28 October 2011, resigned 23 November 2017
Dr Keith Holgate	appointed 20 April 2017	Chris Pearse	appointed 11 December 2014, resigned 6 March 2018
Dr Huw Jenkins	appointed 3 May 2018	Samantha Brown	appointed 20 April 2017, resigned 28 June 2017
Robert Lamb	appointed 24 July 2018	Amanda Thomas	appointed 20 April 2017, resigned 18 July 2018
		Helen Lentle	appointed 20 April 2017, resigned 19 July 2018
		Karen Healey	appointed 20 April 2017, resigned 27 July 2018

Senior Management Team

Carol Killa	Director of Care
Dawn Lewis-Whelan	Director of Human Resources (to 16 November 2018)
Miranda McGinn	Interim Director of Finance and Business Intelligence (to 26 May 2017)
Claire Cooper	Director of Income Generation
Rob Jones	Chief Finance Officer (from 13 March 2017 to 12 November 2017)
Jason Foster	Director of Finance and Corporate Services (Interim from 14 June 2017, appointed 1 April 2018)

Company Secretary and Chief Executive Officer

Rob Jones	Chief Executive from 13 November 2017 (Acting Chief Executive from 1 April 2017 to 12 November 2017)
	Company Secretary (from 29 November 2018)
Susan Sullivan	Company Secretary (to 28 November 2018)



statement of trustees responsibilities

The trustees (who are also the directors of Tŷ Hafan for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company 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 incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. 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 Charity SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

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 Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the Charity's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the Charity's auditors are aware of that information.

Auditors

The auditors Bevan Buckland LLP will be proposed for re-appointment at the forthcoming general meeting.

Approval

This report was approved by the trustees as members of the charitable company on 29 November 2018 and was signed on their behalf by

Martin Davies – Trustee and Chairman of the Board

Date: 29 November 2018

Report of the independent auditors to the members and trustees of Tŷ Hafan

We have audited the financial statements of Tŷ Hafan for the year ended 31 March 2018 which comprises the group statement of financial activities, the group and parent charitable company balance sheets, the group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable.

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

Respective responsibilities of director and auditors

As explained more fully in the Statement of Trustees Responsibilities (set out on page 17), 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

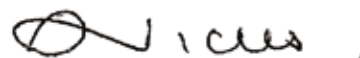
Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Trustees' Annual Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements and in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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



Alison Vickers (Senior Statutory Auditor)
For and on behalf of Bevan Buckland LLP
Langdon House
Langdon Road
Swansea Waterfront
SA1 8QY

Date: 29/11/2018

Consolidated Statement of Financial Activities Incorporating the Consolidated Income and Expenditure Account Year ended 31 March 18

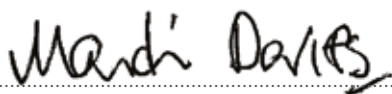
	Note	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Income from:					
Donations and Legacies	2	4,460,841	290,917	4,751,758	3,546,994
Charitable Activities					
Provision of Care	3	360,535	-	360,535	347,307
Other Trading Activities	4	4,871,366	-	4,871,366	4,937,928
Investments and other incomes	5	394,591	-	394,591	315,545
Total income		10,087,333	290,917	10,378,250	9,147,774
Expenditure On:					
Raising Funds	6	5,129,963	54,559	5,184,522	5,079,388
Charitable Activities					
Provision of Care	7	4,400,085	-	4,400,085	4,171,082
Total Expenditure		9,530,048	54,559	9,584,607	9,250,470
Net gains (losses) on investments		(5,017)	-	(5,017)	1,656,043
Net Income (Expenditure)		552,268	236,358	788,626	1,553,347
Gross transfers between funds		-	-	-	-
Net movement in funds		552,268	236,358	788,626	1,553,347
Reconciliation of Funds					
Funds balances brought forward	22	16,125,286	490,112	16,615,398	15,062,051
Funds balances carried forward	22	16,677,554	726,470	17,404,024	16,615,398

The consolidated statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

Group and Charity Balance Sheet At 31 March 2018

	Note	2018		2017	
		Group £	Charity £	Group £	Charity £
Fixed assets:					
Tangible Assets	15	5,663,193	5,663,193	5,728,879	5,728,879
Investments	16	11,054,902	11,064,903	10,715,264	10,725,265
		16,718,095	16,728,096	16,444,143	16,454,144
Current assets:					
Stock	17	71,554	30,452	81,919	-
Debtors	18	919,890	1,464,405	588,955	2,584,853
Cash at bank		1,151,306	408,840	911,156	607,117
		2,142,750	1,903,697	1,582,030	3,191,970
Current liabilities					
Creditors: Amounts falling due within one year	19	(833,306)	(638,875)	(906,108)	(2,572,955)
Net current assets		1,309,444	1,264,822	675,922	619,015
Provisions for liabilities and charges	20	(623,515)	(623,515)	(504,667)	(504,667)
Net Assets		17,404,024	17,369,403	16,615,398	16,568,492
Funds					
Restricted	22	726,470	726,470	490,112	490,112
Unrestricted	22	16,677,554	16,642,933	16,125,286	16,078,380
Totals:		17,404,024	17,369,403	16,615,398	16,568,492

The financial statements were approved by the trustees as members of the charitable company on 29 November 2018 and were signed on their behalf by



Martin Davies - Trustee and Chair of the Board

Registered Charity Number: 1047912

Group Statement of Cash Flows Year ended 31 March 2018

	Note	2018 £	2017 £
Net cash used in operating activities	24	447,498	(6,921)
Cash inflows from investing activities			
Investment income	5	394,591	315,545
Net cash from investing activities		394,591	315,545
Payments to acquire fixed asset investments	16	(1,784,973)	(1,591,391)
Receipts from sale of fixed asset investments	16	1,287,484	2,579,636
Payments to acquire tangible fixed assets	15	(257,284)	(207,655)
Net cash generated from/(used in) investing activities		(754,773)	780,590
Management of liquid resources			
(Decrease) in cash in investments	16	152,834	(449,302)
Increase in cash		240,150	639,912
Cash and cash equivalents at 1 April 2017		911,156	271,244
Cash and cash equivalents at 31 March 2018		1,151,306	911,156

notes to the financial statements

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Charitable Company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Charitable Company's functional and presentational currency is the pound sterling (£), and balances are rounded to the nearest £1.

Preparation of the accounts on a going concern basis

At the time of approving the accounts the trustees have a reasonable expectation that the Charity, and the Group, have adequate resources to continue in operational existence for the foreseeable future. The trustees have reviewed the reserves policy which supports the long-term business plan of the Charity. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

Basis of consolidation

The group financial statements consolidate those of Tŷ Hafan and its subsidiary undertakings, Tŷ Hafan Trading Limited and Crackerjackpot Limited (see note 16), made up to 31 March 2018, on a line by line basis.

The consolidated entity is known as the 'Group'.

Accounting policies specific to the Charitable Company or group in total are laid out below.

No separate company Statement of Financial Activities (SOFA) has been prepared for the Charitable Company as permitted by Section 408 of the Companies Act 2006.

Incoming resources

Income is recognised when the Charitable Company has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. It is derived from the activities outlined below.

Donations and similar incoming resources are recognised when they are received. Where refundable income is received in respect of a specified event or project, the income is deferred until completion of that event or project.

Pecuniary and residuary legacies are recognised on a case by case basis following the granting of probate and when the administrator/executor for the estate has communicated in writing the amount of the legacy. In the event that the legacy is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value for the legacy being reliably measurable with a degree of reasonable accuracy and the title to the asset being transferred to the Charitable Company. Reversionary legacies are not recognised during the lifetime of the original beneficiary under the will.

An estimate of the total number and value of all open legacy cases which do not meet the above conditions, but to which the Charitable Company may be entitled is disclosed within the notes to the accounts.

Donated goods capitalised as tangible fixed assets are included as 'Income from Donations and Legacies' at their market value at the time of receipt.

Gift Aid receivable is included in income when there is a valid declaration from the donor.

Grants received to fund fixed assets are recognised as restricted incoming resources in the year in which the Charitable Company is entitled to the funds. Revenue grants are credited as incoming resources when they are receivable, provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Fees receivable from Welsh Local Health Boards in respect of respite care are recognised on receipt.

The value of the goods donated for sale in the shops operated by the Charitable Company is recognised at the point of sale unless it is practicable for the goods to be measured at fair value on receipt. For these items the value is recognised as stock on the balance sheet and the released to the income statement when the item is sold.

The income for the weekly membership lottery is recognised when it is received except for money received in advance of the draw to which it relates, which is treated as deferred income.

Investment income comprises bank deposit interest and dividends and interest arising from discretionary investment activities. Investment income arising from discretionary investment activities is re-invested by the Investment Managers.

Expenditure

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

- Costs of raising funds; includes the direct costs of operating the Charitable Company's shops, membership lottery and appeals office together with an apportionment of head office costs to reflect the support provided to the fund raising operations. The direct costs of operating the Charitable Company's shops do not include any valuation of donated goods sold.
- Costs of charitable activities; includes the direct costs of operating care services together with an apportionment of head office costs to reflect the support provided to these activities.

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

Allocation of support and governance costs

Support costs are those functions that assist the work of the Charitable Company but do not directly undertake charitable activities. Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the Charitable Company and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

The bases on which support costs have been allocated are set out in note 8.

Taxation

The charitable members of the group are exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects. The trading subsidiaries do not generally pay UK Corporation Tax because their policy is to pay taxable profits to the Charitable Company as gift aid.

Tangible fixed assets

All tangible fixed assets are included at cost less accumulated depreciation. Items of a capital nature costing less than £1,000 are not capitalised. There are no heritage assets.

At present there are no circumstances existing to suggest that an impairment review of the carrying value of fixed assets is required. This position is reviewed on an annual basis. Any impairment is recognised in the year in which it occurs.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Hospice development and equipment	2% and 20% on cost
Freehold land	Nil
Shops and office equipment	20% on cost
Fixtures and fittings	20% on cost
Motor vehicles	25% reducing balance

Assets under construction and carried at cost and are not depreciated until they come into use.

Investments

Assets held for investment purposes are valued at fair value (their market value) at the balance sheet date, except for investments in trading subsidiaries, which are held at cost, as the trustees believe that the market value of the trading subsidiary is not materially different to its cost.

Realised gains and losses on investments are calculated as the difference between sales proceeds of these investments and their market value at the start of the year, or their subsequent costs, and are charged or credited to the statement of the financial activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

Investments in Subsidiaries

Investment in subsidiary entities are held at cost less impairment.

Debtors

Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

Stocks

Stocks represent purchased stock items only and are stated at the lower of cost and estimated net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Stock does not include goods donated for sale in the Group's Charity shops unless it is practicable for the goods to be measured at fair value on receipt.

Cash at bank and in hand

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

Creditors and provisions

Creditors and provisions are recognised where the Charitable 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.

Financial instruments

The Charitable Company 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.

Fund accounting policy

Unrestricted funds are those which are available for use at the discretion of the Board of Trustees in furtherance of the general objectives of the Charitable 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 or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes of the financial statements.

Designated funds are unrestricted funds of the Charitable Company which the trustees have decided at their discretion to set aside to use for a specific purpose.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the period of the lease.

Pension costs

Contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the period in which they are payable.

The Charitable Company also participates in the NHS Pension Scheme, a defined benefit pension scheme, but it is unable to identify its share of the underlying assets and liabilities. The pension costs charged against net incoming resources are the contributions payable to the scheme in respect of the accounting period.

Critical accounting estimates and assumptions

The Charitable Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below.

(I) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimate useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimate, based on technological advancement, future investments, economic utilisation and the physical condition of the assets, see note 15 for the carrying amount of each class of asset held, and above for the useful economic lives for each class of assets.

(II) Impairment of debtors

The Charitable Company makes estimates of the recoverable value of debtors. When assessing the impairment of debtors, management consider factors including the current credit rating of the debtor, the ageing profile of debtors and historic experience.

See note 18 for the net carrying amount of debtors and associated impairment provision.

(III) Provisions

Provision is made for the dilapidation on leasehold premises. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. (See note 20).

(IV) Income recognition of legacies

Residuary legacies have been recognised using a case by case basis, when the amount receivable can be measured accurately following written confirmation from the estate executor/ administrator. Management have accrued for a percentage of the legacy pipeline which is consistent with experience over the last four years.

2. DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Donations, legacies, appeals and similar income	4,460,841	290,917	4,751,758	3,546,994

In accordance with the Charities SORP (FRS102) the Charitable Company accounts for legacies as receivable when conditions for entitlement have been met; and receipt of the income can be measured accurately. An external notification service is used to notify the Charitable Company of bequests and a system of monitoring ensures that the legacy is tracked until receipt.

At the year end the Charitable Company had 16 (2017: 11) open legacy cases which had not met all of the above conditions. Should indicative amounts be received in respect of these legacies the Charity could benefit from a further £1,058,447 in the future. In applying the requirements of the Charities SORP (FRS 102) in measuring income when it can be accurately measured, an accrual of £443,074 (2017: £85,000) has been included in the accounts for legacy bequests.

3. CHARITABLE ACTIVITIES

	Unrestricted £	Restricted £	Total 2018 £	Total 2017 £
Local Health Authorities	331,430	-	331,430	298,694
Training	1,070	-	1,070	-
Public Funding	28,035	-	28,035	48,613
	360,535	-	360,535	347,307

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Retail activities	2,833,257	-	2,833,257	2,847,952
Membership lottery	2,038,109	-	2,038,109	2,089,976
	4,871,366	-	4,871,366	4,937,928

5. INVESTMENTS

	Unrestricted funds £	Restricted funds £	Total funds 2018 £	Total funds 2017 £
Listed investment Income	394,377	-	394,377	315,545
Interest received	214	-	214	-
	394,591	-	394,591	315,545

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted £	Restricted £	Total 2018 £	Total 2017 £
Donations and Legacies	1,262,327	-	1,262,327	1,112,360
Membership Lottery	960,853	-	960,853	1,083,369
Investment Management Costs	68,476	-	68,476	60,360
Retail Expenditure	2,892,866	-	2,892,866	2,823,299
	5,184,522	-	5,184,522	5,079,388

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted £	Restricted £	Total 2018 £	Total 2017 £
Provision of Care				
Direct Costs	3,551,499	54,559	3,606,058	3,409,459
Support Costs (see note 8)	794,026	-	794,026	761,623
	4,345,526	54,559	4,400,085	4,171,082

8. SUPPORT COSTS

Cost Categories	Charitable Activities £	Donations and Legacies £	Membership Lottery £	Retail £	Total 2018 £	Basis
Management	122,168	55,515	27,932	42,824	248,439	Average Head Count
Finance	219,304	178,480	46,696	100,493	544,972	Average Head Count
Governance (note 9)	107,653	-	-	-	107,653	Time Spent
IT	94,791	72,488	20,387	42,041	229,708	Average Head Count
Human Resources	148,943	110,340	32,190	64,992	356,465	Average Head Count
PR and Marketing	101,167	72,978	21,950	43,555	239,649	Time Spent
	794,026	489,801	149,155	293,904	1,726,886	

All costs are attributed by activity on the basis of head count or time spent on each activity. As the Charitable Company has only one charitable activity all support costs are allocated to this activity.

9. GOVERNANCE COSTS

Analysed as	Unrestricted £	Restricted £	Total 2018 £	Total 2017 £
Salary costs	79,379	-	79,379	82,220
Audit Fees	15,555	-	15,555	18,249
Accounting services	10,341	-	10,341	4,500
Legal and professional	1,687	-	1,687	11,532
Trustees' expenses	691	-	691	1,186
	107,653	-	107,653	117,687

10. NET INCOME

The net surplus / (deficit) is stated after charging:	2018	2017
	£	£
Operating leases	674,897	632,851
Fees payable to the Charitable Company's auditor for the audit of the parent	15,555	18,249
Depreciation of owned assets	316,066	316,063

11. TRUSTEES' REMUNERATION AND BENEFITS

	2018	2017
	£	£
Trustees Expenses	691	1,186

During the year 1 (2017:1) Trustee was reimbursed for travel and telephone costs in the year.

12. EMPLOYEES' REMUNERATION

a) Staff costs

Staff costs during the year were:

	Group	
	2018	2017
	£	£
Wages and salaries	5,168,024	5,068,681
Social security costs	449,384	423,431
Pension costs	282,369	282,631
	5,899,777	5,774,743

The key management personnel of the Charitable Company are the Chief Executive Officer, the Director of Care, the Director of Finance and Corporate Services, the Director of Income Generation and the Director of Human Resources. The employee benefits of key management personnel for the year totalled £354,157 (2017: £377,139). During the year there have been the following additional ex-gratia payments paid on departure for the former Chief Executive Officer for £37,500 and three former staff totalling £18,140. These payments were all approved by the board.

b) Staff Numbers

	2018	2017
The average head count of employees during the year was as follows:	No.	No.
Care Staff	96	97
Donations and Legacies	21	19
Retail Staff	73	76
Lottery Staff	18	22
Central Services	22	23
	230	237

c) Higher paid staff

The number of employees whose gross emoluments fall within each band of £10,000 from £60,000 upwards are as follows:

	2018	2017
£60,001 to £70,000	-	-
£70,001 to £80,000	2	2
£80,001 to £90,000	-	1
£90,001 to £100,000	-	-
£100,001 to £110,000	-	-

The Charitable Company also made pension contributions on behalf of the above employees totalling £14,266 (2017: £27,132) which have not been included within the banding categories above.

13. TAXATION

As a registered charity, Tŷ Hafan is entitled to the exemptions from taxation in respect of income and capital gains received within Sections 478 - 489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that these are applied to its charitable objects purposes only.

The trading subsidiary, Tŷ Hafan Trading Limited, has utilised previous taxation losses against taxable profit for the year and hence there are no amounts chargeable to corporation tax.

The trading subsidiary, Crackerjackpot Limited, has gifted taxable profits arising during the year to its charitable parent Tŷ Hafan Limited and hence there are no amounts chargeable to corporation tax.

As a consequence of the above, no tax charges have arisen in the group.

14. CHARITABLE COMPANY RESULTS

The Charitable Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements. The results of Tŷ Hafan (the Charitable Company) are summarised below:

	2018	2017
Total incoming resources	9,248,170	7,843,455
Total resources expended	(8,442,242)	(7,977,830)
Net outgoing resources	805,928	(134,375)
Net unrealised investment gain/(loss)	(5,017)	1,656,043
Net movement in funds	800,911	1,521,668
Funds:		
As 1 April 2017	16,568,492	15,046,824
At 31 March 2018	17,369,403	16,568,492

The above results include £1,093,712 (2017: £1,011,187) in gift aid donations received by the Charitable Company from its trading subsidiary Crackerjackpot Limited and a loss of £12,286 (2017: £31,676 profit) from Tŷ Hafan Trading Limited.

15. TANGIBLE FIXED ASSETS

Group and Charity

	Freehold Land and Buildings	Fixtures and Fittings	Equipment	Motor vehicles	Total
Cost	£	£	£	£	£
At 1 April 2017	6,867,554	1,035,891	233,344	76,658	8,213,447
Additions	154,265	75,309	23,720	3,990	257,284
Revaluations	-	-	-	-	-
Disposals	-	(21,028)	-	-	(21,028)
At 31 March 2018	<u>7,021,819</u>	<u>1,090,172</u>	<u>257,064</u>	<u>80,648</u>	8,449,703
Depreciation					
At 1 April 2017	1,528,762	735,756	151,168	68,882	2,484,568
Charge for the year	170,231	103,403	38,734	3,698	316,066
Revaluations	-	-	-	-	-
Disposals	-	(14,124)	-	-	(14,124)
At 31 March 2018	<u>1,698,993</u>	<u>825,035</u>	<u>189,902</u>	<u>72,580</u>	2,786,510
Net Book Value					
At 31 March 2018	<u>5,322,826</u>	<u>265,137</u>	<u>67,162</u>	<u>8,068</u>	5,663,193
At 31 March 2017	<u>5,338,792</u>	<u>300,135</u>	<u>82,176</u>	<u>7,776</u>	5,728,879
Net Book Value					
At 31 March 2018	<u>5,322,826</u>	<u>265,137</u>	<u>67,162</u>	<u>8,068</u>	5,663,193
At 31 March 2017	<u>5,338,792</u>	<u>300,135</u>	<u>82,176</u>	<u>7,776</u>	5,728,879

16. FIXED ASSET INVESTMENTS

Total fixed asset investments comprise:

	2018 £		2017 £	
	Group	Charity	Group	Charity
Interests in subsidiary undertaking	-	10,001	-	10,001
Market value of other fixed asset Investments	-	-	-	-
	11,054,902	11,054,902	10,715,264	10,715,264
	11,054,902	11,064,903	10,715,264	10,725,265

Interests in group undertakings

At 31 March 2018 the Charitable Company held 100% of the allotted ordinary share capital of the following subsidiaries:

	Country of Incorporation	Class of Share Capital Held	Company Number	Nature of Business	Capital and Reserves	Result for the Financial Year
Tŷ Hafan Trading Limited	England and Wales	Ordinary shares	05129825	Trading Merchandise	49,973	(12,286)
Crackerjackpot Limited	England and Wales	Ordinary shares	08221671	Lottery Operations	10,000	-

Other fixed asset investments were held as follows:

	2018 £	2017 £
	Group and Charity	Group and Charity
Listed Investments		
Market value at 1 April	10,715,264	9,598,164
Additions	1,784,973	1,591,391
Disposals	(1,287,484)	(2,579,636)
Cash movement	(152,834)	449,302
Revaluations	(5,017)	1,656,043
Market value 31 March	11,054,902	10,715,264
Historical cost	9,165,221	8,518,978

The market value at 31 March 2018 comprises a sum of £5,670,691 (2017: £5,458,492) managed by Rathbones, and a sum of £5,316,038 (2017: £5,188,335) managed by Barclays Plc. Also included in the market value are £68,173 (2017: £68,438) of shares which were bequeathed to the Charity taking the investment portfolio to £11,054,902 at the balance sheet date.

Income generated totalling £394,591 (2017: £315,545) was invested after deduction of management charges of £68,476 (2017: £60,360). The investments are unrestricted. During the year there were £0 (2017: £855,000) withdrawals from the investment portfolio to fund capital and other programme expenditure. The portfolio includes £8,857,943 (2017: £8,331,476) invested in UK investments and £2,196,959 (2017: £2,315,351) invested in overseas investments.

17. STOCKS

	2018 £		2017 £	
	Group	Charity	Group	Charity
Retail goods held for sale	71,554	30,452	£81,919	-

18. DEBTORS

	2018 £		2017 £	
	Group	Charity	Group	Charity
Trade Debtors	6,714	6,560	-	-
Prepayments and accrued income	844,805	840,445	529,124	526,414
Due from subsidiary undertaking	-	549,029	-	1,998,608
VAT recoverable	68,371	68,371	59,831	59,831
	919,890	1,464,405	588,955	2,584,853

Debtors are stated after provisions for impairment of £Nil (2017: £Nil).

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £		2017 £	
	Group	Charity	Group	Charity
Trade creditors	122,828	115,568	199,937	194,431
Owed to subsidiary undertaking	-	-	-	1,908,243
Social security and other taxes	150,136	141,253	135,138	125,110
Accruals	211,914	202,281	182,100	170,686
Deferred income	348,428	179,771	388,933	174,485
	833,306	638,875	906,108	2,572,955

Creditors: Deferred Income

Deferred income consists of income received in respect of future draws of the group's weekly membership lottery and grants to be utilised in future periods.

	2018 £		2017 £	
	Group	Charity	Group	Charity
As at 1 April 2017	388,933	174,485	295,207	79,497
Amounts released to incoming resources	(388,933)	(174,485)	(295,207)	79,497
Amounts deferred in the year	348,428	179,771	388,933	174,485
As at 31 March 2018	348,428	179,771	388,933	174,485

20. PROVISIONS FOR LIABILITIES AND CHARGES

	2018 £		2017 £	
	Group	Charity	Group	Charity
As at 1 April 2017	504,667	504,667	431,583	431,583
Charged during the year	118,848	118,848	73,084	73,084
As at 31 March 2018	623,515	623,515	504,667	504,667

The nature of the Charitable Company's activities requires it to enter into lease agreements for various items of equipment, property and vehicles.

The provision relates to management's best estimate of costs in respect of such items beyond fair wear and tear for which the Charitable Company is liable under the terms of each agreement.

21. PENSION SCHEMES

The Charitable Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Charitable Company to the scheme and amounted to £202,521 (2017: £206,186).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The Charitable Company also contributes to the NHS Pension scheme, whose fund is held independently of the Charitable Company. The scheme is an unfunded defined benefit scheme but the Charitable Company is unable to identify its share of the underlying assets and liabilities.

Employer contribution rates are reviewed every four years following a scheme valuation carried out by the government actuary. On the advice of actuary, the contributions may be varied from time to time to reflect changes in the scheme's liabilities.

The last formal actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2012 (published in June 2014). The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates, and these are currently being determined. The employer contribution rate is expected to be reassessed at the actuarial valuation to be carried out as at 31 March 2016. This valuation remains pending and will be incorporated into the financial statements year ended 31 March 2019.

The contributions to this NHS scheme in the year were £79,848 (2017: £76,445).

The Charitable Company has made no employer contributions into employee personal pension schemes (2017: £10,162).

22. MOVEMENT IN FUNDS - GROUP

	Balance at 1 Apr 2017	Incoming resources	Outgoing resources	Unrealised gain on Investments	Balance at 31-Mar-18
Unrestricted funds					
General funds	16,125,286	9,714,476	(9,530,048)	(5,017)	16,304,697
	<u>16,125,286</u>	<u>9,714,476</u>	<u>(9,530,048)</u>	<u>(5,017)</u>	<u>16,304,697</u>
Designated Funds					
Hospice Staff Costs	-	125,000	-	-	125,000
Transition	-	247,857	-	-	247,857
Total		<u>372,857</u>			<u>372,857</u>
Restricted funds					
Building	460,505	-	(8,117)	-	452,388
Hospice Equipment	19,224	6,087	-	-	25,311
Hospice Staff Costs	5,310	107,163	(38,387)	-	74,087
Garden Works Project	5,073	127,667	(8,055)	-	124,685
Care in Community	-	50,000	-	-	50,000
	<u>490,112</u>	<u>290,917</u>	<u>(54,559)</u>	<u>-</u>	<u>726,470</u>
Totals funds	<u>16,615,398</u>	<u>10,378,250</u>	<u>(9,584,607)</u>	<u>(5,017)</u>	<u>17,404,024</u>

Included within the above general funds are funds of the subsidiaries amounts to £49,972 (2017: £46,906) all of which are unrestricted.

General Funds:

General funds are available for use at the trustees' discretion in furtherance of the objectives of the Charitable Company. Included in general funds is the revaluation of investments to market value of £11,054,902 (2017: £10,715,264).

Fund Transfers:

During the year no funds were transferred from restricted funds to unrestricted funds.

Restricted Funds:

The Big Lottery provided funds towards the funding of the hospice extension and equipment. This fund is charged with the depreciation arising thereon.

The Welsh Government provided funding towards the purchase of the hospice freehold land. This land was purchased in 2010 and has been capitalised in the financial statements.

During the year we were also kindly donated funds towards the staffing of sibling support workers, nurses, garden project and equipment for the hospice including music therapy and play equipment.

Designated Funds:

Included in the unrestricted funds are two donations received during the year that have been designated for specific future expenditure, a total of £125,000 has been ring fenced for hospice staff costs and a legacy donation of £247,857 which will be spent on resources to help the transition between child and adult services.

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Fixed assets £	Investments £	Net current assets £	Provision £	Total £
Unrestricted funds	4,936,723	11,054,902	1,309,444	(623,515)	16,677,554
Restricted funds	726,470	-	-	-	726,470
Total funds	5,663,193	11,054,902	1,309,444	(623,515)	17,404,024

Charity	Fixed assets £	Investments £	Net current assets £	Provision £	Total £
Unrestricted funds	4936,723	11,064,903	1,264,822	(623,515)	16,642,933
Restricted funds	726,470	-	-	-	726,470
Total funds	5,663,193	11,064,903	1,264,822	(623,515)	17,369,403

24. RECONCILIATION OF INCOME/(EXPENDITURE) TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Notes	2018 £	2017 £
Surplus/(Deficit) of income over expenditure		788,626	1,553,347
(Gains)/Losses on investments	16	5,017	(1,656,043)
Net investment income and bank interest payable	5	(394,591)	(315,545)
Depreciation	15	316,066	316,063
Disposals/Revaluation Movement	15	6,904	-
Increase in stock	17	10,365	(26,840)
Increase in debtors	18	(330,935)	(121,252)
Increase in creditors	19	(72,802)	170,265
Movement in provision for liabilities and charges	20	118,848	73,084
Net cash outflow from operating activities		447,498	(6,921)

25. CAPITAL COMMITMENTS

There were no capital commitments as at 31 March 2018 (2017: None).

26. OPERATING LEASE COMMITMENTS

As at 31 March 2018 the group had annual commitments under non-cancellable operating lease arrangement as follows:

	2018 £		2017 £	
	Group	Charity	Group	Charity
Land and Buildings				
Leases expiring within one year	469,000	469,000	485,292	485,292
Leases expiring within 2 to 5 years	1,015,167	1,015,167	1,291,166	1,291,166
Leases expiring within greater than 5 years	148,667	148,667	313,333	313,333
	1,632,834	1,632,834	2,089,791	2,089,791
Other Operating				
Leases expiring within one year	16,866	16,866	54,119	54,119
Leases expiring within 2 to 5 years	4,303	4,303	21,960	21,960
Leases expiring within greater than 5 years	-	-	-	-
	21,169	21,169	76,079	76,079

27. LEGAL CHARGE

The Charitable Company has entered into a covenant with the New Opportunities Fund to discharge all monies and liabilities which shall from time to time be due as set out in the grant contract. As part of the agreement to award the Charitable Company a grant to fund the building of the hospice extension as continuing security for the payment and discharge of the liabilities, the New Opportunities Fund have been granted a first legal mortgage over the land and premises at Sully, Penarth, which has a net book value of £5,322,826 (2017: £5,338,792), and the Charitable Company assigns to the fund by way of first fixed equitable charge each and all of the insurance and all future easements and other rights at any time vested in or conferred on the Charitable Company in connection with or otherwise for the benefit of the property.

28. CONTINGENT LIABILITY

Sale of Land

As part of the agreement to purchase the freehold of the land on which the hospice is built an overage agreement applies to future development which is payable to the previous freeholder. The restriction is in place until 2035. It is not possible at this time to quantify any contingent liability arising.

29. MEMBERS' LIABILITY

The Charitable Company is a private company limited by guarantee and consequently has no share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Charitable Company in event of liquidation.

30. RELATED PARTY DISCLOSURES

The Charitable Company is exempt from disclosing transactions with its subsidiaries under the provisions of FRS 102, as the subsidiaries are 100% controlled by the Charitable Company.

31. INDEMNITY INSURANCE

The group has taken out Charity and Charity Trustees Indemnity Insurance at a cost of £498.40 (2017: £1,750).



tŷ hafan

the hospice for children in Wales
yr hosbis i blant yng Nghymru

Tŷ Hafan, Hayes Road, Sully CF64 5XX

029 2053 2199 www.tyhafan.org

REGISTERED COMPANY NUMBER: 3077406 (England and Wales)

REGISTERED CHARITY NUMBER: 1047912