

Tŷ Hafan
(A Company Limited by Guarantee)

Annual Report and Accounts
Year ended 31 March 2020

Registered company number: 3077406 (England and Wales)
Registered charity number: 1047912

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Trustees' statement

The trustees can confirm that their annual report and the accounts of the Charity and its subsidiaries for the year ending 31 March 2020, have been prepared in accordance with:

- the Charities Act 2011
- the Companies Act 2006
- Tŷ Hafan's 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).

Chairman's introduction

The distractions and challenges created for the Charity by the Covid-19 pandemic emerged in the last quarter of the year. However, as a board we felt it important to remain focused on ensuring we were able to provide much needed care and support for the long-term sustainability of the Charity.

Tŷ Hafan exists solely for the benefit of children with life-limiting conditions and their families in Wales, a group of people who face unimaginable adversity on a daily basis. As always, their resilience and optimism in the face of unimaginably difficult circumstances inspires everything that we do. It underpins every strategic decision made by the board in challenging times, and in unprecedented times of uncertainty and crisis.

We remain passionately committed to building on the legacy of our founder, Suzanne Goodall, who had the vision to create the Charity, which came to fruition 21 years ago. In this report we recap the key highlights of the past year and outline our continued efforts to adapt in the face of challenge and change. Our chief executive describes the challenges we faced as the financial year came to a close, the adaptations we have made, and the key strategic investments to help ensure that Tŷ Hafan, now in its twenty-first year, will be here for generations to come.

Tŷ Hafan would not exist without the funds generously donated by the public, whether that is through individual giving, participating in our lottery, donating to, or shopping in our charity shops, or participating in events. We are massively reliant on the profitability of our income streams for the funding required to provide the services we offer. The income we generate, our supporters' fundraising efforts, the generosity of our major donors, the contributions and pro-bono efforts of individuals and business partners, and grants by charitable trusts and foundations collectively represent 95% of our income. We also depend on the commitment and effort of 239 staff and the invaluable support of our brigade of over 700 committed volunteers across Wales who underpin our fundraising efforts, and without whom our retail network would grind to a halt.

In 2019/20, through everyone's collaborative efforts, we overcame challenging economic conditions, accentuated by the pandemic in the final months of the year. As the Covid-19 crisis unfolded, Tŷ Hafan continued to provide uninterrupted crisis care and end-of-life support for children with life-limiting conditions and their families in Wales. Given the uncertainties of the external environment, we focused on adapting to respond to the ways in which our families needed us, while dealing with the impact of the restrictions imposed to address the coronavirus crisis. I am incredibly proud of how our teams responded to facilitate this continuity.

With most families shielding, the importance of services that allowed us 'virtually' into their homes was paramount. We invested in making our hospice facilities Covid-secure to ensure that those visits which could take place were safe and welcoming, providing a true 'haven' in a time of extreme anxiety and need. The care services team adapted to working with PPE, putting the needs of our most vulnerable children

and families first. I observed first-hand how Tŷ Hafan's dedicated staff and supporters rose to the challenge, evidencing resilience, fortitude and an unwavering commitment to our vision and mission, and I have no doubt that this will continue through the strong leadership team we have in place. We will face the challenges that Covid-19 presents to us head on, using our reserves wisely and adapting our approach to fundraising to ensure that we can be there for those children with life-limiting conditions and their families who need us.

As the financial year ended we said farewell to Rob Jones, chief executive, and Carol Killa, director of care, and I would like to take this opportunity to thank Carol and Rob for their dedication and commitment to Tŷ Hafan and wish them every success for the future.

Through this period of uncertainty and change, rest assured that the board remains committed to providing stewardship and guidance for Tŷ Hafan. We are confident that, under the skilled leadership of the executive team and the dedication of our committed teams we will safely navigate this uncharted territory and adapt the Charity to address the new realities we all face.

We remain truly grateful for the ongoing generosity and support provided by our supporters and staff. Seeing at first-hand how this translates into the provision of the services we offer and the ways in which the services are received by children and their families in the hospice and in the community is a privilege beyond quantification.

Martin Davies
Chairman of the Board

Chief executive's statement

In a year of incredible change, it is important to take a moment to look back and reflect on the achievements of the preceding year. Throughout 2019/20, Tŷ Hafan continued to provide a broad, compassionate and professional service in our hospice, in children's homes and in the community across Wales. We were privileged to be able to offer our beneficiaries respite care, family and sibling support, play therapy, complex care, symptom control, psychological support, physiotherapy, and much more besides.

In ordinary times, this is a challenging task, with a proliferation of 'good causes' placing competing demands on the generosity of the public. In the context of Covid-19, this challenge is on an unprecedented scale. Against an already difficult backdrop, the pandemic decimated our income sources in Q4, forcing the cancellation of our entire events schedule for 2020, the closure of our retail shops in line with government restrictions, and the stepping down of our army of volunteers. Over half of our staff were placed on furlough. The disruption continues to have a devastating impact on our income and introduces new risk factors, but we remain resolutely focused on our purpose and our commitment to our families.

None of this could have been achieved without the collective efforts of a range of steadfast individuals and their teams. Our dedicated care team, who provide professional, caring and heartfelt support to children with life-limiting conditions and their families, 24 hours a day, 7 days a week and 365 days a year. Supported by colleagues in income generation, who work tirelessly in order to generate the £4.5m income needed annually to sustain these care services, their work is also made possible by the 'hidden heroes' behind the scenes in corporate services.

As 2019/20 came to a close, we welcomed a new director of care, Deborah Ho, a visionary with a wealth of hospice experience. I was humbled and privileged to join the executive team in early May 2020. With both Deborah and I having prior experience as trustees (and myself as former chair), we were able to adapt quickly to working remotely in our new roles, collaborating with executive colleagues to navigate the Charity through this very uncertain time, prudently managing our limited funds.

A key ongoing priority for us is the stewardship and support of notable strategic investment projects launched in 2020/21, which are fundamental to securing the future of our services:

- The 'Fit for the Future' campaign was launched to upgrade to state-of-the-art facilities at our hospice building in Sully. Working with our contractors who shared our commitment to this important project, we were able to re-plan and make the necessary adjustments to address the restrictions of the pandemic. Although this involved additional costs and a six-month delay, as I write, construction is at an advanced stage and will enhance our provision of care and comfort in the years ahead. Our fundraising for this project was severely disrupted by Covid-19.

Subject to raising the balance of funds we are on track to complete the project in December 2020.

- To ensure an all-Wales approach to addressing the needs of the children and families who depend on our services, we partnered with Tŷ Gobaith, the children's hospice in north Wales, to understand the perspectives of the children and families we support. 'Family Voices' provides voice to children with life-limiting conditions and their families. Over 130 families supported the research which will provide invaluable insights for the development and evolution of care services both at the hospice and in the community. The analysis reinforces the compelling need for charities to be there to provide a wrap-around to the statutory services that children and families rely on.
- Concurrently, the board commissioned an independent care services review. This examines the current provision of services, the risks to this service, and will recommend best practice adaptations to ensure the Charity's services evolve to meet the needs of children and families in the future. We look forward to the findings of this review in Spring 2021.

As we navigate the continued uncertainty of 2020, we are constantly innovating to find new ways of delivering charitable care services at the hospice and in the community. We are adapting our approach to generating the income necessary to ensure continuity of these services.

Inspired by children and their families, my colleagues and I remain resolute in our commitment to keeping our doors open and our services available, now and in the future. We are grateful for the stewardship and support of the board and the generosity of the public in Wales in enabling us to do so.

Maria Timon Samra
Chief Executive

What we do

Tŷ Hafan exists to provide care and support for children and young people with life-limiting conditions, and their families in Wales.

A multi-professional care services team includes a consultant, specialist nurses and therapists, working together to deliver child and family focused palliative care and support. Our teams help families with emotional and practical issues, from unlocking financial support to signposting them to local support to bolster their resilience and coping. Together, these services are there when they are needed most, providing care that is heartfelt, personal and lifelong, so that families are able to make the most of every precious moment.

We offer our services wherever the family needs them. Our hospice at Sully offers a tranquil stay for families on the Vale of Glamorgan coastline and features bespoke medical equipment, a specialist playground, sensory aids and a hydrotherapy pool. Our reach also extends directly into the homes of families and into their communities.

Support is available for days, weeks, months or years, and this is determined simply according to the needs of the child and their family.

Importantly, all of our services are free of charge. To be able to do this, Tŷ Hafan relies on volunteers and fundraisers to raise awareness of the cause and generate the funds necessary to sustain and grow the Charity. We would cease to exist without their help.

Quite simply, Tŷ Hafan provides support that would not be available to our children and their families from anywhere else.

Our activities explained

Tŷ Hafan aims to deliver personalised care and support to children with life-limiting conditions and their families.

We focus on quality of life. Our highly skilled multi-professional teams strive to help families deal with each stage of their child's life to enable them to enjoy their precious time together.

Fun and play are central to our service. The hospice is a warm, caring and child focused place. It is unique in providing families with an environment that enables safe and effective care. For families, it is a place to be together, secure in the knowledge that help and support is nearby if it is needed. It is also a place to create memories to cherish that will last a lifetime. We help families make the most of every minute, remembering that first and foremost children are children and not the sum of their condition.

At the heart of the hospice is the expert team of care staff who are able to deliver the highest level of care for the children and their families. They provide bespoke care

that is tailored for children living with a wide range of complex conditions, from pre-birth all the way through to 18 years of age and beyond.

These conditions can include those that inevitably shorten life, as well as life threatening conditions that may be cured, but can also fail such as childhood cancers. Some children will be living with rare progressive conditions for which there may be no cure available. In this case, we support families to begin to come to terms with this devastating news, while still enjoying their child's life. Some children may also be living with severe disabilities such as cerebral palsy, which makes them susceptible to health complications and the risk of a premature death.

Most children with life-limiting conditions require 24-hour care from their parents. This intensive round the clock care places a huge physical, emotional and financial strain on family life.

At Tŷ Hafan we provide the support that makes it possible to carry on. At the hospice, parents get a break from being carers and enjoy being a family, safe in the knowledge that they are being supported by a team that has the skills and expertise to provide their child with the care and support they need. We help them explore the decisions that no one wants to make. Many of the families we meet describe this help and support as their 'lifeline'.

Our care also extends to siblings. They face many challenges and we ensure that they have a safe space to talk about their feelings and enjoy time with not only their family, but also with other siblings.

Our care and support is available through a range of services:

Respite care

The hospice provides a specialised environment for planned short break care. This means that parents who are struggling balance the daily demands of caring for a child with a life-limiting condition are able to enjoy a rest. For some this will mean spending time being mum and dad, and not a carer. They are able to relax and rest, safe in the knowledge that their children are being cared for by the Tŷ Hafan team. For some families, they take this time to take a short holiday so that they and siblings in the family can enjoy a little more freedom. These types of breaks are essential and highly valued by families.

Emotional support

Caring for a child with a life-limiting illness is often exhausting for families who have little time to rest and fulfil their roles as carers with skill and expertise. Our skilled family support team is available around the clock, every day of the year. They provide support in family homes and over the telephone, often over many years. Their work is personalised and focuses on building resilience and coping. When coping feels overwhelming, they are often the team that spot's the signs that a stay at the hospice is needed.

Sibling support

The siblings of children with life-limiting conditions face unique challenges themselves. We offer specialist sibling support to children who may help care for their brother or sister, and have to deal with all the issues that can stem from this; the impact on their own childhood, a sense of isolation and loss. Support ranges from one-to-one sessions to age-appropriate sibling groups, where they can share their feelings with children experiencing some of the same feelings. We can help these children take a break from their responsibilities and enjoy their time with their parents and families, devote time to their own wellbeing, and deal with bereavement and beyond.

Practical support

Families with life-limited children are more likely to suffer from financial hardship and can find it difficult to access additional support. Tŷ Hafan offers specialist support to help families navigate these challenges and signpost them to sources of additional support.

Play and specialist therapy

All children love to play. It is an essential part of childhood and we put play at the heart of all that we do. Our play therapy team ensure that play features prominently for all the children that we care for and ensures that the hospice is a fun and happy place. Our extensive adapted playground is designed to be accessible to all. We also offer art and music therapies, offering new ways for children to express themselves, whilst the hydrotherapy pool allows time for specialist physiotherapy as well as family fun.

End of life care

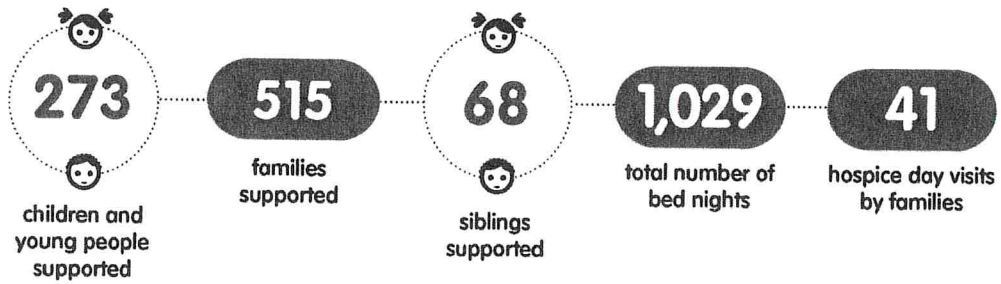
The families live with the reality that the time they share with children will be short. When it becomes clear that a child is facing the very end of their life, Tŷ Hafan is always there. We support the family as they decide the best plan the care of their child during their end of life. We talk with them about their wishes, including their preferences in terms of place of care. Our nursing staff are experienced in managing complex symptoms, and we provide guidance and support to each family member, individually and collectively. At the time of the child's death we can help plan them navigate all that they need to do, including providing support with funeral planning. When the time comes, we are with them at the very end of life wherever they wish that to be, at the hospice, at home, or at hospital.

Bereavement care

Our care and support continues beyond the child's death. The care services team is able to provide bereavement support, including individual sessions and support groups. We also plan events with the needs of newly bereaved families in mind. Annual bereavement events provide opportunities for families to stay in touch with Tŷ Hafan long after bereavement.

The families supported by Tŷ Hafan are never forgotten by us. We support them for as long as they need and ensure that the memories of their children live on.

key facts 2019/20



Public benefit, vision, mission and strategic objectives

Under section four of the Charities Act 2011 we have a duty to report on our organisation's public benefit. The board is confident that we meet those public benefit requirements having taken Charity Commission guidance into consideration, and that our activities are consistent with our aims and objectives.

Through the Charity's vision, mission and strategic objectives, we believe that we meet the public benefit requirements through the broad range of services that we deliver free to our beneficiaries and what we do.

Vision A Wales where all children who may die in childhood live a fulfilling family life.

Mission To offer a high standard of free care to children in Wales who may die in childhood in order to enrich their quality of life and support their families during life, at end-of-life and through bereavement.

Values Caring, collaborative and professional.

Strategic priorities

Tŷ Hafan strategy has four core goals that we aim to achieve through a range of objectives to expand reach, service development, build resilience and invest in people. Across all these goals and objectives we are committed to demonstrating transparency and openness.

Objectives:

- To support the identification of all children with life-limiting conditions in Wales who may die in childhood and, in cooperation with others, offer them and their families, needs assessed palliative care and support.
- To ensure best practice in the delivery of a range of unique and complementary quality bespoke care services to children and their families.
- Aim to position Tŷ Hafan as the primary authority leading collaborative efforts to facilitate the development of paediatric palliative care in Wales, and as the most recognised charity in Wales.
- To provide sustainable funding to support the provision of care, now and in future, and ensure the effective and efficient use of all resources.
- To attract, retain, engage and nurture the best people to achieve the charity's objectives.

Achievement and Performance

Refurbishment of Tŷ Hafan's hospice building in Sully

In the 21 years since Tŷ Hafan opened the doors to its hospice in Sully, hundreds of children with life-limiting illness have experienced its specialist care and support. Over time, its facilities have become tired and outdated. The needs of children accessing services have become increasingly complex.

In 2019 the board committed to a refurbishment project that would see improvements made throughout the care wing. This marks its first major refurbishment and has been planned and designed with the needs of children and families in mind. The refreshed environment will support the delivery of safe and effective care, enable children to have fun, and importantly, allow families to spend time together in a safe, secure and lovely environment, giving them a much-needed break in their unfairly difficult lives.

The beach theme reflects our coastal location. We will also update our family accommodation. This vital facility enables family to get a good night's sleep as well as to mingle with other families who know how it feels to face the inevitability that their much loved child will live a short life.

Family Voices

Over the last five years, Tŷ Hafan has become increasingly aware of the changing profile of need for children living with a life-limiting illness. Many children are living longer but with increasingly complex needs. For families, while this brought about more opportunities to spend special moments with their children, it also made their already unfairly hard lives even more challenging.

At Tŷ Hafan, we were beginning to see increasing demand for our skilled and supportive care services at the hospice in Sully, and across our communities. Our services, locally unique within south and west Wales, experienced first-hand how families were struggling to cope with their caring responsibilities. For many, this responsibility extended not over weeks and months but over many years.

In response to this growing awareness, the board commissioned a survey of all families who were currently accessing Tŷ Hafan's services, as well as families who were bereaved and had used the hospice's services in the past. We wanted to give these families a bolder voice. To provide an all-Wales view, we partnered with Tŷ Gobaith, the children's hospice in north Wales.

We asked:

- what do families of children and young people with life-limiting conditions need to live the best lives they can?
- what role do children's hospices in Wales play in providing this support?

This opportunity resulted in over 130 families sharing their stories, providing a window to their world. They shared the realities of their day to day lives, and they told

us the things that made a real difference. Specifically, they shared the value they placed on the contribution made by children's hospices.

In 2020, the responses will be analysed and a report collated outlining the key themes and issues. Tŷ Hafan will use this rich insight to inform future service developments and engage the wider community, including statutory funding bodies, to join with Tŷ Hafan and rise to the challenge of improving experiences for families of children with life-limiting conditions across Wales.

Fundraising

Tŷ Hafan relies on fundraising as its principal source of income. With statutory funding from bodies such as government, the NHS and local authorities accounting for less than 5% of our annual funding requirement the delivery of our services depends almost entirely on donations from our generous supporters.

Individual donors can support Tŷ Hafan in a variety of ways, for example, by donating a regular gift by direct debit, making a one-off donation to one of our seasonal appeals, or making a cash donation in a collection box, located across Wales. They may also choose to make an 'In Memory' gift to Tŷ Hafan to commemorate a loved one, or provide us with a legacy donation by remembering us with a gift in their will.

Large cash donations from individuals can have a significant impact on our service delivery and our fundraising team can create tailored philanthropic packages to accommodate these gifts.

More intrepid supporters can take advantage of events such as 'Ride to the Rugby' and the 'Welsh 3 Peaks' to challenge themselves whilst also raising much needed funds for us. Attendance at our annual hospice family fun day offers an opportunity for supporters to visit the hospice, take a closer look at what we do and donate to help the cause.

Friends of Tŷ Hafan groups bring together individuals who organise year round events to generate funds for Tŷ Hafan. Some of these groups have been established since the inception of the Charity and continue to play an important role in our fundraising efforts.

Support from businesses and corporate organisations is a vital element in our fundraising mix. Tŷ Hafan has a team dedicated to helping engage the workforce to raise awareness of our cause and income. Business partnerships generate multiple, mutually beneficial opportunities for both parties and are an important source of income for us.

Tŷ Hafan's fundraising also includes commercial activities of our retail and lottery subsidiaries. Tŷ Hafan shops stretch across Wales and deliver both a modern shopping experience and provide a hub which allows us to reach out into local communities to spread awareness of our work. The Crackerjackpot lottery, which is a subsidiary wholly owned by Tŷ Hafan, is one of the largest hospice lotteries in the UK and delivers a stable, providing a reliable source of income for us. Combined, this broad range of income streams creates a balanced and stable fundraising platform for the Charity.

Regardless of how a supporter chooses to help us, our approach keeps our supporters at the heart of all of our fundraising activities. We are sincerely thankful for the support that we receive from our community which enables us to provide care and support for children with life-limited conditions and their families in Wales.

Tŷ Hafan is registered with the Fundraising Regulator.

Fundraising performance

Our fundraising efforts were severely hampered in the fourth quarter. However, we can share some of the highlights of our fundraising activities for the year:

- £2.5m raised from our supporters donating, or shopping at, one of our stores across south and west Wales.
- £1.9m from sales of our weekly lottery 'Crackerjackpot'. One of the largest hospice lotteries in the U.K. with over 34,000 average weekly plays.
- £0.9m received from the generosity of our individual supporters giving towards Tŷ Hafan through various methods such as regular weekly donations, community groups, or response to our appeals.
- £0.4m from businesses who have donated funds, taken part in fundraising activities or supported us in other different ways.
- £0.5m raised from participants in our many events such as Ride to the Rugby, Three Peaks Challenge or taken part in other organised challenges.
- £0.7m received from charitable trusts and grants funding valuable services and projects to help deliver care and support to Tŷ Hafan children and families.
- £0.8m received from the generosity of individuals who supported us through gifts in their wills.

People

Employees

As a charity that both delivers care to our service users and fundraises for our income, Tŷ Hafan employs a broad range of staff with diverse skills and experience. Altogether we employ over 220 staff members with roles ranging from paediatrician to shop manager, community fundraiser to play therapist, lottery administrator to specialist paediatric palliative nurse. All of these staff are supported by a network of IT, HR and finance professionals with the one overarching aim of delivering the best possible service to children with life-limiting conditions and their families in Wales.

To ensure that we achieve this goal the focus on staff training and wellbeing is paramount. In 2019/20 we continued this focus on staff with bespoke personal development across the charity. Alongside statutory care training, there were both internal and externally programmes formulated in response to feedback from the annual staff survey to ensure excellence across disciplines. Management and leadership skills were the centre of a number of training initiatives to ensure individual teams could confidently drive forward the strategic aims of the Charity.

Diversity and inclusion are integral to all that we do. Our processes ensure that no member of staff or job applicant receives less favourable treatment on grounds of age, disability, gender reassignment, marital status, pregnancy and maternity, religion or philosophical belief, sex and sexual orientation.

Volunteers

An army of dedicated volunteers are vital to ensuring we can deliver care services to our beneficiaries. Over 650 volunteers gave over 10,000 hours across the year to help keep Tŷ Hafan's retail shops open for trade. Volunteer ambassadors shared our story across Wales helping to raise funds, secure gifts in wills, and generate corporate and community support. Without the generous time donated by our volunteers the Charity's annual raffles would not have been able to generate over £100,000 of income for the cause. Hospice volunteers entertained the children with much-loved story-time sessions, whilst others tended the hospice gardens, which allow families to enjoy precious time together in tranquil surroundings.

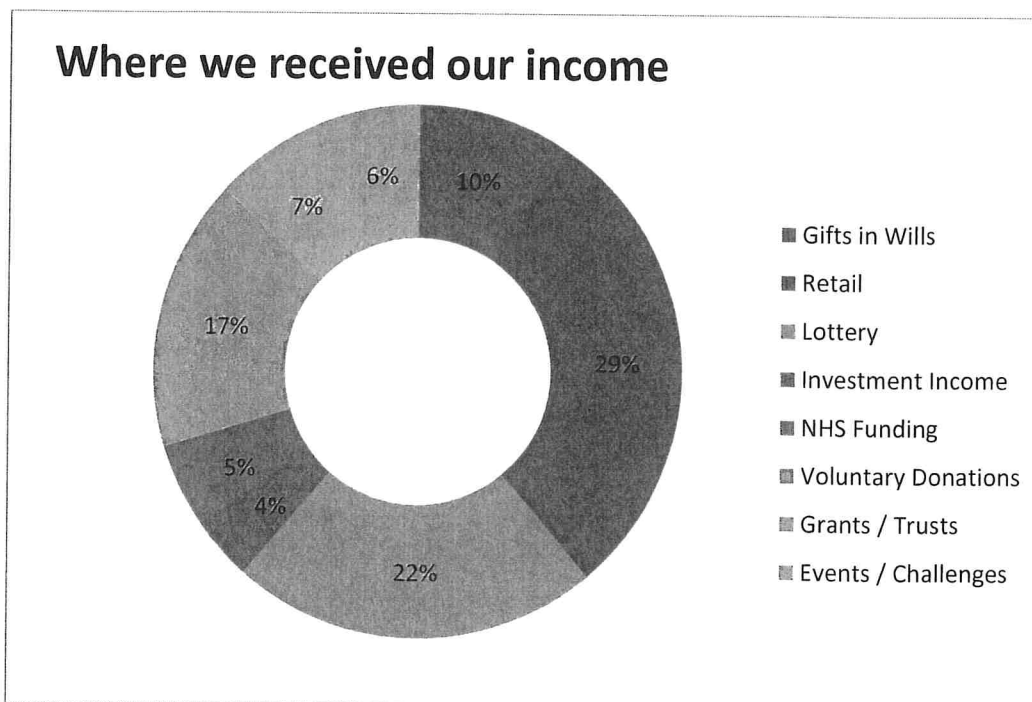
The myriad of ways in which Tŷ Hafan has been supported by volunteers are too many to acknowledge here. Whilst we are unable to recognise their work as a financial amount in the annual accounts, we know that their work continues to prove invaluable in supporting children with life-limiting conditions and their families.

Financial review and results for the year

Results for the year ended 31 March 2020 are shown in the Consolidated Statement of Financial Activities on page 31. This shows the financial results for Tŷ Hafan and its trading subsidiaries, Tŷ Hafan Trading Limited and Crackerjackpot Limited, which both donate their profits to the charity.

Income

Total income received in 2019/20 reduced to £8,506,379 (2018/19 £9,470,928). This represents a 10% fall from the previous year.



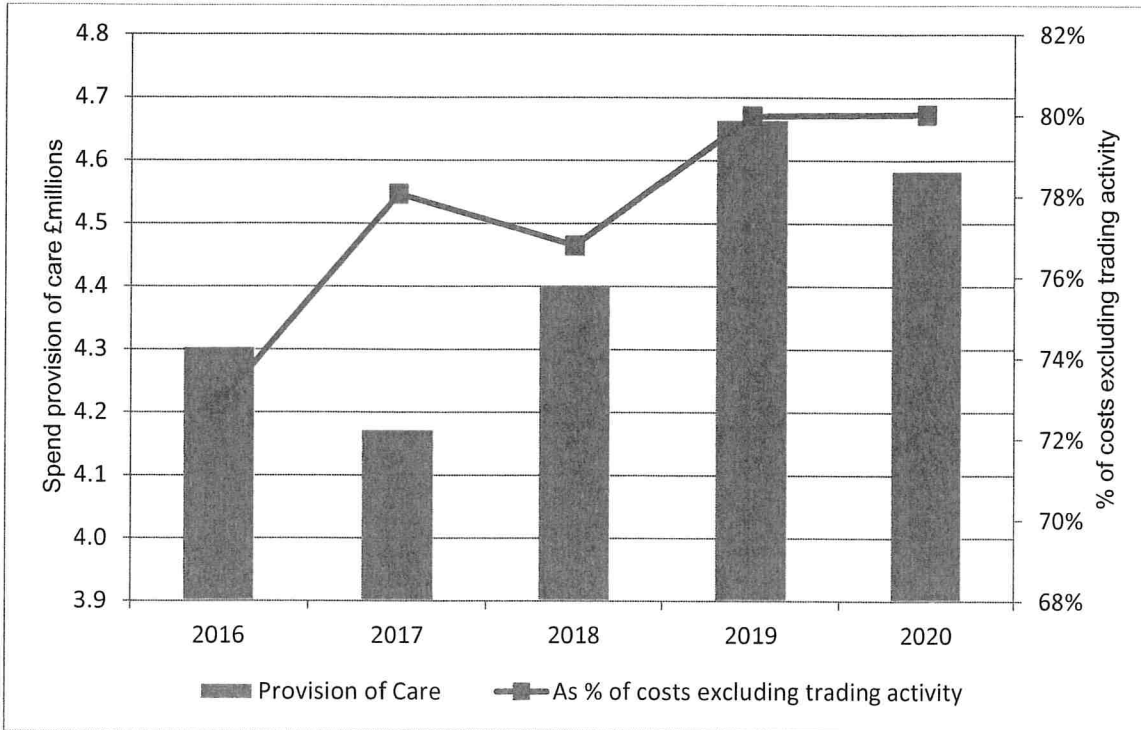
The year on year decline in income is mainly attributed to the reduction of gifts in wills by 50% to £808,454 (2018/19 £1,612,289). Retail income also fell by 7.9% to £2,484,694 (2018/19 £2,698,156) with store numbers reduced during the year to 25 following one store closure during the year.

The financial impact of Covid-19 was first felt by the charity in March 2020 with the closure of all our retail stores and cancellation of fundraising events. A relatively small amount of government support (£25k) for the pandemic from the job retention scheme is included in the accounts for 2019/20.

Expenditure

Total expenditure in 2019/20 was £9,392,688 (2018/19 £9,495,698). There was a slight reduction of spend in the provision of care -£81,089 (2%) which was largely due to the reduction in occupancy from January 2020 due to the start of the refurbishment of the hospice. Expenditure in retail fell by £107,906 (4%) despite a £138,500 provision for onerous leases for store closures in 2020/21.

Five Year Expenditure on Charitable Activities



Excluding our trading activity in retail and lottery, 80 pence of every pound of expenditure is spent on charitable activity. This is in line with our objective to ensure more of our donations are used directly on our beneficiaries.

Cashflow

Overall in 2019/20 there was a net cash outflow of £655,070 reducing the cash held to £368,677 as at 31 March 2020. This was mainly driven by the operating deficit in the year.

Fit for the Future campaign

2019 saw the start of a major fundraising appeal to mark the twentieth anniversary of Tŷ Hafan. Paediatric palliative care has developed significantly during Tŷ Hafan's lifetime and to ensure that the hospice is fit for the future, the Charity began a major refurbishment project.

The building will be upgraded from top to bottom so that it will achieve the highest clinical standards while continuing to provide the same comfortable home-from-home atmosphere that families have come to rely on. Thanks to the amazing generosity of our supporters we raised £663,408 in 2019/20 towards the £1 million target with the appeal continuing into 2020/21. The work began in January 2020 with an original completion date of July 2020, however, this has now been delayed until December 2020 due to the Covid-19 pandemic.

Reserves

The board considers the maintenance of unrestricted reserves as an essential safeguard to mitigate the risks faced by the Charity and their potential impact on income and planned expenditure. The Charity has a responsibility to give confidence to its beneficiaries that we can provide our services even during times of economic uncertainty.

The board has established the level of reserves using the methodology outlined in the Charity Commission guidance and has considered the level of required reserves based on the assets used in the Charity and the risk to the Charity and likelihood of an event occurring.

The reserves policy is reviewed and agreed each year by the board.

The Charity's reserves are detailed in note 22 and 23 of the accounts.

At 31 March 2020, the Charity held £8,991,418 in unrestricted free reserves (2019: £11,366,869). The reserves were broken down as follow:

	31/03/2020	31/03/2019
Net Assets	£15,895,976	£17,894,646
Less Fixed Assets	(£5,788,945)	(£5,727,805)
Less Restricted Reserves	(£1,115,613)	(£799,972)
Unrestricted Free Reserves	£8,991,418	£11,366,869

Unrestricted free reserves have reduced by £2,375,451 (21%) during the year. This reduction can be attributed to the planned operating deficit for the year and the fall in investment markets at the end of 2019/20 due to the Covid-19 pandemic. As a result, the loss on investments held by the charity for the financial year amounted to £1,112,361.

Going concern

The Charity's financial position and performance has been outlined in the financial review above. The board has assessed projected future income, expenditure and cash flows, and analysed the strength of the Charity's reserves, liquid assets and its ability to withstand a material fall in income. Consideration has been given to the stability and diversity of various income streams in making this assessment and the challenges currently faced by the Charity due to the pandemic.

The board has concluded that there is a reasonable expectation that Tŷ Hafan and its trading subsidiaries, Tŷ Hafan Trading Limited and Crackerjackpot Limited, have adequate resources to continue activities for the foreseeable future. Therefore, they have continued to adopt the going concern basis in preparing the financial statements.

Approach to financial investments

Decisions about the investment strategy and policy are governed by the finance with governance committee and approved by the board. The investment policy is reviewed annually by the board.

Tŷ Hafan's investment portfolio is managed by investment managers according to the board's instructions. The investment strategy is formally reviewed with our investment managers and finance with governance committee annually and more frequently when considered necessary.

During 2019/20 the investments were managed by Barclays Wealth Management and Rathbones Investment Management, however, following a periodic review of financial investment management, we appointed Brewin Dolphin as our primary investment manager. The transfer of the portfolio is scheduled to take place in 2020/21.

Tŷ Hafan's investment risk appetite for its investment portfolio is consistent with a strategy of seeking to preserve and generate longer term capital growth and income ahead of the rate of inflation in order to grow the free reserves of the Charity. Tŷ Hafan does not depend on investment returns to fund its short term operational requirements and is, therefore, able to tolerate short to medium term volatility of its investment portfolio.

The total value of the investment portfolio as at 31 March 2020 was £10,664,014 (2019: £11,826,182) representing an overall decrease in value for the year of -9.8% (2019: +7.0%).

During the year, there was a cash withdrawal from the portfolio totalling £300,000 (2019: £0).

The board 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 ethos 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. This is reviewed annually alongside the investment policy review.

Structure, governance and management

Tŷ Hafan is a charitable company limited by guarantee and an independent hospital. It is subject to company law, charity law, trust law and bound by legislation governing the safe delivery of healthcare, and therefore, accountable to its regulators:

- the Charity Commission
- the Fundraising Regulator
- the Gambling Commission
- Healthcare Inspectorate Wales (HIW), and
- HMRC.

The board is legally responsible for financial probity, regulatory compliance and the Charity's registration as an independent hospital. It is the accountable body, governing Tŷ Hafan through its constitution. Tŷ Hafan's Articles of Association, Scheme of Governance (including Standing Orders, Matters Reserved for the Board, Scheme of Delegation) and Statement of Purpose form the Charity's governance framework for implementing the Charity's strategic objectives, monitoring progress and managing the Charity's charitable activities effectively, honestly, prudently, safely, transparently, and without personal gain.

Trustee recruitment and development

A trustee code of conduct ensures trustees continue to act within their powers to deliver the Charity's objects for the long-term public benefit of the Charity's beneficiaries. They must exercise their duties, individually and collectively, according to the Charity's constitution and charity law.

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, checks 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 election to a maximum of six years' tenure. All current trustees are also directors of the company and served throughout the year, unless otherwise noted.

Delegation

To work effectively, the board delegates specific authority to the chairman and committees and delegates operational management to the chief executive. The chief executive is responsible for implementing the business plan and leading the executive in managing Tŷ Hafan's day-to-day activities. The board oversees the management of the Charity and meets regularly to receive reports from its committees, executive directors and officers of the board. Although certain authority is delegated, the board remains ultimately accountable for the Charity's affairs, financial probity, legal and regulatory compliance and registration as an independent hospital.

Committees

The board is supported by four standing committees, with specific remits to scrutinise management of the Charity's operations, in order to provide assurance to the board on delivering Tŷ Hafan's strategic objectives.

- Clinical governance committee ensures excellence in clinical care by monitoring the quality of safeguarding and care service delivery.
- Directorate and operations committee examines operational management and fundraising activity.
- Finance with governance committee considers financial, fiduciary, governance and investment issues.
- Remuneration committee examines matters relating to salaries and pay awards.

Pay structure

Annual pay awards are considered by the remuneration committee for approval by the board. The committee scrutinises proposals following an annual benchmarking review to ensure fair and equitable pay, determined by affordability, economic indicators, competitiveness and the cost of living. The chief executive's salary is determined by the board. In 2019/20 there was no pay award due to the financial position of the Charity.

Subsidiary companies

As disclosed in note 7 to the Financial Statements, Tŷ Hafan owns two subsidiaries, Tŷ Hafan Trading Limited and Crackerjackpot Limited, which are independently governed and gift surplus funds to the Charity.

Managing risks and uncertainties

Due to the nature of its charitable activities, Tŷ Hafan recognises that the organisation is exposed to certain risks in running a specialist paediatric palliative care hospice; in managing a retail portfolio and operating a lottery; from its fundraising, events and marketing activities to managing its estates, finances and investments, while safeguarding its people and resources, and maintaining best practice standards of charity and clinical governance.

As the Charity strives to extend its care services to more children and families, further risks will inevitably arise as care service provision becomes more complex and financial sustainability becomes increasingly challenging at a time when economic pressures are impacting on the third sector.

Tŷ Hafan's risk management policy forms part of the Charity's risk management framework and is integral to Tŷ Hafan's Scheme of Governance. The framework is based on the principles of BSI ISO 31000 and COSO Enterprise Risk Management framework, aiming to integrate with the business planning process. Implementation of the policy addresses the regulatory requirement for trustees to publicly account for the effectiveness of the Charity's risk management processes, in order to support the Charity's commitment to continuous organisational improvement.

Regular management of the corporate risk register by the executive and risk management group provides assurance on whether effective control measures are in place to manage risks to an acceptable level. Recommendations are scrutinised by relevant committees for endorsement and onward approval by the board at least annually. The board's risk appetite will also determine which risks are treated through the development of risk treatment actions.

Principal risks identified in the period include:

- financial stability and safeguarding the Charity's assets
- information governance
- safeguarding
- reputational risk
- economic uncertainty
- environmental challenges

The business plan proposed for 2020/21 aims to support the risk management strategy by investing in the right operational model and the right skills and technology to deliver the Charity's objectives to the right people in the right place at the right time, based on a sustainable model for the future success of the Charity.

Trustees are satisfied that the treatment of risks is regularly assessed, monitored and reviewed to ensure actions and controls are effective and ensure the Charity remains compliant and meets the highest standards of care for children and their families. Tŷ Hafan is not aware of any principle uncertainties as at 31 March 2020, nor in the period before signing the annual report and accounts.

Reference and administrative details

Registered name of charity

Tŷ Hafan – the hospice for children in Wales

Charity number

1047912

Company number

3077406

Trustees

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

Martin Davies (chairman of the board)
Richard Adams
Susanna Carter
Deborah Ho (resigned 29 November 2019)
Dr Keith Holgate
Dr Huw Jenkins
Robert Lamb (resigned 19 August 2019)
Peter Maggs (resigned 15 January 2020)
Gareth Morgan
Kath Palmer (resigned 4 December 2019)
Elizabeth Thomas
Sian Thomas

James Pepper, previously co-opted member, was appointed as a trustee on 9 April 2020.

Executive Officers

Chief Executive and Company Secretary

Robert Jones (resigned 13 July 2020), company secretary (resigned 6 June 2020)
Maria Timon-Samra (interim chief executive from 11 May 2020)

Director of Care

Carol Killa (resigned 20 March 2020)
Deborah Ho (16 March 2020)

Director of Finance and Corporate Services

Jason Foster

Director of Income Generation

Jenny Haskey (fixed term contract ended 16 May 2020)
Julian Hall (resigned 7 September 2020)
Phae Jones (interim director of income generation from 12 October 2020)

Ambassadors

John Barrowman MBE
Mark Colbourne MBE
Lloyd Davies
Leigh Halfpenny
Lucy Owen
Rhodri Owen
Mark Wallace

Principal professional advisors

Auditors

Bevan Buckland LLP
Langdon House
Langdon Road
Swansea Waterfront
Swansea
SA1 8QY

Bankers

Barclays Bank
Cardiff

HSBC Plc
Cardiff

Investment Managers

Barclays Wealth Management
Cardiff

Rathbone Investment Management
Bristol

Solicitors

Hutchinson Thomas
119 London Road
Neath
SA11 1LF

Registered head office

Hayes Road
Sully
Penarth
CF64 5XX

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 reappointment at the forthcoming general meeting.

Approval

This report was approved by the trustees as members of the charitable company on 25 November 2020 and was signed on their behalf by



Martin Davies, Trustee and Chairman of the Board

Date: 25 November 2020

Independent auditor's report to the members and trustees of Tŷ Hafan

Opinion

We have audited the financial statements of Tŷ Hafan and its subsidiaries ('the group') for the year ended 31 March 2020 which comprises the group statement of financial activities, the group and parent Charitable Company balance sheets, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

Responsibilities of trustees

As explained more fully in the statement of Trustees responsibilities, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Our 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 Report of the Independent Auditors.

Use of our report

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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 30/11/2020

Tŷ Hafan
Consolidated Statement of Financial Activities
(Incorporating the Consolidated Income and Expenditure Account)
for the year ended 31 March 2020

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Income from:					
Donations and Legacies	2	2,452,323	854,311	3,306,634	4,054,577
Charitable Activities					
- Provision of Care	3	489,370	-	489,370	511,937
Other Trading Activities	4	4,385,681	-	4,385,681	4,578,799
Investments and other income	5	324,694	-	324,694	325,615
Total income		7,652,068	854,311	8,506,379	9,470,928
Expenditure on:					
- Trading Activities	6	3,665,971	-	3,665,971	3,664,470
Total income net of trading expenditure		3,986,097	854,311	4,840,408	5,806,458
Expenditure on:					
- Raising Funds	6	1,070,616	-	1,070,616	1,100,830
- Investment Management	6	73,799	-	73,799	67,006
Net income available for Charitable Activities		2,841,682	854,311	3,695,993	4,638,622
Charitable Activities					
- Provision of Care	7	4,051,749	530,553	4,582,302	4,663,392
Total Expenditure		8,862,135	530,553	9,392,688	9,495,698
Net income before gains/(losses) on investments		(1,210,067)	323,758	(886,309)	(24,770)
Net gains/(losses) on investments		(1,112,361)	-	(1,112,361)	515,393
Net Income/(Expenditure)		(2,322,428)	323,758	(1,998,670)	490,623
Gross transfers between funds	22	8,117	(8,117)	-	-
Net movement in funds		(2,314,311)	315,641	(1,998,670)	490,623
Reconciliation of Funds					
Funds balances brought forward	22	17,094,675	799,972	17,894,647	17,404,024
Fund balances carried forward	22	14,780,364	1,115,613	15,895,977	17,894,647

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.

Tŷ Hafan
Group and Charity Balance Sheet
At 31 March 2020

		2020		2019	
		£	£	£	£
	Note	Group	Charity	Group	Charity
Fixed assets					
Tangible Assets	15	5,788,945	5,788,945	5,727,805	5,727,805
Investments	16	10,664,014	10,674,015	11,826,182	11,836,183
		<u>16,452,959</u>	<u>16,462,960</u>	<u>17,553,987</u>	<u>17,563,988</u>
Current assets					
Stock	17	33,016	12,700	34,844	12,700
Debtors	18	655,478	697,435	840,863	1,348,124
Cash at bank		368,677	115,853	1,023,747	301,358
		<u>1,057,171</u>	<u>825,988</u>	<u>1,899,454</u>	<u>1,662,182</u>
Current liabilities					
Creditors: Amounts falling due within one year	19	(935,528)	(740,499)	(912,224)	(715,948)
Net current assets		<u>121,643</u>	<u>85,489</u>	<u>987,230</u>	<u>946,234</u>
Provisions for liabilities and charges	20	(678,625)	(678,625)	(646,570)	(646,570)
Net Assets		<u>15,895,977</u>	<u>15,869,824</u>	<u>17,894,647</u>	<u>17,863,652</u>
Funds					
Restricted	22	1,115,613	1,115,613	799,972	799,972
Unrestricted	22	14,780,364	14,754,211	17,094,675	17,063,680
		<u>15,895,977</u>	<u>15,869,824</u>	<u>17,894,647</u>	<u>17,863,652</u>

The financial statements were approved by the Board of Directors on

25 November 2020

and were signed on its behalf by:

Martin Davies

Martin Davies - Trustee and Chair of the Board

Registered Company Number: 3077406

Tŷ Hafan
Group Statement of Cash Flows
for the year ended 31 March 2020

	Note	2020 £	2019 £
Net cash provided by (used in) operating activities	24	<u>(549,163)</u>	<u>227,989</u>
Cash flows from investing activities:			
Deposit Interest received	5	703	1,550
Payments to acquire tangible fixed assets	15	(480,408)	(425,275)
Payments to acquire fixed asset investments	16	-	-
Receipts from sale of fixed asset investments	16	73,799	68,177
Transfer of cash held from investments		300,000	
Net cash provided by (used in) investing activities		<u>(105,907)</u>	<u>(355,548)</u>
Change in cash and cash equivalents in the reporting period		<u>(655,070)</u>	<u>(127,559)</u>
Cash and cash equivalents at the beginning of the year		1,023,747	1,151,306
Cash and cash equivalents at the end of the year		<u>368,677</u>	<u>1,023,747</u>

	31 March 2020 £	31 March 2019 £
Cash at bank and in hand	<u>368,677</u>	<u>1,023,747</u>
Total cash and cash equivalents	<u>368,677</u>	<u>1,023,747</u>

Analysis of changes in net debt

	31 March 2019 £	Cash flow £	31 March 2020 £
Cash	1,023,747	(655,070)	368,677
Total	<u>1,023,747</u>	<u>(655,070)</u>	<u>368,677</u>

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), 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 2020, 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 measure 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 and 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 fundraising 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	5%, 10% and 20% on cost
Freehold Land & Building	2% on cost
Shops and office equipment	20% on cost
Computer equipment	33% on cost
Fixtures and fittings	20% on cost
Motor Vehicles	25% reducing balance

Assets under construction are 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 Directors 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.

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2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Donations, appeals and similar income	1,648,488	854,311	2,502,799	2,442,289
Legacies	803,835	-	803,835	1,612,289
	<u>2,452,323</u>	<u>854,311</u>	<u>3,306,634</u>	<u>4,054,577</u>

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 is 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 27 (2019: 40) 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 £478,430 (2019: £793,715) 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 £92,632 (2019: £246,640) has been included in the accounts for legacy bequests.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Local Health Authorities	443,913	-	443,913	468,916
Training	-	-	-	1,402
Public Funding	45,457	-	45,457	41,619
	<u>489,370</u>	<u>-</u>	<u>489,370</u>	<u>511,937</u>

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Retail activities	2,484,694	-	2,484,694	2,698,156
Membership lottery	1,900,987	-	1,900,987	1,880,643
	<u>4,385,681</u>	<u>-</u>	<u>4,385,681</u>	<u>4,578,799</u>

5. INCOME FROM INVESTMENTS

	Unrestricted	Restricted	Total Funds	Total Funds
	Funds	Funds	2020	2019
	£	£	£	£
Listed investment Income	323,991	-	323,991	324,065
Interest Received	703	-	703	1,550
	<u>324,694</u>	<u>-</u>	<u>324,694</u>	<u>325,615</u>

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted	Restricted	Total 2020	Total 2019
	£	£	£	£
Donations, appeals, legacies and similar income	1,070,616	-	1,070,616	1,100,830
Membership Lottery	1,125,207	-	1,125,207	1,015,800
Investment Management Costs	73,799	-	73,799	67,006
Retail Expenditure	2,540,764	-	2,540,764	2,648,670
	<u>4,810,386</u>	<u>-</u>	<u>4,810,386</u>	<u>4,832,306</u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted	Restricted	Total 2020	Total 2019
	£	£	£	£
Provision of Care:				
Direct Costs	3,085,663	530,553	3,616,216	3,792,680
Support Costs (see note 8)	966,086	-	966,086	870,712
	<u>4,051,749</u>	<u>530,553</u>	<u>4,582,302</u>	<u>4,663,392</u>

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8. SUPPORT COSTS

Cost Categories	Charitable	Donations &	Membership		Total 2020 Basis
	Activities	Legacies	Lottery	Retail	
	£	£	£	£	£
Management	137,551	23,726	26,544	48,322	236,143 Average Head Count
Finance	247,187	38,963	45,512	91,588	423,250 Average Head Count
Governance (note 9)	106,781	-	-	-	106,781 Time Spent
IT	93,995	13,183	16,333	36,939	160,450 Average Head Count
Human Resources	185,818	28,548	33,771	69,808	317,945 Average Head Count
PR & Marketing	194,754	30,954	36,010	71,831	333,549 Time Spent
	966,086	135,374	158,171	318,487	1,578,119

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 2020	Total 2019
	£	£	£	£
Salary costs	89,378	-	89,378	82,733
Audit fees	10,000	-	10,000	10,452
Accounting services	5,000	-	5,000	-
Legal and professional	24	-	24	86
Trustee's expenses	2,379	-	2,379	2,805
	106,781	-	106,781	96,076

10. NET INCOME

The net surplus/(deficit) is stated after charging:

	2020	2019
	£	£
Operating leases	524,885	588,310
Fees payable to the Charitable Company's auditor for the audit of the parent	10,000	10,452
Depreciation of owned assets	<u>346,972</u>	<u>360,664</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

	2020	2019
	£	£
Trustees Expenses	<u>2,379</u>	<u>2,805</u>

During the year (2019/20) one Trustee was reimbursed for travel and telephone costs.

12. EMPLOYEES' REMUNERATION

a) Staff costs

Staff costs during the year were:

	Group	
	2020	2019
	£	£
Wages and salaries	5,369,175	5,325,007
Social security costs	435,213	439,135
Pension costs	292,149	344,557
Redundancy and Termination Costs	20,937	11,937
	<u>6,117,474</u>	<u>6,120,636</u>

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 Lottery. The employee benefits of key management personnel for the year totalled £383,818 (2019: £320,356). During the year there have been no ex-gratia payments to staff.

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b) Staff numbers	2020	2019
	No.	No.
Care Staff	103	96
Donations & Legacies	28	21
Retail Staff	68	73
Lottery staff	18	18
Central services	22	22
	<u>239</u>	<u>230</u>

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:

	2020	2019
	No.	No.
£60,001 to £70,000	1	-
£70,001 to £80,000	1	1
£80,001 to £90,000	-	1
£90,001 to £100,000	1	-
£100,001 to £110,001	-	-
	<u>-</u>	<u>-</u>

The Charitable Company also made pension contributions on behalf of the above employees totalling £35,287 (2019: £15,966) 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.

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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:

	2020	2019
	£	£
Total incoming resources	7,451,488	8,531,728
Total resources expended	-8,332,957	-8,552,871
Net incoming resources	(881,469)	(21,143)
Net unrealised investment gain/(loss)	(1,112,361)	515,393
Net movement in funds	(1,993,830)	494,250
Funds:		
As 1 April 2019	17,863,652	17,369,402
At 31 March 2020	15,869,822	17,863,652

The above results include £823,707 (2019: £907,200) in gift aid donations received by the Charitable Company from its trading subsidiary Crackerjackpot Limited.

15. TANGIBLE FIXED ASSETS

Group and Charity

	Freehold Land and Buildings	Fixtures and Fittings	Equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2019	7,354,987	1,102,909	310,185	106,898	8,874,979
Additions	290,112	61,597	128,699	-	480,408
Revaluations	-	-	-	-	-
Disposals	(124,649)	-	-	-	(124,649)
At 31 March 2020	<u>7,520,450</u>	<u>1,164,506</u>	<u>438,884</u>	<u>106,898</u>	<u>9,230,738</u>
Depreciation					
At 1 April 2019	1,908,540	927,066	235,878	75,690	3,147,174
Charge for the year	206,686	78,088	54,396	7,802	346,972
Revaluations	-	-	-	-	-
Disposals	(52,353)	-	-	-	(52,353)
At 31 March 2020	<u>2,062,873</u>	<u>1,005,154</u>	<u>290,274</u>	<u>83,492</u>	<u>3,441,793</u>
Net Book Value					
At 31 March 2020	<u>5,457,577</u>	<u>159,352</u>	<u>148,610</u>	<u>23,406</u>	<u>5,788,945</u>
At 31 March 2019	<u>5,446,447</u>	<u>175,843</u>	<u>74,307</u>	<u>31,208</u>	<u>5,727,805</u>

16. FIXED ASSET INVESTMENTS

Total fixed asset investments comprise:

	2020		2019	
	Group	Charity	Group	Charity
	£	£	£	£
Interests in subsidiary undertakings	-	10,001	-	10,001
Market value of other fixed asset investments	<u>10,664,014</u>	<u>10,664,014</u>	<u>11,826,182</u>	<u>11,826,182</u>
	<u>10,664,014</u>	<u>10,674,015</u>	<u>11,826,182</u>	<u>11,836,183</u>

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Interests in group undertakings

At 31 March 2020, 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	28,158	(4,839)
Crackerjackpot Limited	England and Wales	Ordinary shares	08221671	Lottery Operations	10,000	-

Other fixed asset investments were held as follows:

	2020	2019
	Group and Charity	Group and Charity
	£	£
Listed Investments		
Market value at 1 April	11,826,182	11,054,902
Additions	1,597,397	2,072,147
Disposals	(1,925,041)	(1,926,243)
Cash movement	277,837	109,983
Revaluation	(1,112,361)	515,393
Market value at 31 March	<u>10,664,014</u>	<u>11,826,182</u>
Cash included in total	<u>648,100</u>	<u>368,684</u>
Historical cost	<u>9,937,105</u>	<u>9,828,628</u>

The market value at 31 March 2020 comprises a sum of £5,548,756 (2019: £5,946,803) managed by Rathbones, and a sum of £5,053,379 (2019: £5,796,976) managed by Barclays Plc. Also included in the market value are £61,879 (2019: £82,403) of shares which were bequeathed to the Charity taking the investment portfolio to £10,664,014 at the balance sheet date.

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Income generated totalling £323,991 (2019: £324,065) was invested after deduction of management charges of £73,799 (2019: £67,006). The investments are unrestricted. During the year there were £300,000 (2019: £0) withdrawals from the investment portfolio to fund capital and other programme expenditure. The portfolio includes £6,986,553 (2019: £9,074,975) invested in UK investments and £3,677,461 (2019: £2,751,207) invested in overseas investments.

17. STOCKS

	2020		2019	
	Group	Charity	Group	Charity
	£	£	£	£
Retail goods held for sale	33,016	12,700	34,844	12,700

18. DEBTORS

	2020		2019	
	Group	Charity	Group	Charity
	£	£	£	£
Trade Debtors	34,373	28,373	126,542	126,542
Prepayments and accrued income	514,774	509,960	635,828	620,918
Due from subsidiary undertakings	-	52,771	-	522,171
Employee benefit schemes	922	922	-	-
VAT recoverable	105,409	105,409	78,493	78,493
	655,478	697,435	840,863	1,348,124

Debtors are stated after provisions for impairment of £Nil (2019: £Nil).

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020		2019	
	Group £	Charity £	Group £	Charity £
Trade creditors	345,788	333,925	208,115	197,743
Owed to subsidiary	-	5,842	-	8,855
Social security and other taxes	155,962	143,627	149,117	138,242
Accruals	166,267	155,829	281,834	264,909
Deferred income	267,511	101,276	273,158	106,199
	<u>935,528</u>	<u>740,499</u>	<u>912,224</u>	<u>715,948</u>

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.

	2020		2019	
	Group £	Charity £	Group £	Charity £
As at 1 April	273,158	106,199	348,428	179,771
Amounts released to incoming resources	(174,673)	(7,714)	(242,229)	(73,572)
Amounts deferred in the year	169,026	2,791	166,959	-
As at 31 March	<u>267,511</u>	<u>101,276</u>	<u>273,158</u>	<u>106,199</u>

20. PROVISIONS FOR LIABILITIES AND CHARGES

	2020		2019	
	Group £	Charity £	Group £	Charity £
As at 1 April	646,570	646,570	623,515	623,515
Additions	182,742	182,742	103,587	103,587
Charged during the year	(150,687)	(150,687)	(80,532)	(80,532)
As at 31 March	<u>678,625</u>	<u>678,625</u>	<u>646,570</u>	<u>646,570</u>

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 £243,867 (2019: £221,319).

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 2016 (published in February 2019). The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The contributions to this NHS scheme in the year were £88,282 (2019: £83,238)

The Charitable Company has made no employer contributions into employee personal pension schemes.

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22. MOVEMENT IN FUNDS - GROUP

	Balance at 1 Apr 2019 £	Incoming resources £	Outgoing resources £	Transfers £	Unrealised gain on Investments £	Balance at 31 Mar 2020 £
Unrestricted funds						
General funds	10,762,642	7,652,068	(8,844,962)	1,303,563	(1,112,361)	9,760,950
Designated Funds						
Care in Community	70,000		(17,173)			52,827
Fixed Assets	5,002,176			(408,446)		4,593,730
Planned Deficits	887,000			(887,000)		-
Hospice Staff Costs	125,000					125,000
Transition	247,857					247,857
	6,332,033	-	(17,173)	(1,295,446)	-	5,019,414
Restricted funds						
Building						
Building	444,271			(8,117)	-	436,154
Hospice Equipment	53,219	6,553	(7,433)	-	-	52,339
Hospice Staff Costs	101,170	153,851	(132,573)	-	-	122,448
Hospice Service Users	23,322	29,999	(29,512)			23,809
Hospice Refurbishment	74,200	663,408	(309,916)			427,692
Hospice IT	7,825		(7,825)	-	-	-
Garden Works Project	45,965	500	(8,404)	-	-	38,061
Care in Community	50,000		(34,890)			15,110
	799,972	854,311	(530,553)	(8,117)	-	1,115,613
	17,894,647	8,506,379	(9,392,688)	-	(1,112,361)	15,895,977

Included within the above general funds are funds of the subsidiaries amounts to £26,158 (2019: £30,997) 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 £10,664,014 (2019: £11,826,182).

Fund Transfers:

During the year £8,117 was transferred from restricted funds to unrestricted funds.

Restricted Funds:

The Big Lottery provided funds towards an extension to the hospice in 2015 and equipment. This fund is charged with the depreciation arising thereon.

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 refurbishment of the hospice, staffing of neo natal and other nursing posts, bereavement and transitional support.

Designated Funds:

Included in the Unrestricted Funds are 3 donations received that have been designated for specific future expenditure, a total of £125,000 has been ring fenced for hospice staff costs, £52,827 for providing care in the community and a legacy donation of £247,857 which will be spent on resources to help the transition between child and adult services. There is also an allowance for the funds invested in the hospice and office building, £4,593,730.

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP

	Fixed assets £	Investments £	Net current assets £	Provision £	Total £
Unrestricted funds	5,352,791	9,984,555	121,643	(678,625)	14,780,364
Restricted funds	436,154	679,459	-	-	1,115,613
Total funds	5,788,945	10,664,014	121,643	(678,625)	15,895,977

CHARITY

	Fixed assets £	Investments £	Net current assets/ (liabilities) £	Provision £	Total £
Unrestricted funds	5,352,791	9,994,556	85,489	(678,625)	14,754,211
Restricted funds	436,154	679,459	-	-	1,115,613
Total funds	5,788,945	10,674,015	85,489	(678,625)	15,869,824

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

	Note	2020 £	2019 £
Surplus / (Deficit) of income over expenditure		(1,998,670)	490,623
(Gains) / Losses on investments	16	1,112,361	(515,393)
Net investment income and bank interest payable	5	(324,694)	(325,615)
Depreciation	15	346,972	360,664
Disposals / Revaluation Movement	15	72,296	-
Decrease in stock	17	1,828	36,710
Decrease in debtors	18	185,385	79,027
Increase in creditors	19	23,304	78,918
Movement in provision for liabilities and charges	20	32,055	23,055
Net cash outflow from operating activities		(549,163)	227,989

25. CAPITAL COMMITMENTS

As at 31 March 2020, the Charity had capital commitments totalling £761,321 (2019: None) for the hospice refurbishment which commenced in January 2020.

26. OPERATING LEASE COMMITMENTS

As at 31 March 2020, the group had annual commitments under non-cancellable operating lease arrangement as follows:

	2020		2019	
	Group £	Company £	Group £	Company £
Land and Buildings				
Leases expiring within one year	327,425	327,425	425,583	425,583
Leases expiring within 2 to 5 years	635,992	635,992	886,875	886,875
Leases expiring within greater than 5 years	16,358	16,358	78,500	78,500
	<u>979,775</u>	<u>979,775</u>	<u>1,390,958</u>	<u>1,390,958</u>
Other Operating				
Leases expiring within one year	29,082	29,082	29,524	29,524
Leases expiring within 2 to 5 years	17,438	17,438	47,312	47,312
Leases expiring within greater than 5 years	-	-	-	-
	<u>46,520</u>	<u>46,520</u>	<u>76,836</u>	<u>76,836</u>

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 new 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 £5,529,873 (2019: £5,446,447), 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 (2019: £498).