

Tŷ Hafan
(A Company Limited by Guarantee)

Annual Report and Accounts
Year ended 31 March 2019

REGISTERED COMPANY NUMBER: 3077406 (England and Wales)
REGISTERED CHARITY NUMBER: 1047912

Contents

Report of the Board of Trustees, consisting of:

1. Trustees statement
2. Chairman's statement
3. Chief executive's statement
4. Statement on public benefit
5. Vision, mission, values and strategic priorities
6. Performance against strategic priorities
7. Financial performance
8. Structure, governance and management
9. Reference and administrative details
10. Statement of trustees' responsibilities

Independent auditors' report to members and trustees

Statement of financial activities – group

Consolidated balance sheet

Statement of cash flows – group

Notes to the financial statements

1. Trustees statement

The trustees are pleased to present their annual report and accounts of the Charity and its subsidiaries for the year ending 31 March 2019.

The accounts have been prepared in accordance with:

- The Charities Act 2011
- The Companies Act 2006
- The Charity'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).

2. Chairman's statement

Twenty years ago the tireless fundraising and hard work of so many meant that Suzanne Goodall's vision was realised and the first children's hospice in Wales became a reality. We owe our gratitude to so many over these 20 years, not least to our tireless donors, volunteers and fundraisers that have enabled us to support over 800 children and their families.

As a board of trustees we have a duty of care to take stock of why we are here, what we provide and how we meet the needs of our children and their families in an ever-evolving health and social care landscape. We recognise the need to change; we know we will continue to face challenges as we head into a period of uncertainty with growing political, economic and social challenges. We are seeing increased life expectancy for children with complex disabilities including children with severe cerebral palsy, cystic fibrosis and Duchenne muscular dystrophy. Demand on paediatric intensive care is increasing and coupled with the critical care required for our children that are surviving longer; more is required from our children's hospices than ever before. In response to this challenge, we are developing our community service model to align closely with A Healthier Wales, the Welsh Government's ten year health and social care strategy, ensuring we meet the greatest need in society. We continue to grow our partnership work and this year we have established a community pilot with Powys Health Board. As we grow and develop we are committed to keeping our children and our families at the heart of everything we do, we truly believe in making a short life a full life.

We are so fortunate to have so many supporters, fundraisers and volunteers and I would like to take this opportunity to thank each and every one of you; we simply could not provide our vital services without your support. At a time when it is becoming harder to generate income, we are so reliant on your generosity. I have been inspired by so many. We have around 600 volunteers who carry out a huge range of activities including fundraising, hospice care services, working in our shops and warehouse and helping with organising events.

This year we opened our new memorial garden at the hospice, providing a special place for our families to remember their child. The memorial water feature has a named pebble for every Tŷ Hafan child who has died and the viewing platform, sensory garden and gazebo provides a beautiful, tranquil space for reflection and memory making.

Tŷ Hafan is so often the only place that families can be confident in the care their children receive outside of their home or hospital wards. It is a privilege and an honour for us as trustees to lead the caring, collaborative and professional charity that is Tŷ Hafan. Furthermore, it is truly humbling to talk to families who continually express their gratitude for the support that Tŷ Hafan provides and the difference that Tŷ Hafan has made and is making to their lives.

3. Chief Executive's statement

It is such an honour to be a part of Tŷ Hafan during our 20th year. It has allowed us to not only have a look back on where we've come from, but also to take stock and develop a new robust strategy for the future.

As a Tŷ Hafan dad as well as chief executive, I have a unique insight into Tŷ Hafan. Personally speaking, my family has made so many precious memories here with my daughter Poppy, ones that just wouldn't have been possible elsewhere. But to see how far children's palliative care has come since we opened in 1999 is quite staggering.

The hospice and our staff have always been ready to adapt to these changes, but what makes Tŷ Hafan different is our commitment to our families as a whole. It begins with our core values – caring, collaborative and professional – as it is this foothold that gives families the confidence to hand over the care responsibilities of their child to us so that they themselves can focus on enjoying the time they have together.

Our responsibility to the families as well as their children is supported by their ongoing desire to give something back to the Charity. The Dads' Group, for example, chose to take on the challenge of a lifetime by hiking Ben Nevis, Skafell Pike, Snowdon, Cadair Idris and Pen y Fan in under 55 hours. Their incredible fundraising achievement, not to mention awareness campaign, has since led to them winning the Team Fundraiser of the Year at the prestigious Just Giving Awards.

In fact, many of our events and fundraisers have a strong family presence, which is wonderful to see. Whether it's running a half marathon, taking on the welsh3peaks challenge, cycling the Taff Trail or any number of other events, our families want to give back to the Charity.

The ongoing relationship between families and Tŷ Hafan was further highlighted by the opening of our new memorial garden, a space that allows families to reflect on the memories they made together. Our inspirational Birdsong project, 'These names will be forever in our skies', develops the remembrance aspect further and has already proved to be incredibly important to so many Tŷ Hafan families, no matter where they are on their journey.

Recent years have seen us develop a stable, high quality clinical service at the hospice, as well as grow an integrated community care plan with health board partners. Family needs have changed, but we also have a greater ability to provide alternatives to traditional care, giving families a greater choice of how their child is cared for. This could

only be possible, however, with the help of community partnerships, such as the one in place with Powys Health Board, where we now have a community nurse in post.

Our services are essential to improving the quality of life of both the child and their families and we want to provide the families who use the hospice with the best possible environment to receive the highest standard of care.

After 20 years of success, Tŷ Hafan has a reputation throughout Wales to be proud of. As we move forward, it's vital we protect our name and continue to deliver the exceptional care and support for which we are known.

As a team, we are excited to be at the forefront of the change to deliver care closer to home, working with families and local community teams to provide the very best for our children.

4. Statement on Public Benefit

Tŷ Hafan's charitable objectives are enshrined within its governing document and statement of purpose; trustees ensure these commitments are delivered through its four strategic goals.

Tŷ Hafan's vision clearly sets out our beneficiaries and the organisation's ambition, which is delivered by providing a range of services to children and families that may benefit.

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

Significant Activities for Public Benefit

Clinical and Professional

Tŷ Hafan provides a wide range of specialist children's palliative care services to approximately 250 children and young people from across Wales with the most significant and complex care challenges at any given time. Tŷ Hafan also supports their families and provides a home from home environment. The care service provided is invaluable for families in their local communities with 120 families accessing a range of community based services, including family and sibling support, play, music and complimentary therapy, as well as the physiotherapy and occupational therapy services at the hospice. The ethos of the Charity is to support the health, social, emotional and cultural needs of the whole family, and to create lasting memories for families of the precious time they have together.

The aim is that by growing the Charity's reach into the communities, while working in partnership with the six health boards across south, west and mid Wales, Tŷ Hafan can help support more choice of where families receive support at end-of-life.

5. Vision, Mission, Values and Strategic Priorities

Vision and Mission Statement

Tŷ Hafan is a leading children's charity in Wales and provides comfort, care and support to children with life-limiting conditions and their families for as long as we are needed. Our vision and mission informs all the strategies, policies and actions that lead to the work 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 goals

- Expanding reach
- Service development
- Investing in people
- Building resilience

6. Performance against strategic goals

Achievements and performance in 2018/19

Tŷ Hafan's four strategic goals of expanding reach, service development, investing in our people and building resilience laid the foundation for our development over the last year.

Expanding reach

This year the occupancy of the hospice increased to capacity, ensuring we maximised the support we can provide to children and families at any one time. In line with our strategic priorities to increase reach in communities, a new strategic partnership with Powys Teaching Health Board resulted in a new community nurse in Powys and vital support for families in a large rural area. Similar projects are being explored with other health board areas, with the next project planned for Swansea Bay University Health Board in the 2019/20 financial year.

This local presence and collaborative approach will be vital to improved knowledge of number of children with life-limiting conditions across Wales, and to identifying and understanding deficits in referral numbers.

The charity aims to support every end-of-life referral, and a stronger community presence will allow this, whether in the hospice or at home in the community.

Service Development

Providing support to young adults as they transition from paediatric palliative care to adult services is a sector wide issue and something that is a priority for our families. With funding from Together for Short Lives, a dedicated transition nurse has been introduced and has implemented a pilot transition service that has supported up to 50 young people aged 16 to 25 years.

Funded by a masonic grant, Tŷ Hafan has piloted an innovative counselling scheme aimed at giving parents and siblings emotional support, enabling them to talk about their fears and worries, and empowering them to make decisions about their child's care.

Our pioneering project – 'Birdsong Remembrance – these names will be forever in our skies' - was welcomed by families and has enabled us to reconnect with them. The project also gained acclaim from international partners within the sector.

The Dads' Group challenge event – '5in55 – every dad has his own mountain to climb' - gave Tŷ Hafan dads the opportunity to give something back to the charity that supports them, while highlighting what it means to be a Tŷ Hafan dad, and emphasising the importance of sharing feelings.

Investing in people

A major focus has been placed on the continued investment in people, staff and volunteers to enhance their knowledge and skills while boosting team morale and creating a positive working environment.

Following consultation, a new pay framework with improved benefits and terms and conditions was introduced, to ensure staff pay is in line with the industry standard; this helps to ensure that the Charity remains competitive in attracting and retaining talent.

Our Volunteer workforce continues to grow and it would be impossible for the Charity to provide the range of services on offer to families and the fundraising public without the help of volunteers. Our 600 volunteers help run our shops, provide extra support and activities at the hospice, help at events and provide support in the offices. 'Handcrafted by Tŷ Hafan' workshops and gardening projects utilise the skills of volunteers while allowing the Charity to personally engage with them. While many volunteers will help at specific events or for shorter-term projects, there are a number who volunteer regularly and have been doing so for many years. Glennys Old is one of Tŷ Hafan's longest running fundraising volunteers, having raised over £30,000 in 20 years. At 88 years old, Glennys has decided to step back from her efforts, but the impact of the work she has done will last for a long time.

Building resilience

During the year a number of cost saving initiatives were delivered and more efficient ways of working were introduced, which helped to reduce our expenditure on trading activities and raised funds by over £350,000 (7%).

As a result, spend into care has been increased. Expenditure on charitable activities increased by over £260,000 (6%), and proportionally more of the funds raised are being spent within care.

Partnerships are ongoing with local health boards to provide commissioned bed nights at the hospice. This was piloted with Cardiff and Vale initially but will in future be open to all health boards and local authorities. Agreed on a case-by-case basis, commissioned bed nights can be driven by both health and social care needs.

Plans for the future

Expanding reach and service development

Tŷ Hafan is partnering with Tŷ Gobaith for the Family Voices project, a major survey of stakeholders to provide insight into the changing needs of families in the current climate. It will allow both charities to design and fund the service required to meet those needs. While Tŷ Hafan has significantly expanded the geographical area it covers since opening in 1999, a partnership with Tŷ Gobaith allows for a far greater reach than has been previously possible.

The pilot community nurse scheme is to be expanded into further health boards, with a nurse already being introduced into the Swansea Health Board. This will aid the ongoing aim of better understanding deficits in referral numbers across Wales, while giving families a greater choice in how they receive their care.

This increased reach will help in ensuring that every end-of-life referral will be supported either in the hospice or out in the community.

Resilience

Paediatric palliative care has developed significantly during Tŷ Hafan's lifetime and to ensure that the hospice is fit for the future, the Charity will be undertaking 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.

The introduction of a new care database will allow Tŷ Hafan to move away from paper-based records, improving security and supporting ease of access for staff whether they are based in the hospice or out in the community.

A review of fundraising and commercial activities is to be conducted to help grow income through major giving and corporate partnerships, and to help with the identification of new commercial income streams. The retail model is also being reviewed in order to make the best use of the charity's assets and ensure an effective future direction.

People

Following the success of the pay framework review that came from our previous staff survey, Tŷ Hafan has commissioned a third party to conduct the next staff survey to better understand the needs of employees.

A new volunteer strategy is being developed, highlighting the importance Tŷ Hafan places on the extensive team of volunteers; a skills-based approach to recruitment will be adopted while ensuring existing volunteers are retained and valued.

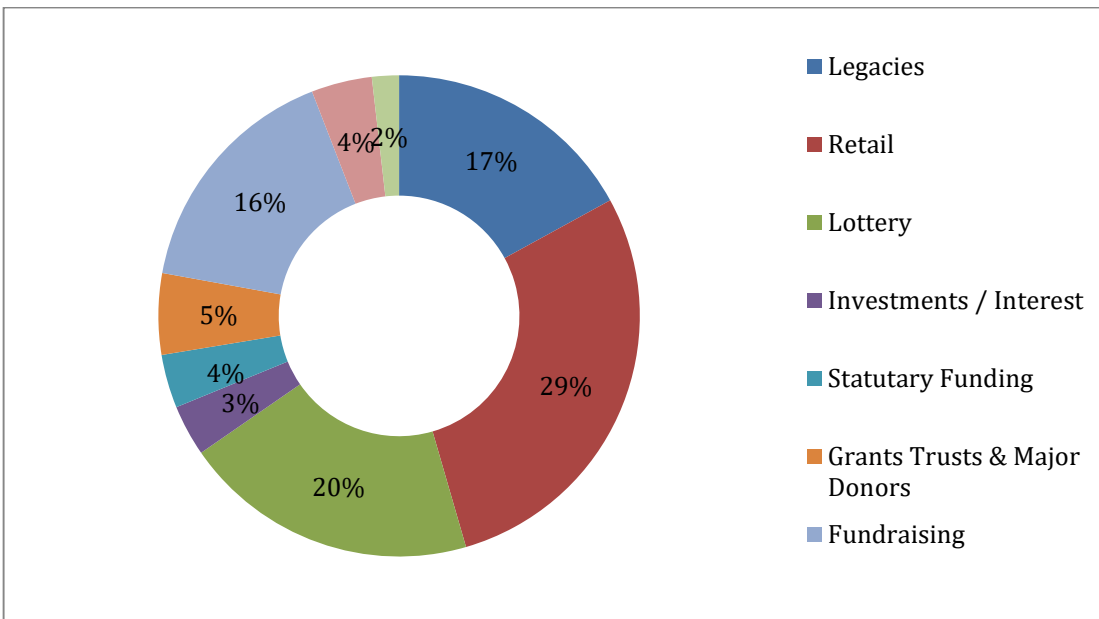
7. Financial review

Results for the year ended 31 March 2019 are shown in the consolidated statement of financial activities on page 20. This, together with the consolidated balance sheet on page 21, should be read in conjunction with the related notes which have been produced in accordance with SORP (FRS102).

Net Income/Expenditure

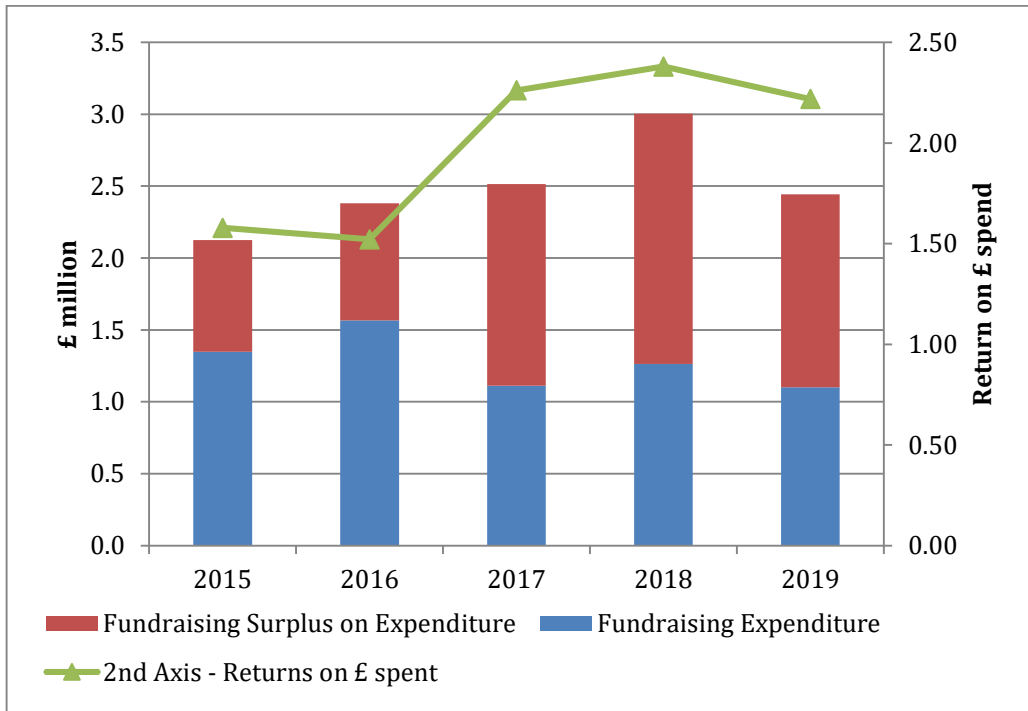
The total net income of the group for the year ended 31 March 2019 totalled £490,623 (2018: £788,626) and is reported after allowing for a revaluation gain on investments amounting to £515,393 (2018: revaluation loss £5,017).

Income 2018/19



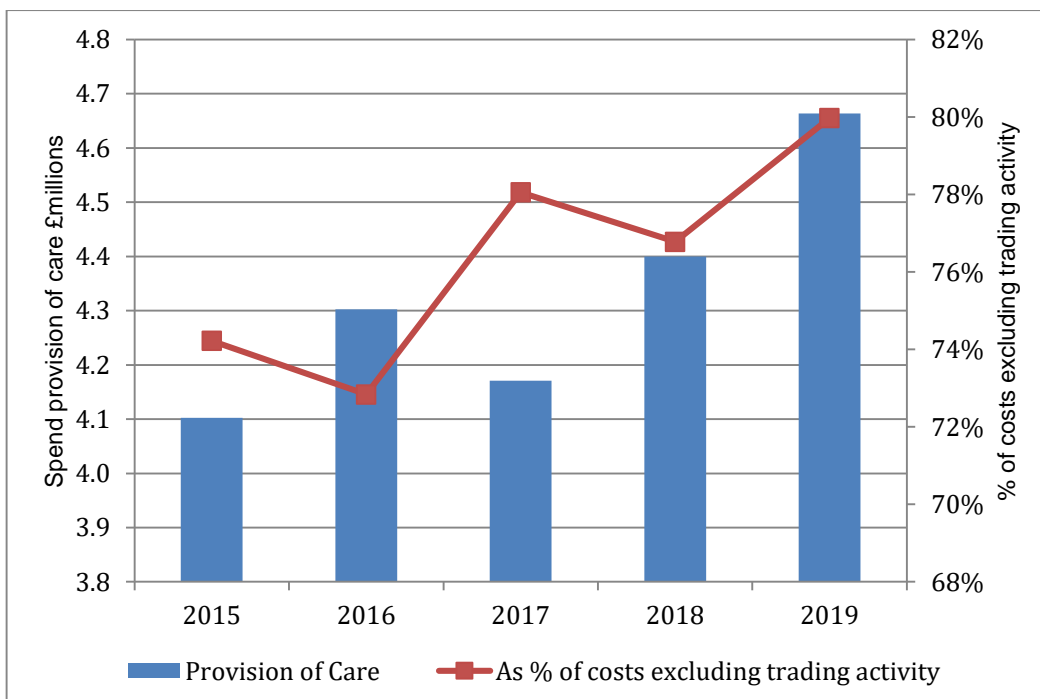
Total income received in 2018/19 reduced to £9,470,928, a 9% fall from the previous year. The year on year decline is mainly attributed to the one off income received from the Snowdogs campaign in 2017/18 and a 13% fall in fundraising income. Returns from our investment portfolio also declined by £68,762 (-17%) to £325,615. Statutory funding remained level at £340,313. Both lottery and retail income fell year on year. Lottery income fell by 7.7% (-£157,466) mainly through the continued attrition of membership. Retail income dropped by 4.8% (-£135,101) with store numbers falling to 26 following four store closures during the year.

Fundraising Returns (Excluding Legacies)



Excluding legacies, fundraising income for 2018/19 fell to £2.4m compared to £3.0m in 2017/18. This is the first time fundraising income has fallen in the year for five years and indicates the challenging economic environment that we now face. However, we continue to look at more efficient methods of raising funds and keep returns at a consistent level.

Five Year Expenditure on Charitable Activities



Expenditure on charitable activities continues to grow increasing by 6% to £4.7m in 2018/19. Excluding our trading activity in retail and lottery, 80 pence of every pound expenditure is on charitable activity. This is in line with our objective to ensure more of our donations are used directly on our beneficiaries.

Reserves Policy

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

At the 31 March 2019 the group held £11,366,869 in unrestricted reserves (2018: £11,014,361) analysed as follows:

	31/03/2019	31/03/2018
Net Assets	£17,894,646	£17,404,024
Less Fixed Assets	(£5,727,805)	(£5,663,193)
Less Restricted Reserves	(£799,972)	(£726,470)
Unrestricted Reserves	£11,366,869	£11,014,361

Every year, the trustees are required to complete a comprehensive review and approval of the reserve policy to ensure reserves levels are appropriate in order to meet the projected future needs of the Charity.

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

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

Investment Policy

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

Tŷ Hafan's investment portfolio is invested through Barclays Wealth Management and Rathbones Investment Management subject to the board's instructions that the Charitable

Company's requirements are for capital growth with funds placed in low and medium risk investments. This strategy is formally reviewed with our investment managers and finance with governance committee annually and more frequently when considered necessary.

The total value of the investment portfolio as at 31 March 2019 was £11,826,182 (2018: £11,054,902) representing an overall increase in value for the year of +7.0% (2018: +3.2%).

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.

8. Structure, governance and management

Governing Document and Legal Status

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

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

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

Governance Framework

The Charity's Articles of Association are underpinned by a Scheme of Governance, which together with the [Statement of Purpose](#) forms part of a robust governance framework. A governance review began in 2017 to ensure the Charity continues to deliver its objects for the public benefit in the most effective way possible. Delivery of the Charity's charitable objectives will be independently assessed in the coming year. The Scheme of Governance enables the board to work effectively, delegating specific authority and duties to the chairman, committees and the chief executive. Nevertheless, the board is ultimately responsible for the Charity's affairs, financial probity, legal and regulatory compliance and registration as an independent hospital.

Governance structure and development

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

- Clinical governance committee monitors standards of care service delivery
- Finance with governance committee scrutinises financial, fiduciary and investment matters
- Directorate and operations committee scrutinises fundraising activity and operational management
- Remuneration committee scrutinises proposals following annual benchmarked reviews of staff salaries and assesses executive pay against performance and responsibilities held.

Trustee recruitment and development

In line with best practice and the Charity Governance Code, the board continuously seeks to enhance the diversity of its skillset. Trustees are subject to a rigorous interview, probationary period, 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 (two terms of three years each). All current trustees listed at Section 9 are also directors of the company and they served throughout the year, unless otherwise noted.

With the nominations committee, the chairman of the board selects committee members and recommends committee chairs, co-opted members and board champions according to their specific skills and experience. At least one executive director sits on all committees. All trustees and officers of the board work to role descriptions, terms of reference and codes of conduct, with the chairman and chief executive uniting the board with the executive to enable the board to govern the whole Charity, by delegating responsibilities, whilst remaining accountable. Incoming trustees and resignations during the year are listed in Section 9.

Pay structure

The remuneration committee meets annually to consider recommendations for an annual pay award based on affordability. All staff salaries, including executive directors, are determined from recommendations that take into account independent contemporary information on the cost of living, economic trends, third sector comparisons and predictions from the leading financial institutions.. An annual salary review is undertaken to ensure that we continue to offer a fair and equitable pay structure benchmarked against national pay scales.

Strategic direction

The Charity's governance structure operates dynamically, in synergy with the Charity's purpose and strategic objectives. The board reviews the purpose and impact of its committees annually or whenever the board adopts a new approach to its activities. This year the board had the opportunity to review its effectiveness and will develop a plan to ensure it develops its skill set as a collective and as individuals.

We extend our thanks to all those who have served the board throughout the year, and recognise the value gifted by co-opted members and aspiring trustees, who bring diversity of backgrounds and experience, offering a broader perspective to decision-making. All our trustees volunteer their time and experience freely.

Risk Management - principal risks and uncertainties

Risk management governance

A three-year development plan for governance and risk management takes forward the board's vision to continually improve its effectiveness, ensuring the Charity's governance is legal, responsible and effective with clear direction. A risk management framework is

being developed alongside the board's risk appetite, recognising the board's accountability to stakeholders and all who support the Charity, but especially the children and their families the Charity supports.

Principal risks and uncertainties

Risks around the safe delivery of care are inherently high for the sector. Increasing public scrutiny of the charity sector and high profile media coverage of paediatric end-of-life cases and safeguarding issues continue to present a risk. During the period key risks pertinent to Tŷ Hafan's charitable activities were identified as:

- inability to recruit nursing staff
- potential reputational damage in closing city based shops
- ratio of spend on charitable activity
- diminishing fundraising income
- lack of policy engagement and external communications

The Charity has worked to alleviate these risks by improving financial controls and improving engagement with staff and the public. Moreover, independent assurance has been provided on the effectiveness of internal controls through statutory external audit, commending financial management. The following risks remain, however, and are moderated by additional skills, improved management, investment in technology and more robust risk management processes:

- financial sustainability
- information governance
- safeguarding
- health and safety controls at events
- clinical governance
- reputational
- major projects management
- retail operations and performance
- digital

Assurance

Trustees are satisfied that risks identified are rigorously controlled and regularly monitored through internal and external sources and that they are properly mitigated and managed to ensure the Charity remains compliant and meets the highest standards of care for children and their families, through a robust clinical governance framework. Enterprise risk management will be adopted throughout the organisation based on ISO31000:2018 and best practice guidance by the Charity Commission and ICSA, the Chartered Governance Institute.

Tŷ Hafan is not aware of any principle uncertainties as at 31 March 2019, nor in the intervening period since before the signing of the annual report and accounts.

9. Reference and administrative details

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

The Trustees

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

Martin Davies	Chairman of the board Appointed 24 August 2017, appointed as a trustee 11 December 2014
Kath Palmer	Deputy chair of the board Appointed 5 July 2018, appointed as a trustee 11 December 2014, resigned 4 December 2019
Peter Maggs	Appointed 20 April 2017
Dr Keith Holgate	Appointed 20 April 2017
Dr Huw Jenkins	Appointed 3 May 2018
Gareth Morgan	Appointed 19 December 2018
Elizabeth Thomas	Appointed 29 May 2019
Sian Thomas	Appointed 29 May 2019
Richard Adams	Appointed 9 December 2019
Sue Carter	Appointed 9 December 2019
Amanda Thomas	Appointed 20 April 2017, resigned 18 July 2018
Helen Lentle	Appointed 20 April 2017, resigned 19 July 2018
Karen Healey	Appointed 20 April 2017, resigned 27 July 2018
Robert Lamb	Appointed 24 July 2018, resigned 19 August 2019
Deborah Ho	Appointed 29 May 2019, resigned 29 November 2019

Co-opted members

James Pepper	from 29 May 2019
Gareth Morgan	from 10 August to 18 December 2018

Company Secretary and Chief Executive Officer

Rob Jones	Chief Executive
Rob Jones	Company Secretary from 29 November 2018
Susan Sullivan	Company Secretary to 29 November 2018

Senior Management Team

Carol Killa	Director of Care and Deputy Chief Executive
Jason Foster	Director of Finance and Corporate Services
Julian Hall	Director of Fundraising and Marketing from 29 July 2019
Claire Cooper	Director of Fundraising, resigned 31 January 2019

Jenny Haskey Director of Income Generation, fixed term contract ended 16 May
2019
Dawn Lewis-Whelan Director of Human Resources, departed 16 November 2018

10. 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 9 December 2019 and was signed on their behalf by

Martin Davies, Trustee and Chairman of the Board

Date:

Report of the Independent Auditors to the Members and Trustees of Tŷ Hafan

We have audited the financial statements of Tŷ Hafan for the year ended 31 March 2019 which comprises the group statement of financial activities, the group and parent Charitable Company balance sheets, the group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of director and auditors

As explained more fully in the Statement of Trustees Responsibilities (set out on page 17), the trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent Charitable Company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted

- Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

Date:

Tŷ Hafan
Consolidated Statement of Financial Activities
(Incorporating the Consolidated Income and Expenditure Account)
for the year ended 31 March 19

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Income from:					
Donations and Legacies	2	3,796,861	257,716	4,054,577	4,751,758
Charitable Activities					
- Provision of Care	3	511,937	-	511,937	360,535
Other Trading Activities	4	4,578,799	-	4,578,799	4,871,366
Investments and other income	5	325,615	-	325,615	394,591
Total income		9,213,212	257,716	9,470,928	10,378,250
Expenditure on:					
- Trading Activities	6	3,664,470	-	3,664,470	3,853,719
Total income net of trading expenditure		5,548,742	257,716	5,806,458	6,524,531
Expenditure on:					
- Raising Funds	6	1,100,830	-	1,100,830	1,262,327
- Investment Management	6	67,006	-	67,006	68,476
Net income available for Charitable Activities		4,380,906	257,716	4,638,622	5,193,728
Charitable Activities					
- Provision of Care	7	4,479,178	184,214	4,663,392	4,400,085
Total Expenditure		9,311,484	184,214	9,495,698	9,584,607
Net income before gains/(losses) on investments		(98,272)	73,502	(24,770)	793,643
Net gains/(losses) on investments		515,393	-	515,393	(5,017)
Net Income/(Expenditure)		417,121	73,502	490,623	788,626
Gross transfers between funds	22	-	-	-	-
Net movement in funds		417,121	73,502	490,623	788,626
Reconciliation of Funds					
Funds balances brought forward	22	16,677,554	726,470	17,404,024	16,615,398
Fund balances carried forward	22	17,094,675	799,972	17,894,647	17,404,024

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 2019**

		2019		2018	
	Note	£ Group	£ Charity	£ Group	£ Charity
Fixed assets					
Tangible Assets	15	5,727,805	5,727,805	5,663,193	5,663,193
Investments	16	11,826,182	11,836,183	11,054,902	11,064,903
		<u>17,553,987</u>	<u>17,563,988</u>	<u>16,718,095</u>	<u>16,728,096</u>
Current assets					
Stock	17	34,844	12,700	71,554	30,452
Debtors	18	840,863	1,348,124	919,890	1,464,405
Cash at bank		1,023,747	301,358	1,151,306	408,840
		<u>1,899,454</u>	<u>1,662,182</u>	<u>2,142,750</u>	<u>1,903,697</u>
Current liabilities					
Creditors: Amounts falling due within one year	19	(912,224)	(715,948)	(833,306)	(638,875)
		<u>987,230</u>	<u>946,234</u>	<u>1,309,444</u>	<u>1,264,822</u>
Provisions for liabilities and charges					
	20	(646,570)	(646,570)	(623,515)	(623,515)
		<u>17,894,647</u>	<u>17,863,652</u>	<u>17,404,024</u>	<u>17,369,403</u>
Net Assets					
Funds					
Restricted	22	799,972	799,972	726,470	726,470
Unrestricted	22	17,094,675	17,063,680	16,677,554	16,642,933
		<u>17,894,647</u>	<u>17,863,652</u>	<u>17,404,024</u>	<u>17,369,403</u>

The financial statements were approved by the Board of Trustees on

..... and were signed on its behalf by:

.....
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 2019

	Note	2019 £	2018 £
Net cash used in operating activities	24	<u>227,989</u>	<u>447,498</u>
Cash inflows from investing activities			
Investment income	5	<u>325,615</u>	<u>394,591</u>
Net cash from investing activities		<u>325,615</u>	<u>394,591</u>
Payments to acquire fixed asset investments	16	<u>(2,072,148)</u>	<u>(1,784,973)</u>
Receipts from sale of fixed asset investments	16	<u>1,926,243</u>	<u>1,287,484</u>
Payments to acquire tangible fixed assets	15	<u>(425,275)</u>	<u>(257,284)</u>
Net cash generated from/(used in) investing activities		<u>(571,180)</u>	<u>(754,773)</u>
Management of liquid resources			
(Decrease) in cash in investments	16	<u>(109,983)</u>	<u>152,834</u>
Increase in cash		<u>(127,559)</u>	<u>240,150</u>
Cash and cash equivalents at 1 April 2018		<u>1,151,306</u>	<u>911,156</u>
Cash and cash equivalents at 31 March 2019		<u>1,023,747</u>	<u>1,151,306</u>

I. ACCOUNTING POLICIES

Basis of preparation

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

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

Preparation of the accounts on a going concern basis

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

Basis of consolidation

The group financial statements consolidate those of Tŷ Hafan and its subsidiary undertakings, Tŷ Hafan Trading Limited and Crackerjackpot Limited (see note 16), made up to 31 March 2019, 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.

ACCOUNTING POLICIES (CONTINUED)

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

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

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

Expenditure

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

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

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

Allocation of support and governance costs

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

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

Taxation

The charitable members of the group are exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects. The

trading subsidiaries do not generally pay UK Corporation Tax because their policy is to pay taxable profits to the Charitable Company as gift aid.

Tangible fixed assets

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

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

ACCOUNTING POLICIES (CONTINUED)

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.

ACCOUNTING POLICIES (CONTINUED)

Fund accounting policy

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes of the financial statements.

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

Operating lease agreements

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

Pension costs

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

The Charitable Company also participates in the NHS Pension Scheme, a defined benefit pension scheme, but it is unable to identify its share of the underlying assets & 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.

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

2. DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£
Donations, appeals and similar income	2,184,573	257,716	2,442,289	3,011,203
Legacies	1,612,289	-	1,612,289	1,740,555
	3,796,861	257,716	4,054,577	4,751,758

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 40 (2018: 16) 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 £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 £246,640 (2018: £443,074) has been included in the accounts for legacy bequests.

3. CHARITABLE ACTIVITIES

	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£
Local Health Authorities	468,916	-	468,916	331,430
Training	1,402	-	1,402	1,070
Public Funding	41,619	-	41,619	28,035
	511,937	-	511,937	360,535

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£
Retail activities	2,698,156	-	2,698,156	2,833,257
Membership lottery	1,880,643	-	1,880,643	2,038,109
	4,578,799	-	4,578,799	4,871,366

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

5. INVESTMENTS

	Unrestricted	Restricted	Total Funds	Total Funds
	Funds	Funds	2019	2018
	£	£	£	£
Listed investment Income	324,065	-	324,065	394,377
Interest Received	1,550	-	1,550	214
	<u>325,615</u>	<u>-</u>	<u>325,615</u>	<u>394,591</u>

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted	Restricted	Total 2019	Total 2018
	£	£	£	£
Donations, appeals, legacies and similar income	1,100,830	-	1,100,830	1,262,327
Membership Lottery	1,015,800	-	1,015,800	960,853
Investment Management Costs	67,006	-	67,006	68,476
Retail Expenditure	2,648,670	-	2,648,670	2,892,866
	<u>4,832,306</u>	<u>-</u>	<u>4,832,306</u>	<u>5,184,522</u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted	Restricted	Total 2019	Total Funds 2018
	£	£	£	£
Provision of Care:				
Direct Costs	3,608,466	184,214	3,792,680	3,606,059
Support Costs (see note 8)	870,712	-	870,712	794,026
	<u>4,479,178</u>	<u>184,214</u>	<u>4,663,392</u>	<u>4,400,085</u>

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

8. SUPPORT COSTS

Cost Categories	Charitable	Donations &	Membership	Retail	Total 2019	Basis
	Activities	Legacies	Lottery			
	£	£	£	£	£	
Management	113,964	24,332	23,737	39,595	201,628	Average Head Count
Finance	250,098	50,541	47,694	105,062	453,395	Average Head Count
Governance (note 7)	96,076	-	-	-	96,076	Time Spent
IT	109,465	22,345	21,219	44,562	197,591	Average Head Count
Human Resources	180,480	37,152	35,464	71,495	324,591	Average Head Count
PR & Marketing	120,629	24,880	23,778	47,478	216,765	Time Spent
	<u>870,712</u>	<u>159,251</u>	<u>151,892</u>	<u>308,191</u>	<u>1,490,046</u>	

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 2019	Total 2018
	£	£	£	£
Salary costs	82,733	-	82,733	79,379
Audit fees	10,452	-	10,452	15,555
Accounting services	-	-	-	10,341
Legal and professional	86	-	86	1,687
Trustee's expenses	2,805	-	2,805	691
	<u>96,076</u>	<u>-</u>	<u>96,076</u>	<u>107,653</u>

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

10. NET INCOME

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

	2019	2018
	£	£
Operating leases	588,310	674,897
Fees payable to the Charitable Company's auditor for the audit of the parent	10,452	15,555
Depreciation of owned assets	<u>360,664</u>	<u>316,066</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

	2019	2018
	£	£
Trustees Expenses	<u>2,805</u>	<u>691</u>

During the year, 1 (2018:1) Trustee was reimbursed for travel and telephone costs in the year.

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

12. EMPLOYEES' REMUNERATION

a) Staff costs

Staff costs during the year were:

	Group	
	2019	2018
	£	£
Wages and salaries	5,325,007	5,068,681
Social security costs	439,135	423,431
Pension costs	344,557	282,631
Redundancy and Termination Costs	11,937	-
	<u>6,120,636</u>	<u>5,774,743</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 and the Director of Income Generation. The employee benefits of key management personnel for the year totalled £320,356 (2018: £272,197). During the year there have been no ex-gratia payments to staff.

b) Staff numbers

The average head count of employees during the year was as follows:

	2019	2018
	No.	No.
Care Staff	96	97
Donations & Legacies	21	19
Retail Staff	73	76
Lottery staff	18	22
Central services	22	23
	<u>230</u>	<u>237</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:

	2019	2018
	No.	No.
£60,001 to £70,000	-	-
£70,001 to £80,000	1	2
£80,001 to £90,000	1	-
£90,001 to £100,000	-	-
£100,001 to £110,001	-	-
	<u> </u>	<u> </u>

The Charitable Company also made pension contributions on behalf of the above employees totalling £15,966 (2018: £14,266) which have not been included within the banding categories above.

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

13. TAXATION

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

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

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

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

14. CHARITABLE COMPLANY 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:

	2019	2018
	£	£
Total incoming resources	8,417,156	9,248,170
Total resources expended	-8,438,300	-8,442,242
Net incoming resources	(21,144)	805,928
Net unrealised investment gain/(loss)	515,393	(5,017)
Net movement in funds	494,249	800,911
Funds:		
As 1 April 2018	17,369,403	16,568,492
At 31 March 2019	17,863,652	17,369,403

The above results include £907,200 (2018: £1,093,712) in gift aid donations received by the Charitable Company from its trading subsidiary Crackerjackpot Limited.

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

15. TANGIBLE FIXED ASSETS

Group and Charity

	Freehold Land and Buildings	Fixtures and Fittings	Equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2018	7,021,820	1,090,172	257,064	80,648	8,449,704
Additions	333,167	12,737	53,121	26,250	425,275
Revaluations	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2019	<u>7,354,987</u>	<u>1,102,909</u>	<u>310,185</u>	<u>106,898</u>	<u>8,874,979</u>
Depreciation					
At 1 April 2018	1,698,993	825,035	189,903	72,579	2,786,510
Charge for the year	209,547	102,031	45,975	3,111	360,664
Revaluations	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2019	<u>1,908,540</u>	<u>927,066</u>	<u>235,878</u>	<u>75,690</u>	<u>3,147,174</u>
Net Book Value					
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>
At 31 March 2018	<u>5,322,827</u>	<u>265,137</u>	<u>67,161</u>	<u>8,069</u>	<u>5,663,194</u>

16. FIXED ASSET INVESTMENTS

Total fixed asset investments comprise:

	2019		2018	
	Group	Charity	Group	Charity
	£	£	£	£
Interests in subsidiary undertakings	-	10,001	-	10,001
Market value of other fixed asset investments	<u>11,826,182</u>	<u>11,826,182</u>	<u>11,054,902</u>	<u>11,054,902</u>
	<u>11,826,182</u>	<u>11,836,183</u>	<u>11,054,902</u>	<u>11,064,903</u>

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

FIXED ASSET INVESTMENTS (CONTINUED)

Interests in group undertakings

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

	Country of Incorporation	Class of Share Capital Held	Company Number	Nature of Business	Capital and Reserves £	Result for the Financial Year £
Tŷ Hafan Trading Limited	England & Wales	Ordinary shares	05129825	Trading Merchandise	30,997	'3(3,624)
Crackerjackpot Limited	England & Wales	Ordinary shares	08221671	Lottery Operations	10,000	-

Other fixed asset investments were held as follows:

	2019	2018
	Group and Charity	Group and Charity
	£	£
Listed Investments		
Market value at 1 April	11,054,902	10,715,264
Additions	2,072,147	1,784,973
Disposals	(1,926,243)	(1,287,484)
Cash movement	109,983	(152,834)
Revaluation	515,393	(5,017)
Market value at 31 March	11,826,182	11,054,902
Cash included in total	558,945	448,601
Historical cost	9,828,628	9,165,221

The market value at 31 March 2019 comprises a sum of £5,946,803 (2018: £5,670,691) managed by Rathbones, and a sum of £5,796,976 (2018: £5,316,038) managed by Barclays Plc. Also included in the market value are £82,403 (2018: £68,173) of shares

which were bequeathed to the Charity taking the investment portfolio to £11,826,182 at the balance sheet date.

Income generated totalling £324,065 (2018: £394,377) was invested after deduction of management charges of £67,006 (2018: £68,476). The investments are unrestricted. During the year there were £0 (2018: £0) withdrawals from the investment portfolio to fund capital and other programme expenditure. The portfolio includes £9,074,975 (2018: £8,857,943) invested in UK investments and £2,751,207 (2018: £2,196,959) invested in overseas investments.

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

17. STOCKS

	2019		2018	
	Group	Charity	Group	Charity
	£	£	£	£
Retail goods held for sale	34,844	12,700	71,554	30,452

18. DEBTORS

	2019		2018	
	Group	Charity	Group	Charity
	£	£	£	£
Trade Debtors	126,542	126,542	6,714	6,560
Prepayments and accrued income	635,828	620,918	844,805	840,445
Due from subsidiary undertakings	-	522,171	-	549,029
VAT recoverable	78,493	78,493	68,371	68,371
	840,863	1,348,124	919,890	1,464,405

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

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019		2018	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	208,115	197,743	122,828	115,568
Owed to subsidiary undertakings	-	8,855	-	-
Social security and other taxes	149,117	138,242	150,136	141,253
Accruals	281,834	264,909	211,914	202,281
Deferred income	273,158	106,199	348,428	179,771
	912,224	715,948	833,306	638,873

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

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.

	2019		2018	
	Group £	Charity £	Group £	Charity £
As at 1 April 2018	348,428	179,771	388,933	174,485
Amounts released to incoming resources	(242,228)	(73,571)	(388,933)	(174,485)
Amounts deferred in the year	166,959	-	348,428	179,771
As at 31 March 2019	<u>273,159</u>	<u>106,200</u>	<u>348,428</u>	<u>179,771</u>

20. PROVISIONS FOR LIABILITIES AND CHARGES

	2019		2018	
	Group £	Charity £	Group £	Charity £
As at 1 April 2018	623,515	623,515	504,667	504,667
Additions	103,587	103,587	118,848	118,848
Charged during the year	(80,532)	(80,532)	0	0
As at 31 March 2019	<u>646,570</u>	<u>646,570</u>	<u>623,515</u>	<u>623,515</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 £221,319 (2018: £202,521).

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 £83,238 (2018: £79,848)

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

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

22. MOVEMENT IN FUNDS - GROUP

	Balance at 1 Apr 2018 £	Incoming resources £	Outgoing resources £	Transfers £	Unrealised gain on Investments £	Balance at 31-Mar-19 £
Unrestricted funds						
General funds	16,304,697	9,143,213	(9,311,485)	(5,889,176)	515,393	10,762,642
	<u>16,304,697</u>	<u>9,143,213</u>	<u>(9,311,485)</u>	<u>(5,889,176)</u>	<u>515,393</u>	<u>10,762,642</u>
<u>Designated Funds</u>						
Care in Community	-	70,000	-	-	-	70,000
Building	-	-	-	5,002,176	-	5,002,176
Planned Deficits	-	-	-	887,000	-	887,000
Hospice Staff Costs	125,000	-	-	-	-	125,000
Transition	247,857	-	-	-	-	247,857
	<u>372,857</u>	<u>70,000</u>	<u>-</u>	<u>5,889,176</u>	<u>-</u>	<u>6,332,033</u>
Restricted funds						
Building	452,388	-	(8,117)	-	-	444,271
Hospice Equipment	25,311	48,790	(20,882)	-	-	53,219
Hospice Staff Costs	74,087	73,810	(46,727)	-	-	101,170
Hospice Service Users	-	31,321	(7,999)	-	-	23,322
Hospice Refurbishment	-	74,200	-	-	-	74,200
Hospice IT	-	17,500	(9,675)	-	-	7,825
Garden Works Project	124,685	12,095	(90,814)	-	-	45,965
Care in Community	50,000	-	-	-	-	50,000
	<u>726,470</u>	<u>257,715</u>	<u>(184,214)</u>	<u>-</u>	<u>-</u>	<u>799,972</u>
Total Funds	<u>17,404,024</u>	<u>9,470,928</u>	<u>(9,495,699)</u>	<u>-</u>	<u>515,393</u>	<u>17,894,646</u>

Included within the above general funds are funds of the subsidiaries amounts to £30,996 (2018: £34,620) all of which are unrestricted.

MOVEMENT IN FUNDS – GROUP (CONTINUED)

General Funds:

General funds are available for use at the trustees' discretion in furtherance of the objectives of the Charitable Company. Included in general funds is the revaluation of investments to market value of £11,826,182 (2018: £11,054,902).

Fund Transfers:

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

Restricted Funds:

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

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

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

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, £70,000 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, £5,002,176 and the allocation for planned deficits in 2019/20 and 2020/21 of £887,000.

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed assets £	Investments £	Net current assets £	Provision £	Total £
Unrestricted funds	4,927,833	11,826,182	982,472	(598,479)	17,138,008
Restricted funds	799,972	-	-	-	799,972
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	<u>5,727,805</u>	<u>11,826,182</u>	<u>982,472</u>	<u>(598,479)</u>	<u>17,937,980</u>

CHARITY

	Fixed assets £	Investments £	Net current assets/ (liabilities) £	Provision £	Total £
Unrestricted funds	4,927,833	11,836,183	941,445	(598,479)	17,106,982
Restricted funds	799,972	-	-	-	799,972
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	<u>5,727,805</u>	<u>11,836,183</u>	<u>941,445</u>	<u>(598,479)</u>	<u>17,906,954</u>

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2019

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

	Note	2019 £	2018 £
Surplus / (Deficit) of income over expenditure		490,623	788,626
(Gains) / Losses on investments	16	(515,393)	5,017
Net investment income and bank interest payable	5	(325,615)	(394,591)
Depreciation	15	360,664	316,066
Disposals / Revaluation Movement	15	-	6,904
Decrease in stock	17	36,710	10,365
Decrease in debtors	18	79,027	(330,935)
Increase in creditors	19	78,918	(72,802)
Movement in provision for liabilities and charges	20	23,055	118,848
Net cash outflow from operating activities		227,989	447,498

25. CAPITAL COMMITMENTS

There were no capital commitments as at 31 March 2019 (2018: None).

26. OPERATING LEASE COMMITMENTS

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

	2019		2018	
	Group £	Company £	Group £	Company £
Land and Buildings				
Leases expiring within one year	425,583	425,583	469,000	469,000
Leases expiring within 2 to 5 years	886,875	886,875	1,015,167	1,015,167
Leases expiring within greater than 5 years	78,500	78,500	148,667	148,667
	<u>1,390,958</u>	<u>1,390,958</u>	<u>1,632,834</u>	<u>1,632,834</u>
Other Operating				
Leases expiring within one year	29,524	29,524	16,866	16,866
Leases expiring within 2 to 5 years	47,312	47,312	4,303	4,303
Leases expiring within greater than 5 years	-	-	0	0
	<u>76,836</u>	<u>76,836</u>	<u>21,169</u>	<u>21,169</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 £5,446,447 (2018: £5,322,826), 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 (2018: £498).