

Annual report and financial statements
For the year ended 31 March 2022

Tŷ Hafan
www.tyhafan.org
Registered Charity No. 1047912
Company No. 3077406

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Trustees statement

The trustees confirm that their annual report and the accounts of the Charity and its subsidiaries for the year ending 31 March 2022, have been prepared in accordance with:

- the Companies Act 2006
- the Charities Act 2011
- 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 Charity continues its recovery from the hardships brought by the COVID-19 pandemic. We have adapted our services, providing care to children and families wherever it is needed, including in the hospice, in homes, in the community through stay and play hubs, and online.

The introduction of stay and play hubs has been a welcome addition to Tŷ Hafan's suite of services. These are events that take place around Wales, taking part of Tŷ Hafan to families in their local communities.

We were delighted to hold our first in-person memorial service in two years, the summer service of remembrance. This special event brought Tŷ Hafan families together to remember the children they have lost. The service of remembrance was also held online for those families who were still shielding, unable to travel or found virtual attendance preferable.

The Charity faces a different yet equally pressing challenge with the cost-of-living crisis and dramatically increasing energy costs. Much of the electrical equipment used at the hospice is essential for proving the care that children with life-shortening conditions need, but the prices that fall hand-in-hand with running this equipment have surged beyond recognition.

Difficult and uncertain economic circumstances are impacting across all of society, which is the predominant reason why the Charity's donations from individuals have dropped to the order of 50%.

The challenges that the Charity has been facing have been widely reported in the media. Creating awareness of the trials affecting the Charity and the families we support is a key factor in driving the financial support on which we rely so heavily. Despite uncertainty and apprehension in the times in which we live, one thing remains constant: Tŷ Hafan is still robust in its mission to provide unwavering support and care to the children and families across Wales that depend on its services.

On behalf of the board, I would like to extend heartfelt and grateful thanks to Tŷ Hafan's donors, supporters, staff and volunteers. Without this generosity of support, we would not be able to provide the level and consistency of care and support to the children and their families, which is in high demand and accepted with immense gratitude.

Martin Davies
Chairman of the Board

Chief executive's statement

At Tŷ Hafan we started 2021/22 with a great degree of optimism, buoyed by the prospect of leaving behind the restrictions of the pandemic which created immense challenges for us across the charity, particularly in income generation and aspects of care provision. Perhaps fortuitously, at that time, we had no sense of the further difficulties that might lie ahead.

Given the vulnerability of the young children and families we support, we continued to rigorously follow the guidance of Public Health Wales at our hospice, in our offices and in our shops. For colleagues delivering front-line care, this meant continuing to wear restrictive Personal Protective Equipment (PPE), a personal challenge for the staff but also a barrier to the all-important personal interactions with the children. I am incredibly proud of the fortitude, resilience, and professionalism of our care colleagues, always prioritising the needs of children and families before their own. Similarly, our community care teams, office-based teams and colleagues in our portfolio of 19 retail shops maintained rigorous testing to protect the families and members of the public with whom they engaged every day. The commitment and dedication of our teams were key to overcoming the many workforce challenges we experienced due to the continued prevalence, and mutation of, the virus.

As the restrictions lifted, colleagues embraced the positives from our pandemic working practices. For example, our community and partnerships teams continued to offer virtual play therapy sessions, blending this with our in-person, in-home and community sessions. This allowed us to increase our reach and to offer one-to-one support to many more children and families. As we introduced all non-front-line colleagues back to the offices, we trialled hybrid working arrangements. This offered colleagues flexibility and the opportunity to minimise commuting costs whilst retaining high standards of service. It also helped us to reduce our carbon footprint.

Having pressed ahead with a major refurbishment of the children and family rooms in our hospice during the pandemic, during which time we continued to admit children requiring crisis stays or end of life care, we were able to reveal the beautifully upgraded facilities and welcome back more children and families for therapy and respite stays. We received the recommendation of an independent care services review and commenced implementation of recommendations.

In October, Healthcare Inspectorate Wales completed an inspection of the hospice, and feedback was overwhelmingly positive.

Funding our care costs continued to be a major priority and this was underlined in our business plan, which forecast an operating deficit of £1.6m. With the benefit of Covid funding, and thanks to continued prudence, focused fundraising efforts and the solid performance of our investment portfolio, we ended the year on a relatively positive note with a net deficit of £390k, excluding restricted income, (2020/21 – net surplus of £264k).

Throughout 2021/22 we embraced opportunities to collaborate with others. Our joint public affairs initiative with Tŷ Gobaith, the children's hospice in North Wales, resulted in a welcome increase in the contribution we receive from Welsh government. Statutory funding was uplifted from 12% to 20% of care costs including commissioned income, with the increase taking effect from 2022/23.

To continue to build awareness of the important role the charity plays in the health and social care ecosystem in Wales, we engaged with members of the major political parties

and Welsh government, as well as the Children's Commissioner in Wales, Sally Holland and the Minister for Health & Social Care, Eluned Morgan.

With continued reliance on the incredible generosity of the Welsh public, our Income Generation initiatives focused on investing in sustainable income streams to improve our contribution to care costs. Our lottery, Crackerjackpot (tyhafanlottery.co.uk), continued to be a popular, accessible product for supporters. With virtual events on the wane, we tentatively reintroduced in-person events. Our first major concert at Llandaff Cathedral, headlined by the world-renowned Treorchy Male Voice Choir, in December 2021 reassured us that our supporters were still very much there for us. Exciting new partnerships were announced, including Morrisons, in collaboration with Together with Short Lives, and the iconic Welsh mutual, Principality Building Society, in association with Tŷ Gobaith. Our supporters continued to bolster us, and our corporate sponsors and major donors were, as always, stalwart in their support.

As the year progressed and the employment market became more buoyant post-pandemic, we bade farewell to some loyal colleagues and welcomed many new members to our teams, some of which were redesigned to reflect the new ways of working.

The trustees supported our plans to invest in several initiatives to support the recruitment, development, and retention of our colleagues. These included investments in well-being, leadership development, volunteer development and several strategic HR projects, as well as the inception of a project to review our brand, our culture and our vision, mission and values and projects to introduce an intranet, and to replace our website.

Other sources of light in an otherwise challenging year included the confirmation of Seth Burke, one of the young people accessing our services, to the Welsh Youth Parliament. We also completed a project to digitise the children's handprints which have been an enduring feature of our hospice, ensuring that they will be preserved forever. Our Teenage den was opened, creating a bespoke space for young people who use our services. We also created a beautiful sensory garden for the benefit and enjoyment of our children, families, and colleagues. This has become a key feature of our lovely grounds, which are beautifully enhanced and maintained by the fantastic team of volunteer gardeners, ensuring that our seven acres by the sea can be enjoyed by children, families and colleagues throughout the seasons.

As always, motivated and inspired by the incredible children, young people and their families and my fantastic colleagues, I look forward to the year ahead with renewed vigour and refreshed hope.

Thank you for your support. We could not do what we do without you.

Maria Timon Samra
Chief Executive

Tŷ Hafan – being there

Tŷ Hafan provides specialist care and support for children and young people living with life-shortening conditions and their families in Wales. As the children and young people referred to our service are not expected to live beyond 18 years of age, we focus all we do on ensuring a short life is a full life. The care and support provided by Tŷ Hafan continues through bereavement and beyond. Put simply, we are always there.

As a charity we support children and young people with a diverse range of conditions which include severe cerebral palsy, cancer, Duchene muscular dystrophy and many very rare genetic conditions. Some of the children we care for have been diagnosed at, or before birth, some in early childhood, whilst others receive no diagnosis and live with unpredictable health over an extended period with an uncertain prognosis. Wherever and however our services are provided, they are available completely free of charge to children and their families.

Families live each day with the reality of knowing their child may die young. Our unique understanding of how this impacts every part of their life shapes the care we provide. In all cases, this is tailored and heartfelt, and designed to meet the individual needs of a child and family. Our care is always holistic, focusing on physical, emotional, social, and spiritual needs. This means that throughout our journey with the child and their family we help them make the most of every moment, enabling them to focus on living whilst acknowledging dying.

Tŷ Hafan's skilled and experienced multi-disciplinary care team includes nurses, and health care support workers, specialist nurses and therapists, family support workers, and play workers, who work together with GPs and medical experts to provide seamless support that flows across organisational and geographical boundaries. As the needs of children and families change over time, we re-shape our care and support so it is available for families when and where they are needed most.

Such long periods of illness and extended uncertainty inevitably place a huge strain on family life, so our support is inclusive, encompassing the wider family including parents and siblings. When the time comes, our support continues after the death of a child, and we are there for bereaved families for as long as they need us.

The decreasing incidence of Covid across communities in early 2022 brought about a welcome return of much missed freedom for many people. For the families of children with life-shortening conditions, emerging from the pandemic has been much slower and more cautious, with many families concerned about the continued risks presented by the virus to their vulnerable children.

Lives, that are already unfairly hard, continue to be impacted by fear and isolation. In the midst of this uncertainty, families shared how Tŷ Hafan is a 'haven' for them – somewhere they feel safe and supported, cocooned from the risks of the outside world for a little while.

Care at Tŷ Hafan's hospice

While we have prioritised residential care for children and families with the greatest need and for children at the very end of life, we have continued to improve our environment to ensure we are ready to welcome more children in 2022/2023. Our refurbished hospice is bright and cheerful with an engaging beach theme that has been shaped by involving children, young people, families and staff, with personalised children's rooms. Our family rooms have been updated, to provide a relaxed

environment for exhausted parents and siblings. While the look and feel may be different, the warmth of the welcome remains uniquely Tŷ Hafan.

Throughout 2021/22 the Covid-19 pandemic continued to place significant challenges on the delivery of care services. Our nursing teams continued to work in PPE, resolute in their commitment to be there for children who needed crisis or end of life care. In this second year of the pandemic, building on the trend for virtual engagement, we sought opportunities to do things better or differently. Strengthening the blended model of support, we introduced in 2020/21, we provided residential care for children and families requiring supportive stays to stabilise their condition and/or sustain family coping and wellbeing, while increasing access to care and support at home, or closer to home, for more children and families.

As we look towards more stable times, we are working to reintroduce planned short break stays at the hospice for children and families. Often referred to as respite care, this is a vital lifeline for families, enabling them to step away from the 'round the clock' caring responsibilities, secure in the knowledge that trusted help and support is nearby. For some families this allows them time to focus on themselves or other siblings, perhaps to enjoy activities that are too difficult to arrange or participate in with a child who is dependent on help and support.

Care in hospitals

As children access care and support in multiple settings, we liaise to ensure that our services work effectively with hospitals and organisations, seeking to complement the services they provide.

When a child with a life-limiting condition is admitted to hospital, it usually means the child has become more unstable, or a sudden deterioration has occurred. Tŷ Hafan's services work with hospital-based care teams, enhancing the support and providing families a trusted and familiar point of contact at a time when life may feel out of control. In the final days and weeks, our teams will be alongside the family, exploring their wishes for end-of-life care, including arranging a transfer to the hospice as the child, young person or family prefers.

Care at or closer to home

The scope and diversity of services delivered virtually as well as at home or closer to home has been expanded, reflecting an increased focus on family wellbeing and outreach services. Through talking with families, we have come to understand how shorter and more local interventions, delivered more frequently, can make a big difference.

Most children with life-limiting conditions live their lives in their local communities, so reaching into homes and communities means families can receive care and support in a more flexible way. Local services are often easier to access, less disruptive to day-to-day family life, and enable the whole family to be involved.

Families can select from a range of services that includes in person visits at home or through video enabled technology, services in community hubs and events across our geography, ranging from Aberystwyth to Newport to Brecon.

Our closer to home 'stay and play' hubs provide meaningful play therapy and engagement activities for children delivered by our experienced play team – a time for fun and distraction in a setting that enables them to share this experience with other children. For mums and dads, this is a time to enjoy some peer support, to learning from

each other and share experiences. It also creates time to focus, for a while, on their own wellbeing, enabling them to access complementary therapies and family support.

Fostering connections and strengthening self-support

Many families live with the reality that their child's condition is so rare that few other families can understand what this feels like. Tŷ Hafan creates a sense of community that leaves families feeling better supported through shared experiences. One way of achieving this, especially during the pandemic, has been through a network of 'closed' Facebook groups – an online community of people learning from each other, accessing information, and being there when things feel tough. This important service is available for mums, dads, siblings, and our 'squad' of older young people who no longer access Tŷ Hafan's residential services but want to stay in touch with their friends.

Emotional support around the clock

Caring for a child with a life-shortening condition is exhausting and can feel overwhelming for families who have little time to rest while fulfilling their 24/7 role as parent carers with skill and expertise. The family support team, comprising of family support workers and family support practitioners, is available around the clock every day of the year. This vital service is now multi-channel – available face-to-face at home, via video enabled technology, on the phone, and through one-to-one sessions at the hospice and in local communities.

Support for siblings

The brothers and sisters of children with life-shortening conditions face unique challenges themselves. Tŷ Hafan offers specialist support that recognises this and provides opportunities to understand and express their thoughts and feelings as well as develop mechanisms to help them cope and thrive against a backdrop of isolation and loss. Sibling support is age appropriate and flexes to meet needs over a lifetime of support. Support is offered at the hospice and closer to home on a one-to-one basis as well as in group settings.

Practical support

Research shows that the families we meet are more likely to experience financial hardship and can find it difficult to access additional support. Tŷ Hafan's signposting and advocacy services are vitally important. We use our voice whenever and wherever it is needed to enable the challenges experienced by families to be better understood, and to help identify solutions to make these unfairly difficult lives a little easier.

Transitional care and support

When a young person expected to die in childhood approaches their 18th birthday, there will be cause for celebration, but this is often accompanied by anxiety as they begin the transition from children's services to adult services. Some families describe this time as a 'cliff edge' as they move away from all that is familiar and need to form new relationships with adult services. Tŷ Hafan provides a range of individualised services to make this experience less daunting. A paediatric palliative care consultant and a specialist nurse work across organisational boundaries jointly working with adult hospices and other specialist teams so that the young person and their family feels safe and supported. Recognising the need for young people to have social opportunities to engage with peers is another important focus for transition support. The team facilitates a number of social events for this cohort of young people and for their parents who are also learning to navigate new relationships with their adult children.

End of life

When the time comes for a family to say goodbye to their child, our focus turns to supporting families with the unfamiliar experience of bereavement and with the immediate practical decisions they need to make. This support is designed with the individual needs of families in mind, but also includes opportunities for families to come together to remember their children through dedicated events and remembrance services. Bereavement is experienced uniquely, and we are here for families for as long as they need us. Families are always welcome back to the hospice, where children are remembered in memorial services, in our memorial garden and are “forever in our skies”, as part of Tŷ Hafan’s unique birdsong project.

Key facts

Number of families supported: 353

Total family member beneficiaries: 1060

Number of bereaved families supported: 273

Number of respite nights provided: 1396

Number of community interventions: 8330

Public benefit, vision, mission and strategic objectives

Having taken Charity Commission guidance into consideration, the board is confident that our Charity meets the public benefit requirements set out in the Charities Act 2011, and that our activities are consistent with our aims and objectives.

We believe that the Charity's vision, mission and strategic objectives enable us to meet the public benefit requirements by delivering a broad range of services free of charge to our beneficiaries.

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.

Strategic objectives

Tŷ Hafan's strategy has four core goals; develop our services, expand the reach of the Charity, build resilience within the organisation, and invest in our people. Across all of our goals we are committed to demonstrating openness and transparency.

Objectives:

- To support the identification of all children with life-shortening 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, high quality and complementary bespoke care services to children and their families.
- To provide sustainable funding to support the provision of care, now and in the future, and ensure the effective and efficient use of resources.
- 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 attract, retain, engage, and nurture the best people to achieve the Charity's objectives.

Fundraising

In 2021-22 Tŷ Hafan received just 6% of its funding from government sources, and raised the remaining funds through voluntary fundraising activity.

Following an extremely challenging year for fundraising activity in 2020/21, some challenges continued into 2021/22 as a result of the ongoing impacts of the Coronavirus pandemic.

The pandemic continued to cause challenges for fundraising events, with many of Tŷ Hafan's established events being cancelled or postponed. We continued to organise virtual events and to encourage supporters to set themselves virtual challenges to fundraise for us. Our first face to face event (Christmas at the Cathedral) took place in December 2021, but with social distancing restrictions limiting the number of attendees.

Individual supporters continued to help us by making one-off gifts or giving monthly and this remains a crucial and stable part of our fundraising activities. The generosity of philanthropic individuals making large donations once again played a vital role in Tŷ Hafan's fundraising activities this year while awards from grant making bodies such as trusts and foundations also formed an important part of our income.

Legacy donations from people who remember us with a gift in their Will grew significantly in 2021/22 and remains a poignant and important source of funds for the Charity.

Fundraising from businesses continued to be challenging with many organisations focussing their efforts on protecting their business from the ongoing impacts of the pandemic, while ongoing home-working arrangements continued to impact fundraising efforts. However, the mutual benefits of business partnerships remain an essential part of fundraising activities.

Fundraising from community groups, organisations and institutions, including Friends of Tŷ Hafan groups, showed some signs of recovery in 2021/2022, as supporters were more able to organise their own events as lockdown restrictions eased. However, ongoing restrictions during part of the year prevented this area of fundraising from recovering to pre-pandemic levels.

Financial support from our donors was supported by Tŷ Hafan's commercial activities, which play an important role in enabling the Charity to retain diversified income sources. The Crackerjackpot lottery, wholly owned by Tŷ Hafan, remained buoyant across the year and continued to generate a reliable and substantial income for us. Tŷ Hafan shops provided a hub for local communities to shop, donate, volunteer and learn more about our charitable activities.

Fundraising practices

Tŷ Hafan is registered with the Fundraising Regulator and is committed to the Fundraising Promise and adherence to the Fundraising Code of Practice.

In the course of fundraising, we will inevitably come into contact with people who may be in vulnerable circumstances, including the families of the children we support. Our Ethical Fundraising Policy outlines our commitment to engage carefully and sensitively with vulnerable people.

In 2021/22 we did not pay third party professional fundraisers to generate funds, but did receive funds from local and national corporate partners who provided charitable

contributions to us from the sale of their good or services. For all of these partners, commercial participator agreements were in place.

We are continually looking for ways to improve Tŷ Hafan's fundraising practices and ensure we maintain high standards for fundraising at all times. Listening to and learning from complaints about fundraising is a crucial part of this process. In 2021/22 we received two complaints directly related to our fundraising activities, which were resolved. We were not subject to any complaint investigations through the Fundraising Regulator. We provide details of how to contact us, including our complaints policy and procedure on our website.

Fundraising performance

Our fundraising efforts continued to be impacted by the Coronavirus pandemic. However, there were a number of significant highlights for fundraising activities over the year:

- £1.5m from entries into our Crackerjackpot lottery. An average of 29,708 weekly plays.
- £1.3m received from individuals who remembered us with a Gift in their Will.
- £0.7m received from individual supporters through regular giving or other monetary donations.
- £1.8m generated from our supporters shopping or donating at one of Tŷ Hafan's shops across Wales.
- £0.6m from businesses and organisations that have raised or donated funds to help Tŷ Hafan deliver care and support to eligible children and their families.
- £0.3m received in grant awards from institutions such as trusts and foundations.

Our people

Employees

To enable the Charity to provide care to our service users through fundraising activities, we employ approximately 200 staff with a broad range of skills and experience. We have variety of staff roles such as shop managers, fundraisers, administrators, clinical, health and social care specialists. To support these staff to work efficiently we also employ HR, IT, finance and governance professionals. Together, we are dedicated to delivering the best possible service for children with life-shortening conditions and their families in Wales.

To enable staff to fulfil their potential we provide training and personal development programmes. Statutory care training sits alongside both internal and external training to ensure excellence across the Charity. New initiatives have been introduced this year to support staff wellbeing and to develop management and leadership skills.

Feedback from staff through the year has been vital in ensuring that the Charity meets the needs of colleagues to continue to drive the organisation forwards.

Equality, diversity and inclusion are fundamental to Tŷ Hafan as an organisation. 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

Volunteers play a fundamental role at Tŷ Hafan. Their dedication, hard work and generous donation of their time are vital in allowing us to deliver care services to our beneficiaries.

The roles that volunteers play at the Charity are many and varied, each as meaningful and important as the next. Roles include entertaining the children with story-time sessions, tending the extensive gardens at the hospice, assisting in our shops, and promoting awareness and supporting fundraising activities.

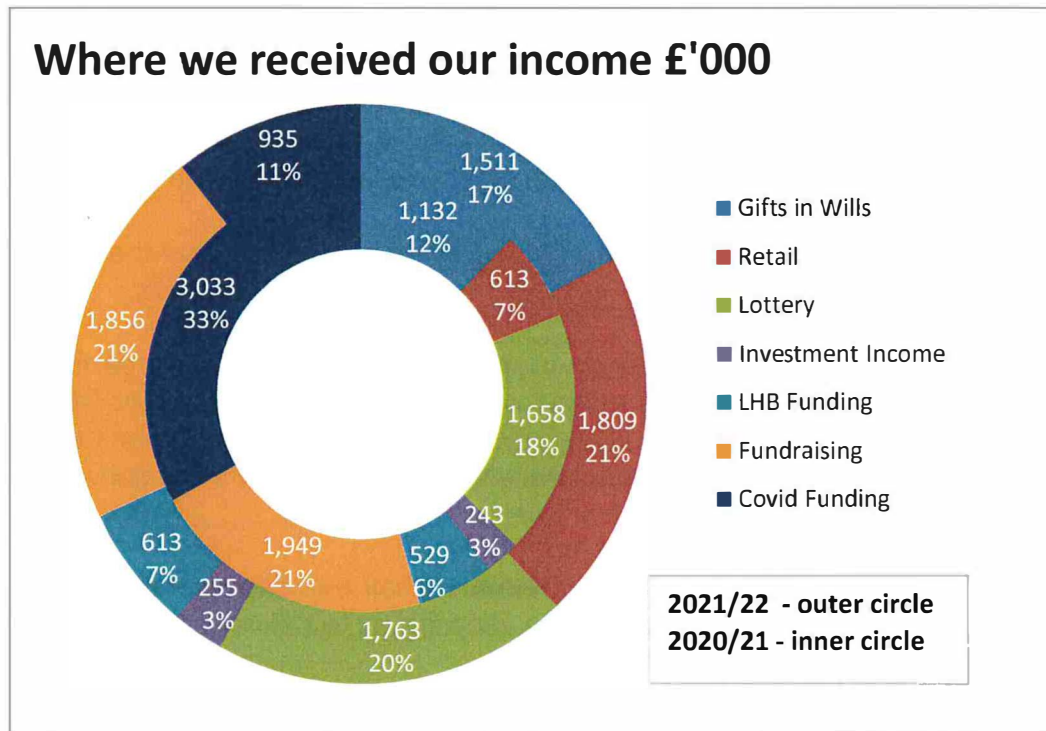
Although it is not possible to acknowledge the contribution that volunteers make as a financial amount in our annual accounts, their work is invaluable to the Charity, and we would not be able to support children with life-shortening conditions or their families without such dedicated volunteers.

Financial review and results for the year

Results for the year ended 31 March 2022 are shown in the Consolidated Statement of Financial Activities on page 29. 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 2021/22 was £8,741,164 (2020/21 £9,157,070). This represents an 5% decrease from the previous year.

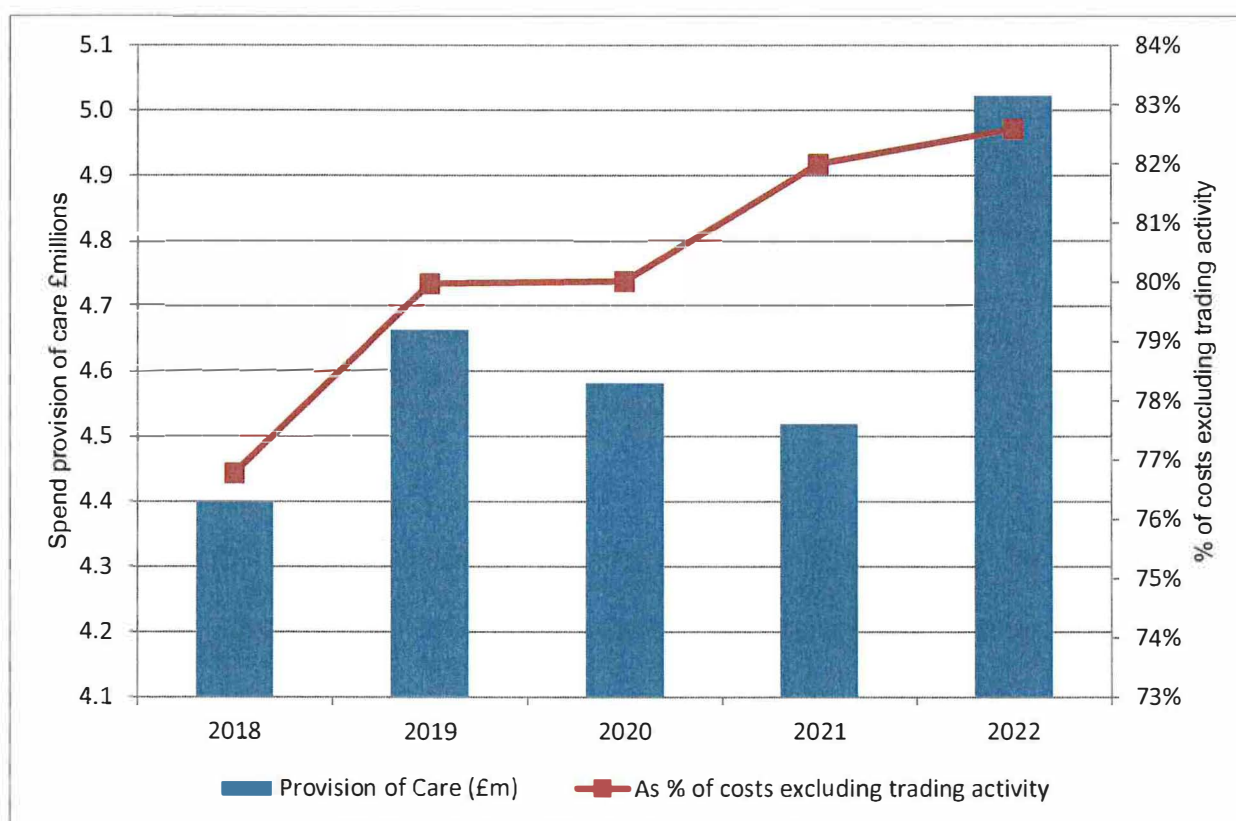


We continued to see the impact of the pandemic on income generation, however, retail income improved as lockdown restrictions were lifted. Thankfully, we still received some support of £935k (2020/21 £3m) from the government to help offset the impact of the pandemic.

Expenditure

Total expenditure in 2021/22 increased by £396,312 (+5%) to £8,924,032 (2020/21 £8,527,720). There was a significant increase in spend in the provision of care of £503,238 (+11%) due to an uplift in services provided at the hospice and in the community.

Five Year Expenditure on Charitable Activities



Excluding trading activity in retail and lottery, 83 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 for the Charity's beneficiaries.

Cashflow

Overall, in 2021/22 there was a net cash inflow of £535,407 increasing the cash held to £784,948 as at 31 March 2022. This included the withdrawal of £500,000 of funds from our investment portfolio during the year.

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, identifying potential risks to the Charity and likelihood of events 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 2022, the Charity held £10,789,789 in unrestricted free reserves (2021: £9,898,183). The reserves were broken down as follow:

	31/03/2022	31/03/2021
Net Assets	£19,147,961	£18,718,536
Less Designated Reserves	(£7,480,427)	(£7,937,068)
Less Restricted Reserves	(£877,745)	(£883,285)
Unrestricted Free Reserves	£10,789,789	£9,898,183

Unrestricted free reserves have increased by £891,606 (+9%) during the year. Designated reserves have been reduced by £456,641 (-6%) and include a reduced provision for future planned deficits and an allowance for major capital projects if no funding is available. Designated reserves also include the net book value of property owned by Tŷ Hafan.

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 for approval by the board. The investment strategy is formally reviewed with our investment managers and finance with governance committee annually and more frequently when considered necessary.

Tŷ Hafan's investment portfolio is managed by investment managers according to the board's instructions.

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 Tŷ Hafan's investment portfolio as at 31 March 2022 was £12,837,993 (2021: £12,530,466) representing an overall increase in value for the year of £307,527 or +2% (2021: +18%).

During the year, there was a cash withdrawal from the portfolio totalling £500,000 (2021: £500,000).

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

As a charitable company operating an independent hospital and running a lottery, we are accountable to primary regulators and it is therefore a legal requirement to register with Companies House, Charity Commission, Healthcare Inspectorate Wales and the Gambling Commission.

We're also registered with government departments e.g. HMRC, local authority services and other bodies e.g. Fundraising Regulator and ICO, usually governed by self-assessment of compliance with regulations and/or filing annual returns.

The board of directors is legally responsible for financial probity, legal and regulatory compliance, and the Charity's registration as a private voluntary hospital under the Independent Healthcare (Wales) Regulations 2011.

The board, as the accountable body, governs Tŷ Hafan through its constitution. Tŷ Hafan's Articles of Association, Scheme of Governance (including Standing Orders, Matters reserved for Board, and 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 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 objectives for the long-term 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 augment the diversity of its skillset through a continuous succession plan. Trustees are subject to a rigorous interview process, probationary period, due diligence checks and induction to ensure they become effective members of the board, working in the best interest of the Charity. Trustees play an engaged role, volunteering their time and support freely. They contribute the benefit of their professional expertise, and collaborate to protect and develop the Charity in a heavily regulated environment.

Trustees may now serve up to a maximum of eight years and may be nominated for re-election at the end of the first four-year term. The board and senior executives of Tŷ Hafan are listed within the 'reference and administrative details' section of the accounts.

Delegation

Although specific authority is delegated to the chairman, committees and the chief executive, the board remains ultimately accountable for the Charity's affairs, financial probity, legal and regulatory compliance and registration as an independent hospital. The board sets the long-term goals for the Charity and the chief executive, who is responsible for operational activity, translates this into a strategy and business plan to be delivered by the executive team. The board oversees the management of the Charity and meets regularly to receive reports from its committees, executive directors and officers of the board.

Committees

The board benefits from the support of four standing committees, and various ad hoc committees, with specific remits to scrutinise the management of the Charity's operations. Each committee comprises a chair, members selected by the nominations committee and committee chair, and executive directors, as advisors to the board. The standing committees are:

- Clinical governance committee, upholding excellence in clinical care by monitoring the quality of safeguarding and care service delivery.
- Finance with governance committee examines financial, fiduciary and investment matters, as well as the Charity's governance arrangements.
- Directorate and operations committee, which considers operational management and fundraising activity.
- Remuneration committee reviews issues relating to staff financial compensation, and terms, conditions and benefits.

The nominations committee meets as required to ensure an effective board is in place to govern the Charity with financial probity and transparency. This committee scrutinises the board's composition and performance, ensures robust recruitment and succession planning, and that the board complies with the Charity's governing documents and policy framework.

Pay structure

The board ensures that there is a transparent process in place for the setting of salaries within the Charity to ensure fair and equitable pay, determined by affordability, economic indicators, and competitiveness. This is achieved by an annual review to benchmark every paid role within the Charity against comparable roles in similar organisations. Recommendations for proposing annual pay awards are considered by the remuneration committee and, if endorsed, require board approval. Remuneration for members of the executive team, including the chief executive, is considered separately, and agreed by the board.

Subsidiary companies

As disclosed in note 16 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 risk and uncertainties

Tŷ Hafan conducts a broad range of activities including the delivery of specialist paediatric palliative care within a hospice environment, as well as providing health and social care outside the hospice. It operates a network of retail shops, organises fundraising, marketing, and events activities, and conducts regulated gambling through the Charity's subsidiary, Crackerjackpot.

The breadth of these activities requires a careful, systematic and robust approach to risk and uncertainty to safeguard the Charity's people and resources. We continue to reach for the highest standards of clinical and charity governance, and ensure effective delivery of charitable objectives.

Tŷ Hafan's risk management framework, as part of our risk management policy, is central to Tŷ Hafan's Scheme of Governance and is based upon the principles of BSI ISO 31000 and COSO Enterprise Risk Management framework. The aim is to integrate the risk management policy in the Charity's business planning processes enabling trustees to comply with the regulatory requirement to publicly account for the effectiveness of the Charity's risk management processes.

Process of risk management

The corporate risk register is scrutinised regularly by the executive team and risk managers to ensure that adequate control measures are in place for each risk identified. Recommended actions are attached to each risk and assigned to an owner to reduce the likelihood of the risk occurring or mitigate the consequences should it do so. The recommendations are examined by the relevant committees and passed on to the board for approval at least on an annual basis.

In response to external factors, economic, environmental and geopolitical crises, risk mitigation continues to be addressed through the business plan, by the continued review and implementation of additional management controls and by strengthening the Charity's governance. The top five strategic risk categories are presented below, the impact of which might consequentially damage the Charity's reputation:

- clinical governance
- compliance, with increasing regulatory demands
- financial sustainability
- people, primarily resource pressures
- technology, including cyber threats

The board is satisfied that risk management is regularly assessed to ensure that actions and controls are effective and also ensure that the Charity remains compliant and works to best practice in caring for children and their families.

Tŷ Hafan is not aware of any principal uncertainties as at 31 March 2022, nor in the period before signing the annual report and accounts

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	Brewin Dolphin Investment Managers

The board

The following were appointed or resigned during the period or are currently registered as non-executive directors and trustees:

Martin Davies	Chairman of the board
Dr Keith Holgate	Deputy chair of the board
Richard Adams	Resigned 21 May 2021
Sue Carter	
John Hoskinson	Appointed 30 June 2022
Dr Huw Jenkins	
Helen Matthews	
Mick McGuire	
James Pepper	
Elizabeth Thomas	
Sian Thomas	

Executive directors

The following were in post during the period:

Maria Timon Samra	Chief executive
Jason Foster	Director of finance
Deborah Hoe	Director of care
Phae Jones	Director of income generation
John Mladenovic	Director of marketing & communications and lottery
Zoe Tippins	Director of people services

Trustees' responsibilities in relation to the financial statements

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 financial statements in accordance applicable law and United Kingdom accounting standards (United Kingdom Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing the 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 accounting 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 charitable company will continue to operate.

The trustees are responsible for keeping adequate accounting records that disclose, with reasonable accuracy at any time, the financial position of the charitable company and to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information (as defined by Section 418 of the Companies Act 2006), of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make them aware of any relevant audit information and to establish that the auditor is aware of that information.

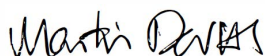
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 30 November 2022 and was signed on their behalf by



Date 30 November 2022.

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

We have audited the financial statements of Tŷ Hafan (the 'parent charitable company') and its subsidiaries ('the group') for the year ended 31 March 2022 which comprises the consolidated statement of financial activities, the Consolidated 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 charitable company's affairs as at 31 March 2022 and of the group's profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'
- 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorized for issue.

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

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 charitable 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 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.

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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless the trustees either intend to liquidate the group or the parent charitable 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.

We design procedures in line with our responsibilities outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

Enquiring of management, including obtaining and reviewing supporting documentation, concerning the Group's and parent charitable company's policies and procedures relating to:

- identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud
- Internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations

Discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas.

Obtaining an understanding of the legal and regulatory frameworks that the Group and Parent Charitable company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Group and Parent Charitable Company, the key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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
Ground Floor
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 30 November 2022

Tŷ Hafan
Consolidated Statement of Financial Activities
(Incorporating the Consolidated Income and Expenditure Account)
for the year ended 31 March 2022

		Unrestricted Funds	Restricted Funds	Total Funds 2022	Total Funds 2021
	Note	£	£	£	£
Income from:					
Donations and Legacies	2	3,880,571	421,461	4,302,032	6,114,280
Charitable Activities					
- Provision of Care	3	613,139	-	613,139	529,164
Other Trading Activities	4	3,571,190	-	3,571,190	2,270,547
Investments and other income	5	254,803	-	254,803	243,079
Total income		8,319,703	421,461	8,741,164	9,157,070
Expenditure on:					
- Trading Activities	6	2,842,034	-	2,842,034	3,015,442
Total income net of trading expenditure		5,477,669	421,461	5,899,130	6,141,628
Expenditure on:					
- Raising Funds	6	999,217	-	999,217	922,501
- Investment Management	6	59,548	-	59,548	69,782
Net income available for Charitable Activities		4,418,904	421,461	4,840,365	5,149,345
Charitable Activities					
- Provision of Care	7	4,808,895	214,338	5,023,233	4,519,995
Total Expenditure		8,709,694	214,338	8,924,032	8,527,720
Net income before gains/(losses) on investments		(389,991)	207,123	(182,868)	629,350
Net gains/(losses) on investments		612,293	-	612,293	2,193,209
Net Income / (Expenditure)		222,302	207,123	429,425	2,822,559
Gross transfers between funds	22	212,663	(212,663)	-	-
Net movement in funds		434,965	(5,540)	429,425	2,822,559
Reconciliation of Funds					
Funds balances brought forward	22	17,835,251	883,285	18,718,536	15,895,977
Fund balances carried forward	22	18,270,216	877,745	19,147,961	18,718,536


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 2022

			2022		2021
		£	£	£	£
	Note	Group	Charity	Group	Charity
Fixed assets					
Tangible Assets	15	6,050,979	6,050,979	6,198,015	6,198,015
Investments	16	12,837,993	12,847,994	12,530,466	12,540,467
		18,888,972	18,898,973	18,728,481	18,738,482
Current assets					
Stock	17	3,460	-	16,302	-
Debtors	18	840,541	1,167,132	1,208,746	1,195,818
Cash at bank		784,948	266,984	249,541	152,973
		1,628,949	1,434,116	1,474,589	1,348,791
Current liabilities					
Creditors: Amounts falling due within one year	19	(867,654)	(694,760)	(869,171)	(765,552)
Net current assets		761,295	739,356	605,418	583,239
Provisions for liabilities and charges					
	20	(502,306)	(502,306)	(615,363)	(615,363)
Net Assets		19,147,961	19,136,023	18,718,536	18,706,358
Funds					
Restricted	22	877,745	877,745	883,285	883,285
Unrestricted	22	18,270,216	18,258,278	17,835,251	17,823,073
		19,147,961	19,136,023	18,718,536	18,706,358

The financial statements were approved by the Board of Directors on

30 November 2022 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 2022

	Note	2022 £	2021 £
Net cash provided by (used in) operating activities	24	621,244	315,385
Cash flows from investing activities:			
Deposit Interest received	5	25	53
Payments to acquire tangible fixed assets	15	(645,410)	(1,004,356)
Investment portfolio management fees	6	59,548	69,782
Transfer of cash held from investments		500,000	500,000
Net cash provided by (used in) investing activities		(85,837)	(434,521)
Change in cash and cash equivalents in the reporting period		535,407	(119,136)
Cash and cash equivalents at the beginning of the year		249,541	368,677
Cash and cash equivalents at the end of the year		784,948	249,541
Analysis of cash and cash equivalents		31 March 2022	31 March 2021
		£	£
Cash at bank and in hand		784,948	249,541
Total cash and cash equivalents		784,948	249,541
Analysis of changes in net debt	31 March 2021	Cash flow	31 March 2022
	£	£	£
Cash	249,541	535,407	784,948
Total	249,541	535,407	784,948

Tŷ Hafan Notes to the Financial Statements

for the year ended 31 March 2022

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), 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 2022, 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 (including government grants) which are received to fund specific purposes 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.

During the year the following COVID-19 government support was received (as per note 2):

	2022	2021
	£	£
Job Retention Scheme	16,194	710,256
Hospice Emergency Funding	918,596	1,584,869
Retail Business Grants	<u>-</u>	<u>737,500</u>
	<u>934,790</u>	<u>3,032,625</u>

There are no unfulfilled conditions attached to the above grants received

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.

Notes to the Financial Statements - continued
for the year ended 31 March 2022

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	Total Funds 2022	Total Funds 2021
	£	£	£	£
Donations, appeals and similar income	1,434,885	421,461	1,856,346	1,949,491
Legacies	1,510,896	-	1,510,896	1,132,164
Covid Funding	934,790	-	934,790	3,032,625
	<u>3,880,571</u>	<u>421,461</u>	<u>4,302,032</u>	<u>6,114,280</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 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 47 (2021: 36) 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 £969,599 (2021 £561,169) 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 £82,619 (2021: £15,300) has been included in the accounts for legacy bequests.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds	Restricted Funds	Total Funds 2022	Total Funds 2021
	£	£	£	£
Local Health Authorities	565,984	-	565,984	486,176
Training	-	-	-	-
Public Funding	47,155	-	47,155	42,988
	<u>613,139</u>	<u>-</u>	<u>613,139</u>	<u>529,164</u>

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds	Restricted Funds	Total Funds 2022	Total Funds 2021
	£	£	£	£
Retail activities	1,808,629	-	1,808,629	612,881
Membership lottery	1,762,561	-	1,762,561	1,657,666
	<u>3,571,190</u>	<u>-</u>	<u>3,571,190</u>	<u>2,270,547</u>

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2022

5. INVESTMENT AND OTHER INCOME

	Unrestricted Funds	Restricted Funds	Total Funds 2022	Total Funds 2021
	£	£	£	£
Listed investment Income	254,778	-	254,778	243,026
Interest Received	25	-	25	53
	254,803	-	254,803	243,079

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted	Restricted	Total 2022	Total 2021
	£	£	£	£
Donations, appeals, legacies and similar income	999,217	-	999,217	922,501
Membership Lottery	992,153	-	992,153	1,009,442
Investment Management Costs	59,548	-	59,548	69,782
Retail Expenditure	1,849,881	-	1,849,881	2,006,000
	3,900,799	-	3,900,799	4,007,725

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted	Restricted	Total 2022	Total 2021
	£	£	£	£
Provision of Care:				
Direct Costs	3,694,230	214,338	3,908,568	3,574,747
Support Costs (see note 8)	1,114,665	-	1,114,665	945,248
	4,808,895	214,338	5,023,233	4,519,995

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2022

8. SUPPORT COSTS

Cost Categories	Charitable Activities	Donations & Legacies	Membership Lottery	Retail	Total 2022	Basis
	£	£	£	£	£	
Management	191,730	49,438	38,151	69,251	348,570	Average Head Count
Finance	282,379	77,187	53,128	111,527	524,221	Average Head Count
Governance (note 9)	115,929	-	-	-	115,929	Time Spent
IT	131,793	36,234	24,650	52,507	245,184	Average Head Count
Human Resources	220,220	60,167	41,454	86,912	408,753	Average Head Count
PR & Marketing	172,614	47,792	32,050	69,502	321,958	Time Spent
	1,114,665	270,818	189,433	389,699	1,964,615	

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 2022	Total 2021
	£	£	£	£
Salary costs	100,854	-	100,854	94,629
Audit fees	10,673	-	10,673	11,040
Accounting services	8,402	-	8,402	4,259
Legal and professional	63	-	63	176
Trustee's expenses	80	-	80	6
	120,072	-	120,072	110,110

10. NET INCOME

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

	2022	2021
	£	£
Operating leases	359,533	398,172
Fees payable to the Charitable Company's auditor for the audit of the group	10,673	11,040
Depreciation of owned assets	<u>736,718</u>	<u>345,361</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

	2022	2021
	£	£
Trustees Expenses	<u>80</u>	<u>6</u>

During the year, 1 (2021:1) Trustee was reimbursed for miscellaneous expenses.

12. EMPLOYEES' REMUNERATION

a) Staff costs

Staff costs during the year were:

	2022	2021
	£	£
Wages and salaries	5,079,928	4,877,397
Social security costs	427,659	400,307
Pension costs	329,649	311,000
Redundancy and Termination Costs	<u>17,311</u>	<u>63,448</u>
	<u>5,854,547</u>	<u>5,652,152</u>

The key management personnel of the Charitable Company are the Chief Executive Officer, the Director of Care, the Director of Finance, the Director of Income Generation, the Director of People Services and the Director of Marketing Communications and Lottery. The employee benefits of key management personnel for the year totalled £444,100 (2021: £366,929). During the year there have been no ex-gratia payments to staff.

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2022

b) Staff numbers – average head count

	2022	2021
	No.	No.
Care Staff	92	92
Donations & Legacies	26	27
Retail Staff	51	55
Lottery staff	14	17
Central services	22	22
	205	213

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:

	2022	2021
	No.	No.
£60,001 to £70,000	1	1
£70,001 to £80,000	1	2
£80,001 to £90,000	-	-
£90,001 to £100,000	1	-
£100,001 to £110,001	-	-

The Charitable Company also made pension contributions on behalf of the above employees totalling £35,548 (2021: £27,519) which have not been included within the banding categories above.

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.

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Notes to the Financial Statements - continued
for the year ended 31 March 2022

13. 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:

	2022	2021
	£	£
Total incoming resources	7,892,103	8,285,776
Total resources expended	<u>(8,074,731)</u>	<u>(7,642,451)</u>
Net incoming resources	(182,628)	643,325
Net unrealised investment gain/(loss)	<u>612,293</u>	<u>2,193,209</u>
Net movement in funds	429,665	2,836,534
Funds:		
As 1 April 2021	<u>18,706,358</u>	<u>15,869,824</u>
At 31 March 2022	<u>19,136,023</u>	<u>18,706,358</u>

The above results include £852,567 (2021: £820,380) 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 2022

14. TANGIBLE FIXED ASSETS

Group and Charity

	Freehold Land and Buildings	Fixtures and Fittings	Equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2021	7,917,606	1,209,995	564,324	106,898	9,798,823
Additions	592,680	(8,598)	61,328	-	645,410
Revaluations	-	-	-	-	-
Disposals	(123,277)	-	-	-	(123,277)
At 31 March 2022	<u>8,387,009</u>	<u>1,201,397</u>	<u>625,652</u>	<u>106,898</u>	<u>10,320,956</u>
Depreciation					
At 1 April 2021	2,078,578	1,065,034	367,852	89,344	3,600,808
Charge for the year	612,929	4,387	112,204	7,198	736,718
Revaluations	-	-	-	-	-
Disposals	(67,549)	-	-	-	(67,549)
At 31 March 2022	<u>2,623,958</u>	<u>1,069,421</u>	<u>480,056</u>	<u>96,542</u>	<u>4,269,977</u>
Net Book Value					
At 31 March 2022	<u>5,763,051</u>	<u>131,976</u>	<u>145,596</u>	<u>10,356</u>	<u>6,050,979</u>
At 31 March 2021	<u>5,839,028</u>	<u>144,961</u>	<u>196,472</u>	<u>17,554</u>	<u>6,198,015</u>

15. FIXED ASSET INVESTMENTS

Total fixed asset investments comprise:

	2022		2021	
	Group	Charity	Group	Charity
	£	£	£	£
Interests in subsidiary undertakings	-	10,001	-	10,001
Market value of other fixed asset investments	<u>12,837,993</u>	<u>12,837,993</u>	<u>12,530,466</u>	<u>12,530,466</u>
	<u>12,837,993</u>	<u>12,847,994</u>	<u>12,530,466</u>	<u>12,540,467</u>

FIXED ASSET INVESTMENTS (CONTINUED)

Interests in group undertakings

At 31 March 2022, 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	11,939	(243)
Crackerjackpot Limited	England & Wales	Ordinary shares	08221671	Lottery Operations	10,000	-

Other fixed asset investments were held as follows:

	2022 Group and Charity £	2021 Group and Charity £
Listed Investments		
Market value at 1 April	12,530,466	10,664,014
Additions	3,500,777	9,462,878
Disposals	(4,001,036)	(9,823,889)
Cash movement	195,493	34,254
Revaluation	612,293	2,193,209
Market value at 31 March	12,837,993	12,530,466
Cash included in total	876,307	680,814
Historical cost	11,685,893	11,554,921

The market value at 31 March 2022 comprises a sum of £12,754,664 managed by Brewin Dolphin (2021: £12,459,404). Also included in the market value are £83,329 (2021: £71,062) of shares which were bequeathed to the Charity taking the investment portfolio to £12,837,993 at the balance sheet date.

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Notes to the Financial Statements - continued
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Income generated totalling £254,778 (2021: £243,026) was invested after deduction of management charges of £59,548 (2021: £69,782). The investments are unrestricted. During the year there were £500,000 (2021: £500,000) withdrawals from the investment portfolio to fund capital and other programme expenditure. The portfolio includes £6,244,176 (2021: £6,630,922) invested in UK investments and £6,593,817 (2021: £5,899,544) invested in overseas investments.

16. STOCKS

	2022		2021	
	Group	Charity	Group	Charity
	£	£	£	£
Retail goods held for sale	3,460	-	16,302	-

17. DEBTORS

	2022		2021	
	Group	Charity	Group	Charity
	£	£	£	£
Trade Debtors	379,577	379,577	755,495	755,495
Prepayments and accrued income	410,001	403,577	364,646	347,598
Due from subsidiary undertakings	-	333,015	-	4,120
Employee benefit schemes	23	23	377	377
VAT recoverable	50,940	50,940	88,228	88,228
	840,541	1,167,132	1,208,746	1,195,818

Debtors are stated after provisions for impairment of £Nil (2021: £Nil).

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022		2021	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	192,184	190,379	219,125	211,203
Owed to subsidiary undertakings	-	8,480	-	81,282
Social security and other taxes	154,665	142,550	140,907	131,900
Accruals	193,832	183,660	204,570	192,890
Deferred income	326,973	169,692	304,569	148,277
	867,654	694,760	869,171	765,552

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.

	2022		2021	
	Group	Charity	Group	Charity
	£	£	£	£
As at 1 April	304,569	148,277	267,511	101,276
Amounts released to incoming resources	(269,078)	(112,786)	(166,235)	-
Amounts deferred in the year	291,482	134,201	203,293	47,001
As at 31 March	326,973	169,692	304,569	148,277

19. PROVISIONS FOR LIABILITIES AND CHARGES

	2022		2021	
	Group	Charity	Group	Charity
	£	£	£	£
As at 1 April	615,363	615,363	678,625	678,625
Additions	15,484	15,484	120,977	120,977
Charged during the year	(128,541)	(128,541)	(184,239)	(184,239)
As at 31 March	502,306	502,306	615,363	615,363

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.

20. 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 £242,229 (2021: £232,863).

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.

Completion of the 2020 valuation is expected from HMT in summer 2021, and the results of the 2020 valuation and the employer cost cap will be reported in the 2021/22 NHS Pension Scheme accounts.

The contributions to this NHS scheme in the year were £94,311 (2021: £85,976)

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

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Notes to the Financial Statements - continued
for the year ended 31 March 2022

21. MOVEMENT IN FUNDS – GROUP

	Balance at 1 Apr 2021	Incoming resources	Outgoing resources	Transfers	Unrealised gain on Investments	Balance at 31 Mar 2022
	£	£	£	£	£	£
Unrestricted funds						
General funds	9,898,183	8,319,703	(8,715,912)	675,522	612,293	10,789,789
Designated Funds						
Care in Community	32,220	-	7,793	-	-	40,013
Fixed Assets	5,395,991	-	-	(52,859)	-	5,343,132
Planned Deficits	2,136,000	-	-	(910,000)	-	1,226,000
Major Capital Projects	-	-	-	500,000	-	500,000
Hospice Staff Costs	125,000	-	-	-	-	125,000
Transition	247,857	-	(1,575)	-	-	246,282
	<u>7,937,068</u>	<u>-</u>	<u>6,218</u>	<u>(462,859)</u>	<u>-</u>	<u>7,480,427</u>
Restricted funds						
Building	443,037	168,797	(15,000)	(8,117)	-	588,717
Hospice Equipment	38,945	12,135	(11,593)	-	-	39,487
Staff Costs	187,867	149,469	(153,743)	-	-	183,593
Hospice Service Users	12,221	52,940	(34,002)	-	-	31,159
Hospice Refurbishment Appeal	163,154	36,620	-	(199,774)	-	-
Hospice IT	-	-	-	-	-	-
Garden Works Project	38,061	1,500	-	(4,772)	-	34,789
Care in Community	-	-	-	-	-	-
	<u>883,285</u>	<u>421,461</u>	<u>(214,338)</u>	<u>(212,663)</u>	<u>-</u>	<u>877,745</u>
	<u>18,718,536</u>	<u>8,741,164</u>	<u>(8,924,032)</u>	<u>-</u>	<u>612,293</u>	<u>19,147,961</u>

Included within the above general funds are funds of the subsidiaries amounts to £11,939 (2021: £12,182) 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 gain of investments to market value of £612,293 (2021: revaluation gain of £2,193,209).

Fund Transfers:

During the year £212,663 was transferred from restricted funds to unrestricted funds. The Hospice Refurbishment restricted funds are restricted in nature as the funds are for use specifically for the refurbishment project. Once the monies are spent, and all conditions met, the donations/grants are held for a general and not a restricted purpose. During the year £199,774 has been transferred to unrestricted funds following the satisfaction of all conditions surrounding the spend.

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 for play and music therapy and towards solar panels for the hospice.

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, £40,013 for providing care in the community and a legacy donation of £246,282 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 of £5,343,132, a provision of £1,226,000 to cover planned deficits for the 2022/23 financial year and a £500,000 provision for major capital projects where grant funding is not available.

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP

As at 31 March 2022	Fixed assets £	Investments £	Net current assets £	Provision £	Total £
Unrestricted funds	5,462,262	12,548,965	761,295	(502,306)	18,270,216
Restricted funds	588,717	289,028	-	-	877,745
Total funds	6,050,979	12,837,993	761,295	(502,306)	19,147,961
As at 31 March 2021	Fixed assets £	Investments £	Net current assets £	Provision £	Total £
Unrestricted funds	5,754,978	12,090,218	605,418	(615,363)	17,835,251
Restricted funds	443,037	440,248	-	-	883,285
Total funds	6,198,015	12,530,466	605,418	(615,363)	18,718,536

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Notes to the Financial Statements - continued
for the year ended 31 March 2022

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

		2022	2021
	Note	£	£
Surplus / (Deficit) of income over expenditure		429,425	2,822,559
(Gains) / Losses on investments	16	(612,293)	(2,193,209)
Net investment income and bank interest payable	5	(254,803)	(243,079)
Depreciation	15	736,718	345,361
Disposals / Revaluation Movement	15	55,728	249,926
Decrease in stock	17	12,842	16,714
Decrease / (Increase) in debtors	18	368,205	(553,268)
Decrease in creditors	19	(1,521)	(66,357)
Movement in provision for liabilities and charges	20	(113,057)	(63,262)
Net cash outflow from operating activities		<u>621,244</u>	<u>315,385</u>

24. CAPITAL COMMITMENTS

As at 31 March 2022, the Charity had capital commitments totalling £0 (2021: £313,790).

25. OPERATING LEASE COMMITMENTS

As at 31 March 2022, the group had annual commitments under non-cancellable operating lease arrangement as follows:

	2022		2021	
	Group	Company	Group	Company
	£	£	£	£
Land and Buildings				
Leases expiring within one year	193,800	193,800	243,341	243,341
Leases expiring within 2 to 5 years	214,792	214,792	336,258	336,258
Leases expiring within greater than 5 years	0	0	0	0
	<u>408,592</u>	<u>408,592</u>	<u>579,599</u>	<u>579,599</u>
Other Operating				
Leases expiring within one year	10,633	10,633	12,216	12,216
Leases expiring within 2 to 5 years	10,295	10,295	4,430	4,430
Leases expiring within greater than 5 years	0	0	0	0
	<u>20,928</u>	<u>20,928</u>	<u>16,646</u>	<u>16,646</u>

26. 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 £5,763,051 (2021: £5,839,028), 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.

27. 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.

28. 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.

29. 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.

30. INDEMNITY INSURANCE

The group has taken out Charity and Charity Trustees Indemnity Insurance at a cost of £499 (2021: £498).

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2022

31. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Income from:			
Donations and Legacies	5,682,000	432,280	6,114,280
Charitable Activities			
- Provision of Care	529,164	-	529,164
Other Trading Activities	2,270,547	-	2,270,547
Investments and other income	243,079	-	243,079
Total income	8,724,790	432,280	9,157,070
Expenditure on:			
- Trading Activities	3,015,442	-	3,015,442
Total income net of trading expenditure	5,709,348	432,280	6,141,628
Expenditure on:			
- Raising Funds	922,501	-	922,501
- Investment Management	69,782	-	69,782
Net income available for Charitable Activities	4,717,065	432,280	5,149,345
Charitable Activities			
- Provision of Care	4,453,152	66,843	4,519,995
Total Expenditure	8,460,877	66,843	8,527,720
Net income before gains/(losses) on investments	263,913	365,437	629,350
Net gains/(losses) on investments	2,193,209	-	2,193,209
Net Income / (Expenditure)	2,457,122	365,437	2,822,559
Gross transfers between funds	597,765	(597,765)	-
Net movement in funds	3,054,887	(232,328)	2,822,559
Reconciliation of Funds			
Funds balances brought forward	14,780,364	1,115,613	15,895,977
Fund balances carried forward	17,835,251	883,285	18,718,536

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Notes to the Financial Statements - continued
for the year ended 31 March 2022

32. PRIOR YEAR MOVEMENT IN FUNDS – GROUP

	Balance at 1 Apr 2020 £	Incoming resources £	Outgoing resources £	Transfers £	Unrealised gain on Investments £	Balance at 31 Mar 2021 £
Unrestricted funds						
General funds	9,760,950	8,724,790	(8,440,270)	(2,340,496)	2,193,209	9,898,183
Designated Funds						
Care in Community	52,827	-	(20,607)	-	-	32,220
Fixed Assets	4,593,730	-	-	802,261	-	5,395,991
Planned Deficits	-	-	-	2,136,000	-	2,136,000
Hospice Staff Costs	125,000	-	-	-	-	125,000
Transition	247,857	-	-	-	-	247,857
	5,019,414	-	(20,607)	2,938,261	-	7,937,068
Restricted funds						
Building	436,154	15,000	-	(8,117)	-	443,037
Hospice Equipment	31,500	8,465	(1,020)	-	-	38,945
Hospice Staff Costs	167,056	47,351	(26,540)	-	-	187,867
Hospice Service Users	40	35,354	(23,173)	-	-	12,221
Hospice Refurbishment	427,692	325,110	-	(589,648)	-	163,154
Garden Works Project	38,061	1,000	(1,000)	-	-	38,061
Care in Community	15,110	-	(15,110)	-	-	-
	1,115,613	432,280	(66,843)	(597,765)	-	883,285
	15,895,977	9,157,070	(8,527,720)	-	2,193,209	18,718,536

Included within the above general funds are funds of the subsidiaries amounts to £12,182 (2020: £26,158) all of which are unrestricted.