

Company number: 2601495

Charity number: 1002832

Wessex Children's Hospice Trust

Report and financial statements
For the year ended 31 March 2016

Wessex Children's Hospice Trust

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For the year ended 31 March 2016

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Wessex Children's Hospice Trust

Reference and administrative information

For the year ended 31 March 2016

Company number 2601495

Charity number 1002832

Registered office and operational address Naomi House
Stockbridge Road, Sutton, Scotney
WINCHESTER, SO21 3JE

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Mr David Holmes CBE	Chair
Mr Jonathan Grew	Vice Chair
Mrs Faith Ramsay	Treasurer
Mr Nicolas Allen	
Mr Courtney Kenny	
Mr Neil Kinghan CB	
Mr Jeremy Lear	
Mr Stevo Radjen	
Dr Michael Miller	
Mrs Elizabeth Wallace	

Key management personnel	Mr Mark Smith	Chief Executive Officer
	Mrs Lesley Brook	Director of Care
	Mr Tom Craig	Director of Finance/Secretary
	Ms June Morton	Director of Human Resources
	Mr Paul Morgan	Head of Fundraising

Bankers	Royal Bank of Scotland Plc	Barclay's Bank Plc
	67 High Street WINCHESTER, SO23 9DA	PO Box 612, Ocean Way SOUTHAMPTON, SO14 2ZP

Solicitors	Blake Morgan	Gardener Leader
	New Kings Court, Tollgate CHANDLERS FORD, SO23 9DA	White Hart House, Market Place NEWBURY, RG14 5BA

Auditors Sayer Vincent LLP
Chartered Accountants and Statutory Auditors
Invicta House, 108-114 Golden Lane
LONDON EC1Y 0TL

The trustees present their report and the audited financial statements for the year ended 31 March 2016.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

Naomi House and Jacksplace provide essential care and support to life-limited and life-threatened children, young adults and their families from across central southern England.

Naomi House and Jacksplace are owned and operated by Wessex Children's Hospice Trust, whose primary objective is the relief of sickness among children and young people. The hospices provide lively and stimulating environments, aiming to enrich and enhance shortened lives.

The Trust provides a full palliative care service at Naomi House and Jacksplace, including residential respite, emergency, end of life and bereavement support. The Service is open around the clock every day of the year. There are 18 permanent bedrooms available across both hospices.

The policy of the trustees is to put families at the centre of our work, and to support parents, carers, siblings and other family members as well as the life-limited children and young people.

Naomi House is a children's hospice that provides residential respite, emergency and end of life care for life-limited children, and their families, from the counties of Berkshire, Dorset, Hampshire, Isle of Wight, West Sussex, Surrey and Wiltshire. The hospice is open throughout the year, including Christmas Day. Emergency and end of life referrals can be taken at any time, day or night. Following the completion of the major refurbishment and the addition of a new bedroom, Naomi House now offers 11 bedrooms.

Jacksplace is a hospice that provides respite, emergency and end of life care for teenagers and young adults. The facilities and atmosphere are significantly different from Naomi House, to provide independence, privacy and dignity for the young people. Jacksplace offers an emergency bed in addition to the seven main respite bedrooms.

The hospices are staffed to provide individualised care for the children and young people. This is delivered by a professional Care team, led by the Director of Care, and consisting of qualified paediatric and adult nurses and carers. They are supported by a team of bereavement counsellors, sibling workers, chaplain, play team, catering and housekeeping staff. There is a daily doctor's visit from our medical team of paediatricians and GPs and one of the doctors is always available on a 24 hour call rota.

Trustees' annual report

For the year ended 31 March 2016

The trustees review the aims, objectives and activities of the Trust each year. This report considers what the Trust has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the Trust has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the Trust's aims, objectives and activities remain focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

The trustees have many responsibilities that can be summarised as two overriding tasks. The first is to ensure that the Trust is run well in both supporting children, young people and families by using donations wisely. The second is to ensure the long-term stability of the Trust. This is particularly important for the Trust, as many children and young people rely on Naomi House and Jacksplace for several years. It has been estimated that the average period for which a family and child uses a children's hospice is eight years. Some, for example tiny babies, may be with us for only a few short days or weeks of life. Others will use the hospice for over a decade, so we must plan ahead.

Strategic report

Achievements and Performance

There were three outstanding achievements during the year:

- 1 Completion of the refurbishment of Naomi House.
- 2 Recognition of the quality of our Care services by the receipt of an "outstanding rating" from CQC.
- 3 The award of and certification of the achievement of the Investors in People Standard.

Like every other care establishment in the UK, we are impacted by the current national shortage of suitably qualified nurses, especially paediatric trained. Some of our vacancies remained unfilled but we have still maintained very high standards of clinical care and staff engagement. We continue to look at how we can make the best use of our available resource and attract new nursing staff.

The construction works restricted the full use of the Sutton Scotney site. However, our combined care teams, by working together, delivered 3,368 bed nights (2015:3,182).

It was business as usual across all Trust activities during the year:

April 2015

At the beginning of the financial year we were in an exciting phase of our major refurbishment project. Our contractors had started applying plaster to the walls of the new Naomi House and we could finally get a real feel for just how our new hospice would look. With work progressing well in the house, we were able to turn our attention to the garden design.

Our communications team released the first of a series of films highlighting a family's experiences of Naomi House & Jacksplace. The first film followed the journey of a seriously ill child called Lacey and was narrated by Downton Abbey and Paddington star, Hugh Bonneville.

May 2015

In May our 9th Clarendon Way Walk event proved to be a record breaker. More than 1,400 took on the challenge of walking from Salisbury to Winchester Cathedral. In the same month our first Rainbow Run in Dorset attracted 1,700 participants and raised in excess of £66,000.

June 2015

In June we announced the appointment of our new Chief Executive following the departure of Chris Robinson. Our Chief Operating Officer, Mark Smith, stepped into the role after a rigorous recruitment process. We also launched a brand new challenge event: The Blade Abseil saw scores of fundraisers rappel their way down the outside of Reading's tallest tower to raise money for our hospices.

July 2015

In July we secured an agreement with Jessie May and Great Western Hospital NHS Foundation Trust to deliver a new community service for children with serious medical conditions living in Wiltshire. These children can now access regular respite and medical support in their own homes.

August 2015

In mid-August we launched a new responsive and streamlined website, making it easier for families, job applicants and supporters to find what they are looking for.

September 2015

September was a special month in the history of Naomi House & Jacksplace. On September 7th, children, families, staff and media gathered to see four year old Mikey Strachan and Alastair Stewart OBE cut the ribbon and unveil the newly refurbished Naomi House children's hospice. In September we also received the very final payment from the executors of Jack Witham's estate. Jack was a huge Southampton FC fan, so it seemed appropriate to invite club legends, Frances Benali and Matt Le Tissier to the hospices to receive the final cheque and meet Jack's nephew, Tim Pearce.

October 2015

At Naomi House & Jacksplace, the children and young people were treated to a visit by a range of vintage cars from The Sunbeam Talbot Alpine register. Our fundraising team officially launched our tenth Clarendon Way Walk.

November 2015

Our third Corporate Charity awards at Winchester Science Centre was a huge success. Scores of local firms were represented on the night and we welcomed the opportunity to thank them for their continued support.

December 2015

In December we held our first Light up a Life service at Salisbury Cathedral. The event was attended by hundreds of supporters who took the opportunity to remember a loved one in support of Naomi House & Jacksplace. A similar event also took place at Winchester Cathedral. At the hospices, families were treated to a visit from Hampshire Cricket Club's star players, who brought gifts for all of the children staying with us.

January 2016

Two brave explorers, James Ketchell and Anthony Ward Thomas set off from Gran Canaria in a pedalo aiming to become the first to cross the Atlantic in such a vessel. Sadly a medical emergency cut their expedition short, but they still managed to raise more than £40,000 towards our work.

February 2016

In February we welcomed Health Secretary, Jeremy Hunt, to the hospices. He toured the facilities and heard about our future plans. We also set out to expand our counselling service for families with the appointment of new volunteer counsellors across our region.

March 2016

In March we heard that not only had we secured a grading of 'Outstanding' following an unannounced visit from the Care Quality Commission, but we had also been successful in achieving Investors in People accreditation.

The CQC inspection report within the overall 'Outstanding' highlighted that that our services were caring and responsive. Care staff demonstrated that they knew all the children and young people well and understood their complex needs. It was highlighted that the children and young people received care and support in a personalised way and that their complex medical needs were well managed as the staff were trained to meet these specialist complex needs. It was also noted that risks were assessed and managed and there was a focus on positive risk taking so children and young people could safely try new experiences.

The demand for our services continues to increase. 2015/16 was another year of development and growth across all Trust activities. For in hospice services, the trustees consider occupancy is a key factor in determining the cost effectiveness of the service. The Care team rose to the challenge of meeting the demand from families during the latter stages of the building works and the

subsequent disruption of the commissioning of the new Naomi House. However, every cloud has a silver lining and during the times of major disruption the children and young people were able to enjoy extra trips out!

The continued sharing of knowledge and techniques has enabled the Trust to meet the challenges of the more acute medical conditions as well as developing new practical skills. The number of families supported continues to rise as the medical complexity of the children/young adults increases. The Care team continued to develop new skills and competencies to meet the increased acuity of the referrals. The introduction of the Paediatric Consultant in 2013 in conjunction with UHS (University Hospital Southampton) has built a strong working relationship with the paediatric HDU (High Dependency Unit). This continues to deliver a positive effect not only on referrals and our service development plans but also on our wider working relationship with NHS England. There are plans to duplicate this success with a shared adult palliative care consultant and a Paediatric Palliative Care Nurse.

The Senior Management Team (SMT) continued to build relationships and even closer links with other children's hospices and related charities. The Hospice at Home services provided in conjunction with Shooting Star Chase was extended for a second year.

The knowledge sharing group of eight influential children's hospices remains active to meet the challenges facing the children's hospice movement. In September 2015, the senior management teams from all eight children's hospices gathered for a successful two day conference in Oxfordshire. This group, as well as sharing information and networking, operates on a semi-formal basis so that future projects can be commissioned and information shared on a confidential basis without relying on personal trust between those involved.

The lack of regular sustainable funding for children's hospices from statutory sources remains a common concern. Currently, statutory funding for children's palliative care at a local level is patchy and inconsistent. The NHS England Children's Hospice Grant provides an important source of funding for all children's hospices. As a result of our collective lobbying activities, through Together For Short Lives, with Ministers and NHS England we were successful in securing the continuation of the critical £11 million grant for children's hospice services in England. Together For Short Lives actively campaigns to ensure that this central grant continues until a more integrated permanent commissioning approach is in place.

Naomi House

At the start of the financial year, the children's hospice services were delivered in a dedicated seven-bedroom suite in the upper floor of Jacksplace. Following the official handover of the refurbished building on 7 September 2016, Naomi House has 11 bookable beds available.

391 children and young people are currently supported by both hospices.

Naomi House currently supports 266 families and 59 children that have been accepted but have yet to visit.

At times of high demand for respite, such as school holidays, all beds are used for respite stays. Families are offered 16 respite nights a year. Emergency admissions, which could be caused by a family crisis or a change in a child's condition, are additional to booked respite nights.

Five family rooms are maintained on the first floor of Naomi House so that parents/carers, brothers and sisters can stay if they wish to. Following the refurbishment, a lift is available for family wheelchair users to access and use the family rooms. This of course also means that some of the children are able to visit their parents and siblings in the family rooms for the first time. There is a new suite on the ground floor which provides an apartment specially adapted for relatives with disabilities.

The support of the whole family is an essential part of our work, and sets us apart from other services. Bereaved parents and siblings are invited to Remembering Days. The days provide time to let go, shed a tear, and to know the support of the Care and Family Support teams. A parents' forum is held regularly to gather the views of parents.

The Play and Activities team provided entertainment, social opportunities, new experiences, therapeutic play, events and activities. This included the popular music and poetry sessions designed to involve all children whatever their ability. As many of our children do not have the language skills they need to express their emotions or may not find it easy to talk about their feelings, music therapy provides an ideal space in which to express them. School holidays are a particularly busy time and appropriate seasonal activities are arranged. Christmas is always a very special time at the hospices including the much loved visit by Santa to deliver the children's presents by helicopter.

Jacksplace

Our core region comprises Berkshire, Dorset, Hampshire, Wiltshire and the Isle of Wight. Whilst most children from West Sussex and Surrey use children's hospices in those counties, we receive referrals for their young adults to use Jacksplace. We continue to receive referrals from further afield, including London and Essex, as there are only a handful of places for life limited young adults in the UK. We need to ask health and social care authorities for contributions towards the costs of looking after young people from out of our area. We continue to make good progress with these contributions by working on a case by case basis.

Jacksplace currently supports 125 families, which includes 16 young people that have been accepted but have yet to visit.

A wide range of activities was enjoyed by the young people that visited Jacksplace. The Fridays@Jacks themed entertainment nights continued to offer a wide range of events as well as an opportunity to chill with their peers.

Naomi House at Home

The hospice outreach programme offers a reactive service to meet the specific needs of the families. Naomi House at Home provides support to families in their own homes, as travel to Naomi House can be a barrier to those families using our services. A team of experienced staff provide practical help during visits as necessary and engage the children in a variety of activities determined by their abilities and preferences.

Fundraising

The year began focussed on delivering the final stages of the Caterpillar Appeal to support the refurbished hospice. However, events in the wider fundraising milieu beginning with the tragic news about the death of Olive Cook had an impact like no other on fundraising regulation and practices. Importantly the Trust was not implicated or associated with any of the situations.

Starting in May and continuing throughout the year, the Fundraising Management Team continued to review and scrutinise plans and activities in light of Etherington, the Newsprint investigations into practices by Fundraising agencies, the Kids Company investigation, Samuel Rae and the PACAC report reviewing trustee responsibility in relation to charity fundraising.

The subsequent impact of the debate and the discussion about the manner in which charitable fundraising organisations operate was coupled to moral and ethical considerations that all fundraising organisations were called to reflect upon. In responding, the Naomi House & Jacksplace fundraising and retail teams wanted to ensure that the values, principles and practices that underpin our fundraising operation continue to exceed the expectations of the emerging consensus on elevating standards in fundraising practice and data management. At the same time we recognised the importance of delivering against existing plans and strategies.

The breadth of our income generating activities is a cornerstone ensuring robust operational income whilst informing and educating the public about the lives of our children and families through complimentary communications mechanisms and rich video content. Innovations such as the development of our own fundraising event – Foamfest, ran alongside enhancements to our flagship fundraising event The Clarendon Way Walk which enjoyed more entrants and higher income than ever before.

We continue to rely on a support from across our community and the involvement, practically and as fundraisers, of local and national businesses and organisations delivers great value to the hospice both in income and volunteer support. Community groups and individuals remain integral to our delivery of services and this ongoing relationship was highlighted in the diverse array of

support that enabled our Caterpillar Appeal to achieve its objective of helping fund the refurbishment of Naomi House.

Apart from the financial support (for which we received more than 10,000 individual donations) help included support from the British Army and corporate supporters who assisted us by removing 31 tonnes of rubble, cable, pipe and carpet from Naomi House prior to construction. More than 2,400 people took part in one of our Caterpillar Events, such as the Rainbow Run or Zip Line challenge with 106 people purchasing a fruit or leaf to hang on our Giving Tree. There were press and media opportunities associated with the unveiling of the refurbished Naomi House. By September 2015 the unveiling video had received over 71,000 views and reached more than 142,000 people. Our family video – Chiara's Story received over 101,000 views and reached more than 190,000 people (Facebook & YouTube statistics). The unveiling of the hospice Facebook campaign reached over half a million people.

During the second half of the year, the team began an almost 50% transition in personnel. Apart from the retirement of two long-standing members of the team other members of the team started their families which has seen a number of new faces in the team providing maternity cover. Changes to the Corporate and New Business role as well as in Events and Trusts & Foundations have been coupled with movement of staff into new roles reflecting skills, interest, experience and opportunity. Our Ambassadors continued to provide vital support for the Fundraising team, attended a variety of events and functions bringing their own experience and knowledge to support the team and saving an incredible 500 hours of staff time.

A further voluntary group known as the Naomi House & Jacksplace Fundraising Development Board also began the process of defining their aspirations to create a regular long-term funding source to pay for the ongoing nursing care in Naomi House. In turn their aim is to release revenue funds to help develop future innovations in care service and practice to support for our children and families.

Our network of shops continues to grow and we finished the year with 22 across the South of England and four more are planned to open in 2016/17.

Although the year saw a reduction in number of FTE in the fundraising team, our Retail operation continues to look for new locations to open our shops and engage more volunteers. Underpinning the operation is a genuine sense of collective effort ever mindful of the need to fund our evolving services for children and their families.

Lottery activity has levelled out at c.12,000 participating players every week. Our three bumper draws during the year help to further increase the profitability of this valuable source of regular income. A full review and evaluation of the development options for the lottery will be undertaken in 2016/17.

Statutory support

The Trustees wish to acknowledge the enormous difference that the £510,000 capital grant awarded by NHS England in 2013 made to the ultimate success of the Naomi House refurbishment project. This grant ensured that we aimed high and ultimately delivered a hospice that is a shining example of how children's palliative care should look in the 21st century. It also provided an opportunity to future proof the hospice ensuring that we can provide outstanding quality of care and support to those that need it long into the future.

The Clinical Commissioning Groups (CCGs) in Dorset and Wiltshire remain very supportive and we continue to receive a contribution towards the care we give to children and families from those counties. However, the majority of children come to us from Hampshire, whose CCGs give no regular support. The same is the case for Berkshire. We will continue to lobby at a national and local level to encourage these authorities to live up to their responsibilities.

The Grant from NHS England is expected to continue in lieu of a new tariff system, and we received £368,301 (2015: £368,301), which is a welcome contribution towards our work.

The Trust acknowledges with gratitude a number of grants from statutory sources, whilst pressing for more sustainable funding of our core activities that would otherwise have to be met and paid for by the State.

Volunteers

The Trust is supported by over 750 active volunteers, who help us in every area of our work. Most volunteers are recruited subject to a satisfactory enhanced disclosure from the Disclosure and Barring Service. DBS do not provide disclosures for our shop volunteers.

Most charities rely on volunteers but few can say, as we can, that every activity – from shops to fundraising, from kitchens to play – has the help of volunteers. A team of volunteers support the play team with the regular weekly sessions and ad hoc events. They help with a large range of tasks including hands on work with children, bus driving, assisting on trips out and behind the scenes planning for special events and activities

Financial review

There was a deficit on general funds of £518,725 and a surplus on restricted funds of £167,457 resulting in a consolidated net decrease in funds for the year ended 31 March 2016 of £351,268.

With only 15% of charitable expenditure coming from Government/NHS England sources, the Trust relies almost entirely on the generosity of people in the community. Total income amounted to £7,777,602 (2015: £8,797,851) in the year ended 31 March 2016. The main source of this funding was from donors including corporations and individuals. This included legacies totalling £1,148,217 (2015: £2,070,228). The Trust has several fundraising committees that work in the

Wessex Children's Hospice Trust

Trustees' annual report

For the year ended 31 March 2016

community raising money through events and other activities. The Trust received a £368,301 grant from NHS England during the year under the Grants for Children's Hospices scheme described in Statutory Support above.

The Trust operates 22 charity shops selling donated goods. It also sells bought in goods including Christmas cards on behalf of the Trust's wholly owned trading company, Naomi House Children's Hospice Limited. Shops and merchandising income was £1,891,946 (2015: £1,747,405).

Naomi House Children's Hospice Limited operates a Gift Aid on donated goods scheme on behalf of the Trust. Donors are invited to donate the cash raised from the sale of their donated goods to make the donation eligible for Gift Aid. Providing the donor does not ask for the sale proceeds, the Trust can claim Gift Aid on the amount of the proceeds less the commission for selling the goods. The total Gift Aid claimed during the year through this scheme was £116,000 (2015: £101,429).

Naomi House Children's Hospice Limited's turnover for the year was £414,619 (2015: £405,444) and the amount to be gift aided to the Trust in respect of the financial year will be £21,095 (2015: £29,166).

The capital value of the Trust's investment portfolio decreased in the year resulting in a net loss on investments of £94,564 (2015: Gain 803,600).

Reserves policy

The purpose of reserves is to secure the future of our services and our long-term obligation to the families. They also provide protection against unexpected events and fluctuations in income.

The general reserves at 31 March 2016 totalled £1,545,198 (2015: £982,953)

In calculating the general reserves, the trustees have excluded from total funds:

● Restricted income funds	£7,651,278
● Endowment funds	£10,000
● Unrestricted tangible fixed assets	£4,945,652
● Fair value reserve	£66,129
● Funds designated for special purposes	£10,700,000
● Trading subsidiary funds	£7,714

The Trustees believe it is in the interest of the children, young people and the families we serve that where funds raised exceed the annual running expenses of the hospices, such excesses should be transferred to reserves.

It is the opinion of the trustees that it is prudent that the Naomi House hospice and the related community and family services requires reserves of at least 18 months to provide for the running

costs. This would ensure continuity in the event of a large variation in income. The balance at 31 March 2016 of £6.8m represents 18 months of care, fundraising and management costs.

£2,300,000 of funds have also been set aside to ensure that a continued service can be delivered from the Jacksplace hospice in the event of an unforeseen income disruption.

Additionally, the trustees have earmarked £800,000 to underpin the capital expenditure agreed in the 2016/7 Budget. An additional £800,000 reserve has been set aside to recognise the future obligations of the [Phoenix Trust](#) under non-cancellable operating leases.

The fixed assets fund represents the net book value of fixed assets funded by unrestricted funds and the fair value reserve represents the net realised gains/losses in investments.

Investment policy

The Board appointed Veritas Investment Management LLP as their investment advisors with effect from 29 April 2015. A new investment policy statement was agreed by the Board and from this a mandate was drawn up between Veritas and the Trust to ensure reasonable returns over time, with risk carefully contained. The objective of the investment mandate is to produce real returns on a rolling five year view with an emphasis on capital growth with income. The performance reference is to outperform UK CPI+3% net of all Veritas costs over the medium term.

Since inception (July 2015), the portfolio has provided a total return of 5.1% v UK CPI+3 of 2.2%.

As a charity dedicated to the welfare of children/young people, we forbid our investment manager to directly invest on our behalf in any company connected with the manufacture of tobacco products or which is detrimental to the welfare of children/young people.

The Board have appointed Royal London Cash Management Ltd to manage the majority of the Trust's short term cash assets. There is a strict mandate to minimise risk by lending only to institutions which are rated long term AA- and better from Standard & Poor and which are from AAA rated countries. Following the Standard & Poor downgrading of the UK sovereign rating in June 2016 to AA from AAA, the trustees have agreed that the UK will be an exception to this sovereign rating rule.

Plans for the future

The trustees hold Strategic Think Tanks twice a year separately from the quarterly board meetings. Following the developments concerning the regulation of fundraising and the subsequent impact of the public debate an entire meeting was devoted to understanding the implementation of the recommendations made in the report "Regulating Fundraising for the Future".

The 2016-2020 strategy was agreed and approved at the January Board meeting. The Vision, Mission & Values were reviewed and up-dated:

Our vision

Is that every child, young person, young adult and their families receive the care services they need, when and where they need them and for as long as needed.

Our mission

Is to provide high quality care services to children, young adults and their families and through innovation, partnership working, good governance and leadership, ensure their sustainability for the future

Our values

Our Values reflect and demonstrate how we will deliver our promise to the children, young people, young adults and families we support, to our volunteers, supporters and donors and to all our colleagues

The overall strategic priorities are Sustainability, Quality, Innovation and Leadership.

Our Strategic Plan aims to meet our identified framework:

- Integrated services – working with the NHS and other partners to improve scope and quality of services
- Partnership working – statutory and multi charity
- More complex and acute conditions – increased medical expertise, competencies and skills
- Community need and demand – responding to change, leading on service delivery
- Earlier pathway engagement – earlier relationship development creating more referrals
- Growing our reputation – referrals, occupancy, reaching more families, funding, support, recruitment, retention

We place great reliance on committed cheerful staff and volunteers, whether they are caring for children, raising money or providing the essential administration. Living our values will continue to be a strong theme as we ensure that everybody, paid or otherwise, is valued and respected for their contribution to our work

Structure, Governance and Management

Structure

The organisation is a charitable company limited by guarantee, incorporated on 15 April 1991. The company was established under a memorandum of association, which established the objects and powers of the charitable company and is governed under its articles of association.

Members of the charity guarantee to contribute an amount not exceeding £10 to the assets of the Trust in the event of winding up. The total number of such guarantees at 31 March 2016 was 39

(2014: 38). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

The Trust is run by a Board of Trustees, which sets and monitors strategy and policies. The Board delegates authority to deliver the strategy to the Chief Executive and his staff. The Board meets quarterly to receive reports of all the principal activities of the Trust. Two special meetings are arranged each year for Trustees to discuss strategy.

In addition, the Trustees have established standing committees, each with its own terms of reference, for finance, income generation, clinical matters, governance, health and safety and remuneration.

Governance

The Board regularly considers the mix of skills and experience needed to run the Trust effectively and recruits new members to fill any gaps. Trustee recruitment is managed in the same manner as recruitment of paid employees.

Roles are identified (i.e. specific needs, skills and attributes) and a generic role description produced. Roles are then advertised on the Trust's website and in other media as appropriate. Applications are received in writing, screened by a lead trustee and the HR Director and shortlisted candidates are interviewed. First interviews are conducted by the lead trustee and the HR Director.

Final interviews are conducted with candidates whose skills and experience most closely fits the brief and those interviews are with a panel comprising of the Chair of the Board and three other trustees.

Appointed Trustees complete an induction programme including a governance training session conducted by our external legal advisors. All Trustees are required to make an enhanced DBS disclosure.

All trustees give their time voluntarily and receive no benefits from the Trust. Any expenses reclaimed from the Trust are set out in note 7 to the accounts.

Remuneration Policy

The Trust seeks to maintain basic salary at a level that is consistent with its salary policy, but also takes into account other remuneration payments in looking at the overall competitiveness of the remuneration it offers.

For some roles, it is appropriate to offer enhanced payments for working during unsociable hours, especially where this is common practice for such professional groups. For other groups, it may be appropriate to offer additional payment for hours worked over an individual's contractual hours. Such payments are not guaranteed and will only be made following correct authorisation.

Time off in lieu will also be considered and offered only with the express approval of the appropriate Head of Function. From time to time special payments or bonuses that reflect individual performance may be offered. Such payments must be linked to specific performance criteria as agreed by the appropriate head of function approved by the Chief Executive and the HR Director.

Administration

Trustees are elected in accordance with the memorandum and articles of association by the members of the Trust. There are currently 39 members, all of whom have liability limited to £10.

Principal risks and uncertainties

The Trust has a detailed risk register, which is reviewed every three months by the Senior Management Team, every six months by the Governance Committee and annually by the Trustee Board. Significant new risks are brought to attention of the Governance Committee and the Board of Trustees as necessary.

The risk assessment process identified the following major risks:

- Failures to safeguard children adequately
- Significant changes at short notice to funding arrangements and income generation activities
- The challenge of recruiting skilled staff, particularly Nurses, affecting our ability to deliver and develop services

The Trustees have put in place measures to manage these risks and monitor the likelihood of these risk events, in order to minimise the financial and reputational impact they would have on the Trust.

Having identified any risks, systems are established to manage the risks and reports are considered by the Trustee Board to ensure that those systems remain relevant and effective. The trustees are particularly conscious of ensuring the safety of children and young people visiting Naomi House and Jacksplace, the overall reputation of Naomi House and having a solid and reliable financial situation, backed by a variety of fundraising streams to ensure the long-term viability of the Trust.

The Trust has an external consultant on health and safety and the trustees receive regular reports on health and safety issues which are presented to the Health and Safety Committee. Clinical governance is overseen by the Clinical Committee. The Income Generation Committee monitors the income streams of the Trust. The Finance Committee advises the Board on all finance matters and as appropriate makes recommendations with respect to such matters. This includes reviewing the annual accounts and budgets as well as appraising investment performance.

Statement of Trustees' responsibilities

The trustees (who are also directors of Wessex Children's Hospice Trust for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them 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 the group 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 of which the charitable company's auditors are unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are 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 Board, in line with Charity Commission guidelines, conduct a regular review of professional advisors. The Finance Committee, on behalf of the trustees, will conduct an external auditor review in autumn 2016. Sayer Vincent have indicated their willingness to continue as statutory auditors to the Trust

The trustees approved this report, including the strategic report, on 15 September 2016 and it was signed on their behalf by

David Holmes CBE
Chair

Independent auditors' report

To the members of

Wessex Children's Hospice Trust

We have audited the financial statements of Wessex Children's Hospice Trust for the year ended 31 March 2016 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities set out in the report of the trustees, 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.

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Independent auditors' report

To the members of

Wessex Children's Hospice Trust

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- The parent charitable company has not kept adequate and sufficient accounting records, 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.

Helen Elliott (Senior statutory auditor)

30 September 2016

for and on behalf of Sayer Vincent LLP, Statutory Auditors

Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

Sayer Vincent LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Wessex Children's Hospice Trust

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2016

	Note	Unrestricted £	Restricted £	2016 Total £	Unrestricted £	Restricted £	2015 Total £
Income from:							
Donations and legacies	2	3,369,337	494,190	3,863,527	4,419,250	843,410	5,262,660
Charitable activities	3	310,708	-	310,708	280,548	-	280,548
Fundraising Events & Lotteries		1,323,196	-	1,323,196	1,022,492	124,297	1,146,789
Income from Shops and merchandising		1,891,946	-	1,891,946	1,747,405	-	1,747,405
Investment Income	4	388,225	-	388,225	358,718	-	358,718
Other		-	-	-	1,731	-	1,731
Total income		7,283,412	494,190	7,777,602	7,830,144	967,707	8,797,851
Expenditure on:							
<i>Generating Funds</i>							
Voluntary Income	5	1,515,269	-	1,515,269	1,590,212	-	1,590,212
Operating Shops	5	1,923,804	-	1,923,804	1,560,493	-	1,560,493
Investments	5	10,408	-	10,408	21,267	-	21,267
<i>Charitable Activities</i>							
Naomi House	5	2,166,338	169,689	2,336,027	2,032,613	144,755	2,177,368
Jacksplace	5	1,392,499	137,591	1,530,090	1,229,915	141,553	1,371,468
Community & Family Support	5	682,529	19,453	701,982	610,765	40,158	650,923
Exceptional write down of assets		-	-	-	1,047,666	-	1,047,666
Total expenditure		7,690,847	326,733	8,017,580	8,092,931	326,466	8,419,397
Net income / (expenditure) before net gains / (losses) on investments	6	(407,435)	167,457	(239,978)	(262,787)	641,241	378,454
Net gains / (losses) on investments		(111,290)	-	(111,290)	803,600	-	803,600
Net movement in funds		(518,725)	167,457	(351,268)	540,813	641,241	1,182,054
Reconciliation of funds:							
Total funds brought forward		17,783,418	7,493,821	25,277,239	17,242,605	6,852,580	24,095,185
Total funds carried forward		17,264,693	7,661,278	24,925,971	17,783,418	7,493,821	25,277,239

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 21 to the financial statements.

Balance sheets

Company no. 2601495

As at 31 March 2016

	Note	The group		The charity	
		2016	2015	2016	2015
		£	£	£	£
Fixed assets:					
Tangible assets	11	12,565,071	10,751,024	12,565,071	10,751,024
Investment properties	12	700,000	465,000	700,000	465,000
Investments	13	10,392,806	12,582,369	10,392,808	12,582,371
		23,657,877	23,798,393	23,657,879	23,798,395
Current assets:					
Stocks	16	16,353	18,445	-	-
Debtors	17	1,288,348	1,123,924	1,329,599	1,138,524
Cash at bank and in hand		690,413	1,446,069	625,078	1,423,239
		1,995,114	2,588,438	1,954,677	2,561,763
Liabilities:					
Creditors: amounts falling due within one year	18	(727,020)	(1,109,592)	(694,300)	(1,090,930)
Net current assets	20	1,268,094	1,478,846	1,260,377	1,470,833
Total net assets		24,925,971	25,277,239	24,918,256	25,269,228
Funds:					
Restricted income funds	21	7,651,278	7,483,821	7,651,278	7,483,821
Endowment Funds		10,000	10,000	10,000	10,000
Unrestricted income funds:					
Designated funds		15,645,652	16,054,597	15,645,652	16,054,597
Fair value reserve		66,219	737,857	66,219	737,857
General funds		1,545,108	982,953	1,545,108	982,953
Trading Subsidiary Funds		7,714	8,011	-	-
Total funds		24,925,971	25,277,239	24,918,257	25,269,228

Approved by the trustees on 15 September 2016 and signed on their behalf by

David Holmes CBE
ChairFaith Ramsay
Trustee

Wessex Children's Hospice Trust

Consolidated statement of cash flows

For the year ended 31 March 2016

	Note	2016 £	£	2015 £	£
Cash flows from operating activities	22				
Net cash provided by / (used in) operating activities			(732,186)		2,443,861
Cash flows from investing activities:					
Dividends, interest and rents from investments		388,225		358,718	
Proceeds from the sale of fixed assets		13,000		2,777	
Purchase of fixed assets		(2,267,968)		(3,369,851)	
Purchase of investment properties		(700,000)		-	
Proceeds from sale of investment properties		465,000		155,830	
Proceeds from sale of investments		9,071,437		-	
Purchase of investments		(9,085,893)		-	
Movement of liquid resources		2,092,729		1,024,257	
Net cash provided by / (used in) investing activities			(23,470)		(1,828,269)
Change in cash and cash equivalents in the year			(755,656)		615,592
Cash and cash equivalents at the beginning of the year			1,446,069		830,477
Cash and cash equivalents at the end of the year			690,413		1,446,069

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (August 2014) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary Naomi House Children's Hospice Ltd on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

b) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 April 2014. No reinstatements were required.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Key judgements that the charitable company has made which have a significant effect on the accounts include taking into consideration the commitments under shop leases relating to the network of 23 shops.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

1 Accounting policies (continued)

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

h) Expenditure and irrecoverable VAT

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 activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of running the Naomi House and Jacksplace hospices together with the provision of support for the families of the referred children and young people.

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

1 Accounting policies (continued)

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

● Costs of generating income	19%
● Costs of merchandising & shops	24%
● Naomi House	29%
● Jacksplace	19%
● Community & Family Support	9%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £2,500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The useful lives are as follows:

● Leasehold Land	Over period of lease
● Buildings	50 years
● Building Improvements	10 years
● Furniture and Fittings & Equipment	5 years
● Motor Vehicles	4 years
● Computer Equipment	3 years

1 Accounting policies (continued)

l) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. The valuation method used to determine fair value will be stated in the notes to the accounts.

Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Investments in subsidiaries

Investments in subsidiaries are at cost.

m) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o) Cash at bank and in hand

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

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Pensions

The Trust operates two pension schemes. The first is a defined contribution pension scheme, the assets of which are held independently from those of the company. Expenditure made through the Statement of Financial Activities represents the contributions arising in the year.

The second scheme is a final salary multi-employer pension plan which is available for certain employees only. It is not possible to identify separately the assets and liabilities relating to Wessex Children's Hospice Trust for the purposes of FRS 102 disclosure. As neither the Trust nor its employees are liable to pay any additional sums towards a funding shortfall, which is met directly by the Exchequer, pension contributions are accounted for in the year in which they become payable. See note 19 for more details.

Wessex Children's Hospice Trust

Notes to the financial statements

For the year ended 31 March 2016

2 Income from donations and legacies

	Unrestricted £	Restricted £	2016 total Total £	2015 Total £
Donations	1,503,922	277,554	1,781,476	2,065,478
Legacies	1,148,217	-	1,148,217	2,070,228
Grants and Trusts	348,897	216,636	565,533	758,654
NHS England Children's Hospices Grants Programme	368,301		368,301	368,300
	3,369,337	494,190	3,863,527	5,262,660

On 8 September 2016, the trustees were notified of a substantial legacy where the trust is named as a residuary beneficiary of the estate as to a one half share (approximately £800,000).

3 Income from charitable activities

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
CCGs	222,766	-	222,766	224,129
Local Authorities	30,042	-	30,042	13,619
Individuals	20,900	-	20,900	21,900
Other	37,000	-	37,000	20,900
Total income from charitable activities	310,708	-	310,708	280,548

4 Income from investments

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Veritas Investment Management	190,666	-	190,666	-
Baring Targeted Return Fund	82,933	-	82,933	290,712
KSF Dividends	72,609	-	72,609	-
Other	42,017	-	42,017	68,006
	388,225	-	388,225	358,718

Wessex Children's Hospice Trust

Notes to the financial statements

For the year ended 31 March 2016

5 Analysis of expenditure

	Costs of generating Income £	Costs of operating shops £	Cost of Investments £	Charitable activities			Governance Costs £	Support Costs £	2016 Total £	2015 Total £
				Naomi House £	Jacksplace £	Community & Family Support £				
Staff costs (Note 7)	512,617	785,951	-	1,472,160	750,643	380,827	36,172	507,742	4,446,112	4,374,346
Other staff costs	36,374	27,405	-	224,737	155,841	19,090	-	29,350	492,797	295,265
Direct costs	704,729	38,663	-	38,830	28,200	190,736	-	10,585	1,011,743	933,288
Facilities & maintenance	25,102	540,093	-	211,327	231,278	35,533	-	87	1,043,420	837,382
Depreciation	17,995	91,198	-	120,160	181,966	4,453	-	23,328	439,100	385,348
Overhead costs	95,728	284,822	-	75,426	58,238	14,489	933	44,364	574,000	524,835
Write down of Assets	-	-	-	-	-	-	-	-	-	1,047,666
Cost of Investments	-	-	10,408	-	-	-	-	-	10,408	21,267
	1,392,545	1,768,132	10,408	2,142,640	1,406,166	645,128	37,105	615,456	8,017,580	8,419,397
Governance costs	7,010	8,900	-	10,870	7,078	3,247	(37,105)	-	-	-
Support costs	115,714	146,772	-	182,517	116,846	53,607	-	(615,456)	-	-
Total expenditure 2016	1,515,269	1,923,804	10,408	2,336,027	1,530,090	701,982	-	-	8,017,580	8,419,397
Total expenditure 2015	<u>1,590,212</u>	<u>1,560,493</u>	<u>21,267</u>	<u>3,225,034</u>	<u>1,371,468</u>	<u>650,923</u>			<u>8,419,397</u>	

6 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2016 £	2015 £
Depreciation	439,098	385,349
Loss/(Profit) on disposal of fixed assets	1,823	(1,731)
Trustees' indemnity insurance	3,748	3,748
Operating lease rentals:		
Property	403,200	328,374
Auditors' remuneration (excluding VAT):		
Audit	10,000	9,600
Exceptional Write Down of Assets	-	1,047,666
	<u> </u>	<u> </u>

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2016 £	2015 £
Salaries and wages	3,860,195	3,798,845
Redundancy and termination costs	-	-
Social security costs	331,151	337,371
Employer's contribution to defined contribution pension schemes	135,131	179,407
Employer's contribution to defined benefit pension schemes	119,634	58,723
	<u>4,446,111</u>	<u>4,374,346</u>

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2016 No.	2015 No.
£60,000 – £69,999	2	2
£80,000 – £89,999	1	1
	<u> </u>	<u> </u>

The total employee benefits including pension contributions of the key management personnel were £338,211 (2015: £394,569).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2015: £nil). No charity trustee received payment for professional or other services supplied to the charity (2015: £nil).

Trustees' expenses represents the reimbursement of travel costs totalling £194 (2015: £nil) which was incurred by one trustee as a volunteer for the charity.

8 Staff numbers

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

	2016 No.	2015 No.
Care	80	84
Fundraising	17	19
Retail & Merchandising	48	38
Management & Administration	15	13
	<u>160</u>	<u>154</u>

9 Related party transactions

Donations received from Trustees & SMT members and their families amounted to £3,834. There were no other related party transactions to disclose for 2016 (2015: None).

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Naomi House Children's Hospice Limited gift aids available profits to the parent charity so it has no tax charge.

11 Tangible fixed assets**The group and charity**

	Assets Under Construction £	Leasehold Property £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost						
At the start of the year	3,319,616	8,137,387	526,830	76,434	197,305	12,257,572
Additions in year	(3,319,616)	5,065,915	358,285	74,249	89,135	2,267,968
Disposals in year	-	-	-	-	(49,827)	(49,827)
At the end of the year	-	13,203,302	885,115	150,683	236,613	14,475,713
Depreciation						
At the start of the year	-	1,098,362	235,222	31,633	141,331	1,506,548
Charge for the year	-	244,072	131,811	39,368	23,847	439,098
Eliminated on disposal	-	-	-	-	(35,004)	(35,004)
At the end of the year	-	1,342,434	367,033	71,001	130,174	1,910,642
Net book value						
At the end of the year	-	11,860,868	518,082	79,682	106,439	12,565,071
At the start of the year	3,319,616	7,039,025	291,608	44,801	55,974	10,751,024

All of the above assets are used for charitable purposes.

12 Investment properties

	The group		The charity	
	2016 £	2015 £	2016 £	2015 £
Fair value at the start of the year	465,000	400,000	465,000	400,000
Additions	700,000	-	700,000	-
Disposals proceeds	(463,275)	(155,830)	(463,275)	(155,830)
Net loss/gain on disposal	(1,725)	55,830	(1,725)	55,830
Revaluation during the year	-	165,000	-	165,000
Fair value at the end of the year	700,000	465,000	700,000	465,000
Historic cost at the end of the year	700,000	516,211	700,000	516,211

The properties were last valued on 16 February 2015 by Mike Greenwood MRICS of Vail Williams

13 Listed investments

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Fair value at the start of the year	8,973,634	8,448,951	8,973,636	9,408,210
Additions at cost	9,085,893	-	9,085,893	-
Disposal proceeds	(9,263,946)	-	(9,263,946)	(1,124,257)
Net gain / (loss) on change in fair value	(109,565)	524,683	(109,565)	689,683
	8,686,016	8,973,634	8,686,018	8,973,636
Cash held by investment broker pending reinvestment	1,706,790	3,608,735	1,706,790	3,608,735
Fair value at the end of the year	10,392,806	12,582,369	10,392,808	12,582,371
Historic cost at the end of the year	10,326,677	11,793,301	10,326,679	11,793,303

Investments comprise:

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Unlisted Shares in UK registered companies	-	-	2	2
Shares listed on various Stock Exchanges	5,908,706	54	5,908,706	54
Fixed Interest	2,777,420	-	2,777,420	-
Cash holdings within Veritas investment fund	190,674	-	190,674	-
Investment Cash	1,706,790	3,608,735	1,706,790	3,608,735
UK Common Investment Funds	-	8,973,580	-	8,973,580
	10,583,590	12,582,369	10,583,592	12,582,371

Investments representing over 5% by value of the portfolio comprise:

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Bank of England Treasury Bill	1,250,000	-	1,250,000	-
Barings Targeted Return Fund	-	8,973,580	-	8,973,580

14 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of Naomi House Children's Hospice Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2016 £	2015 £
Turnover	414,619	405,444
Cost of sales	(47,858)	(42,113)
Gross profit	<u>366,761</u>	<u>363,331</u>
Administrative expenses	(345,715)	(334,218)
Other operating income	11	23
Operating profit	<u>21,057</u>	<u>29,136</u>
Interest payable	(259)	(141)
Profit on ordinary activities	<u>20,798</u>	<u>28,995</u>
Gift aided to parent undertaking	(21,095)	(29,166)
Loss for the financial year	<u>(297)</u>	<u>(171)</u>
The aggregate of the assets, liabilities and funds was:		
Assets	113,852	57,314
Liabilities	(106,136)	(49,301)
Funds	<u>7,716</u>	<u>8,013</u>

15 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2016 £	2015 £
Gross income	7,361,160	8,392,407
Result for the year	<u>(350,971)</u>	<u>1,182,225</u>

16 Stocks

	The group		The charity	
	2016 £	2015 £	2016 £	2015 £
Goods for Resale	<u>16,353</u>	<u>18,445</u>	<u>-</u>	<u>-</u>

17 Debtors

	The group		The charity	
	2016 £	2015 £	2016 £	2015 £
Prepayments & Accrued Income	1,055,236	1,123,924	1,041,852	1,107,885
Amounts due from subsidiary undertaking	-	-	73,417	30,639
Other debtors	233,112	-	214,330	-
	<u>1,288,348</u>	<u>1,123,924</u>	<u>1,329,599</u>	<u>1,138,524</u>

The amount due from subsidiary is receivable in over one year.

18 Creditors: amounts falling due within one year

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Taxation and social security	127,330	125,658	127,330	125,658
Other creditors & Accruals	599,690	983,934	566,970	965,272
	727,020	1,109,592	694,300	1,090,930

19 NHS Pension scheme

SV To Update

The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS employees and certain employees of other approved organisations. Wessex Children's Hospice Trust Hospice is an approved organisation. The Scheme provides pensions, based on final salary, in varying circumstances for employees of participating employers. The Scheme receives contributions from employees and employers to defray the costs of pensions and other benefits.

From 1 April 2006, the NHS Business Services Authority (the Authority) have been the body responsible for the administration of the NHS Pension Scheme for England and Wales. In support of the Authority, NHS employers are required to explain the Scheme to the employees. In addition, they submit pension data to the NHS Business Services Authority (NHSBSA). To ensure proper administration the Hospice outsources the management of this Scheme.

Every four years the Government Actuary conducts a full actuarial review of contribution rates, the last one being March 2012 which concluded:

- that the employer contribution rate payable from April 2014 would be 14.3% of pensionable pay, to be reassessed at the actuarial valuation carried out for March 2016
- that the notional fund value at the time of the valuation stood at £230 billion, with scheme liabilities of £240 billion, producing a net deficit for the scheme of £10 billion

The increase in employer contribution was introduced to help reduce this notional deficit. Participating employees contribute on a tiered scale from 5% – 14.5% of their pensionable pay. The charity has no further liability arising from its participation in this scheme, over and above its employer contributions.

Further information on benefits can be obtained from the NHS Pension Scheme website.

20 Analysis of group net assets between funds

	General unrestricted	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	–	4,945,652	7,619,419	12,565,071
Investment properties	–	700,000	–	700,000
Investments	–	10,392,806	–	10,392,806
Net current assets	1,545,108	(318,873)	41,859	1,268,094
	1,545,108	15,719,585	7,661,278	24,925,971

21 Movements in funds

	At the start of the year £	Incoming resources & gains £	Outgoing resources & losses £	Transfers £	At the end of the year £
Restricted funds:					
Fixed Asset Fund – Jacksplace	5,754,052	–	(134,062)	–	5,619,990
Fixed Asset Fund – Naomi House	1,695,052	–	–	304,377	1,999,429
Jacksplace Fund	899	19,072	(3,529)	–	16,442
Caterpillar Appeal	12,800	291,577	–	(304,377)	–
Bereavement & Family Support	–	22,053	(22,053)	–	–
Hospice Running Costs	–	96,682	(96,682)	–	–
Buildings & Facilities	9,661	5,000	(9,661)	–	5,000
Diversion Therapies	11,357	59,806	(60,746)	–	10,417
Endowment Fund	10,000	–	–	–	10,000
Total restricted funds	7,493,821	494,190	(326,733)	–	7,661,278
Unrestricted funds:					
Designated funds:					
Fixed Asset Fund	3,301,920	–	(305,036)	1,948,768	4,945,652
Naomi House Fund	7,452,677	–	–	(652,677)	6,800,000
Refurbishment Fund	1,800,000	–	–	(1,800,000)	–
Jacksplace Fund	3,500,000	–	–	(1,200,000)	2,300,000
Strategic Development Fund	–	–	–	800,000	800,000
Retail Operations Fund	–	–	–	800,000	800,000
Total designated funds	16,054,597	–	(305,036)	(103,909)	15,645,652
Fair value reserve	737,857	–	(94,564)	(577,074)	66,219
General funds	982,953	7,283,412	(7,402,240)	680,983	1,545,108
Non-charitable trading funds	8,011	–	(297)	–	7,714
Total unrestricted funds	17,783,418	7,283,412	(7,802,137)	–	17,264,693
Total funds	25,277,239	7,777,602	(8,128,870)	–	24,925,971

Purposes of restricted funds

Restricted funds can only be expended in accordance with the donors' specific instructions. The purpose of each fund is as follows:

Fixed Asset Fund – Jacksplace: The net book value of restricted fixed assets purchased with restricted funds & predominantly relates to the Jacksplace hospice.

Fixed Asset Fund – Naomi House: This represents the refurbishment cost funded by restricted funds.

Jacksplace Fund: Funds received specifically to meet the running costs of Jacksplace.

Caterpillar Appeal: Represents donations specifically received to fund the refurbishment of Naomi House. Following the completion of the building works, this has now been transferred to the Naomi House Fund.

Bereavement & Family Support: This represents funds related to the running costs of the bereavement suites and family support services.

Hospice Running Costs: This denotes donations received to pay for care staff and the direct costs of running both hospices.

Building & Facilities: This fund relates to donations received explicitly to meet the costs of improving and maintaining hospice facilities.

Diversion Therapies: This covers the cost of the wide range of therapies, play and activities which enrich the children and young adults stays.

Endowment Fund: This was donated to the Trust to be held as investment cash to generate income from interest.

21 Movements in funds (continued)

Purposes of designated funds

The Designated Funds comprise:

Fixed Asset Fund

This is the net book value of unrestricted Tangible Fixed Assets. This mainly represents the Naomi House building and equipment.

Naomi House Fund

Children's hospice services are expensive to run and the families are highly dependant on the Trust providing uninterrupted services from initial referrals right through to end of life.

Our funding is highly dependant on private rather than government sources. The trustees have to ensure that there are sufficient reserves to keep our Naomi House hospice open and running to capacity.

This fund ensures that a continued service can be delivered in the event of an unforeseen income disruption. This would include a failure of fundraising arising from changes in sentiment, relationships and reputation.

The trustees have calculated that a reserve to secure 18 months running costs of the Naomi House hospice (and the related community & family services) would ensure continuity in the event of a large variation in income. The balance at 31 March 2016 of £6.8m represents 18 months of Care, Fundraising and Management costs.

Refurbishment Fund

This fund was used by the Trustees to underpin the Naomi House refurbishment project alongside the official capital appeal. The refurbished building was officially taken over by the Trust on 7 September 2015.

Jacksplace Fund

Similar to Naomi House above. This is to ensure that a continued service can be delivered in the event of an unforeseen income disruption. The fund represents 18 months running costs of the Jacksplace young adult's hospice to ensure continuity in the event of a large variation in income.

The balance at 31 March 2016 of £2.3m represents 18 months of Care, Fundraising and Management costs.

Strategic Development Fund

During the year the trustees approved the 2016–20 Strategic Plan. This reserve represents the capital expenditure included in the approved budget for the year ending 31 March 2017 being the first financial year of the Strategic Plan. This includes the works to create the new LTV unit as well as providing for new care and medical equipment, ICT projects, improvements to the Jacksplace gardens, care vehicles and setup costs of four new shops.

Retail Operations Fund

The trustees are aware of the Trust's future obligations under non-cancellable operating leases. This reserve recognises the future financial obligations arising from the retail leases as detailed in note 23.

Fair value reserve

This represents the net unrealised gains on investments.

22 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2016 £	2015 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(351,268)	1,182,054
Depreciation charges	439,098	385,349
Losses / (Gains) on investments	111,290	(803,600)
Exceptional income from investments	–	58,087
Dividends, interest and rent from investments	(388,225)	(358,718)
(Profit)/loss on the disposal of fixed assets	1,823	(1,731)
Decrease / (Increase) in stocks	2,092	(5,126)
Decrease / (Increase) in debtors	(164,424)	392,007
Increase/(decrease) in creditors	(382,572)	547,873
Exceptional write down of Assets	–	1,047,666
Net cash provided by / (used in) operating activities	(732,186)	2,443,861

23 Operating lease commitments

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

	Property 2016 £	2015 £
Less than one year	346,127	349,674
Two to five years	455,928	479,153
	<u>802,055</u>	<u>828,827</u>

24 Contingency Note

In the year ended 31 March 2010, Hampshire PCT awarded a capital grant of £1,500,000 towards the construction cost of Jacksplace. The Grant Agreement and underlying Charge operate for an unlimited duration; therefore the potential to repay the Grant will remain indefinitely. The Grant can be required to be repaid mandatorily in a number of circumstances such as the Trust ceasing to be a charity or Jacksplace ceasing to be used for the provision of hospice services.

25 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.