

Martin House (Limited by Guarantee)
Trustees' report and financial statements
Company registered number 02016332
Charity registration number 517919
For the year ended 30 April 2021

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Trustees' Report

The Trustees, who also act as Directors for the purposes of company law, present their annual report and the audited financial statements for the year ended 30 April 2021.

OBJECTIVES AND ACTIVITIES

The **mission** of Martin House is to help children and young people with a life-limiting condition, along with their families, to live well and fully, offering the best possible end of life care and support to the family in bereavement.

Our **vision** is that every child and young person has access to palliative care when and where they need it.

Our core **values**, which guide all we do, are:

- being child and family focused
- listening to and valuing each other
- delivering high standards in everything we do
- being flexible, responsive, open and honest
- working holistically and in collaboration with others
- being dedicated, compassionate and caring

All our services are free of charge to the families we care for. The Charity Commission's general guidance on public benefit is taken into consideration in all our reviews and plans.

Strategic Aims

Our key strategic aims are to:

- Ensure services are of the highest quality, safety and effectiveness
- Have the right resources to deliver care
- Raise awareness and reach more people
- Meet the diverse needs of children, young people, their families and supporters.

Our current strategic objectives are set out in our Strategic Plan 2019-24, which is available on our website at www.martinhouse.org.uk.

Our achievements and performance against our 2020/21 objectives are set out in the Strategic Report, below.

Activities

To achieve our objectives, we deliver high-quality, holistic and specialist palliative care services for children and young people with life-limiting conditions, and their families, from diagnosis to death and beyond. These include:

- planned care/short breaks
- symptom management
- emergency care
- end of life care
- community care (in the home and other community settings)
- bereavement care
- psychological care and emotional support
- spiritual and pastoral care
- a programme of clinical research and education

Most of these services are delivered from a purpose-built hospice set in six acres of beautiful grounds in Boston Spa, near Wetherby in West Yorkshire. The hospice, the second children's hospice in the UK at the time, was opened in 1987. Since then, it has developed continuously in order to meet the changing needs and expectations of the children, young people and their families who use our services.

The hospice has 9 beds in the House, which cares for the younger children, and 6 beds in Whitby Lodge, which cares for teenagers (from age 13) and young adults up to age 25 (and occasionally beyond). This was the first purpose-built teenage and young adult unit in the UK (possibly the world) when it was built in 2002. In addition, there are 9 family bedrooms where parents and siblings can stay and 3 'little rooms' (cooled bedrooms) where children and young people can stay after death until their funeral. Other facilities include a chapel, sensory room, playroom, teenage and young adult recreation area (the Den), recording studio, art room, music room, education/seminar room and outdoor play areas.

Children and young people can be referred, or self-refer, to Martin House at any point from diagnosis, between the ages of 0-19, if they have a life-limiting condition and live in East, North or West Yorkshire. Children's palliative care encompasses the whole family and continues throughout the life of the child or young person, and beyond for their family.

STRATEGIC REPORT

Achievements and Performance

Palliative Care

As at 31 March 2021, we were actively caring for 425 children and young people and their families. In addition, we provided bereavement support to 180 families.

During the year to 31 March 2021, we:

- received 86 new referrals, of which 70 were accepted;
- accepted 23 new referrals for our community bereavement service;
- delivered 849 nights' care for life-limited children and young people in the hospice (565 in Martin House and 284 in Whitby Lodge);
- provided 341 overnight stays for parents, 91 overnight stays for siblings and 48 overnight stays for others of life-limited children and young people;
- provided 74 overnight stays in the little rooms;
- delivered 1,311 hours of care at home and in the community;
- delivered 1,116 hours of bereavement support; and
- provided 96 hours of day care.

Sadly, 89 of the children and young people we were caring for died during 2020/2021. Of these, 12 died at Martin House, 19 died at home, 56 died in hospital and 2 died elsewhere.

Our care team

Our care team consists of specialist and experienced staff who can look after the children and young people staying at the hospice and in the community. It includes doctors, nurses (including children's and learning disability nurses), physiotherapists, occupational therapists, social workers, clinical psychologist, music therapists, artists in residence, a chaplain, bereavement counsellors and general care support staff.

There are always children's nurses on shift, alongside other team members with a range of skills and expertise, who can ensure that all the needs of the children can be met. The team are able to care for children with a wide range of needs, including those with complex care needs.

The role of the Medical Team at Martin House

Specialist cover in paediatric palliative medicine for the catchment area of Martin House is provided from and based at Martin House. Doctors see children and their families in the hospice, in their homes, and also in hospital. They provide specialist palliative care involving symptom control, end of life care and advanced care planning. They are able to assist in breaking bad news, difficult decision making and other ethical discussions. Our doctors are available for queries/consultation/referrals twenty-four hours a day, seven days a week by telephoning Martin House.

The team consists of two part-time Consultants in Paediatric Palliative Medicine (one of whom acts as our Chief Medical Officer) and two full-time equivalent speciality doctors, who, between them, deliver the 24/7 on-call rota. Martin House and Leeds Teaching Hospitals Trust also support a specialist trainee in Paediatric Palliative Medicine, as well as other trainees, during their rotations.

The doctors often assist and support children and young people and their families in gaining access to other services and also liaise with other members of the multi-disciplinary team. They are often asked by children and young people to advocate on their behalf, and our team is linked with the Yorkshire and Humber Children's Palliative Care Network (YHCPCN), as well as a number of local, national and international groups.

The medical team look after children and their families from as early as the antenatal period and continue to look after young people with life-limiting conditions, particularly providing valuable medical continuity during the transition period where care is transferred from paediatricians to adult consultants.

Community support

Martin House offers community care to support families within their own home or hospitals. The community team consists of experienced registered staff, including 4 clinical nurse specialists.

The team provides cover seven days a week. Hours worked are flexible according to a family's needs. Night care is offered in an emergency for end of life care or, on occasion, where crisis respite is needed. Our community service is provided in partnership, and aims to complement other appropriate services, including children's community nursing teams, health visiting services and social services.

Hospice at Home

The Hospice at Home service is a specialist palliative care service, delivered in the community by doctors, nurses and clinical nurse specialists. This means that children can receive specialist palliative care in a place of their choosing. Symptom control, end of life care, advance care planning and time critical memory making can be delivered in the home environment, should that be the preferred place of care for the family. End of life and urgent care can be provided within the family home in conjunction with local care providers.

Crisis Outreach

Our community and in-house nurses are able to respond to requests for support in the home setting. This is often in response to social or carer need, as opposed to the clinical need provided for in the Hospice at Home service.

Hospital In-reach

Members of our team are able to in-reach into hospitals within the region, to support hospital teams in their delivery of palliative care. This includes:

- Doctors and CNS- Advance care planning; symptom control advice; preferred place of death support; End of Life care support; support with difficult conversations; MDT meetings; signposting and staff support/supervision; support with care after death
- Music therapists deliver sessions in hospitals to improve family experience and act as a resource for other healthcare staff

Clinical Psychology

Martin House has a Clinical Psychologist who provides specialist knowledge and skills, ensuring optimal psychological and emotional care for the children and for their families. The psychological input is tailored to each individual's and family's needs and is flexible; sometimes taking the form of a one-off consultation, other times working over a longer period with the child and/or their families. This can provide opportunities to explore anxieties and dilemmas and consider alternative ways of dealing with them. The children and their families may be seen at Martin House or in their homes or in hospital, whichever is best for them.

Chaplain

This role serves to promote holistic pastoral and spiritual care within Martin House. These aspects of our care include occasions of remembrance, such as our annual day of remembrance, and reflective practice, such as small supervision groups. It also aims to help the hospice respond sensitively to the needs of families from a wide variety of cultures and faiths. Our chaplain also provides pre-bereavement family support.

Bereavement team

The bereavement team offers support to families who have used Martin House; to families whose child had a life-limiting condition but who did not use the hospice and also to families who have lost a child suddenly. This is a resource that families can make use of in a wide variety of ways, which range from individual or family meetings to less frequent, remote contact by telephone or text. Support is family-centred and tailored to individual need. We offer this service for up to two years. In addition to individual sessions there are groups for bereaved parents, grandparents and siblings, which meet as part of an annual programme.

Our cooled bedrooms for care after death

There are two additional bedrooms within Martin House, and one within Whitby Lodge, which we call our 'Little Rooms'. These rooms can be cooled, and we also have blankets and mattresses which cool the body enabling a baby, child or young adult to remain at the hospice after they have died. Parents and siblings can stay at the hospice as well, and it gives them the opportunity to navigate the process of saying goodbye to their child or young person in their own time and in their own way. Families have often said how precious it was to be able to spend this kind of time with their child, when they are also confronted with the demands of making funeral arrangements and resuming some of the activities of daily life.

Collaboration and Networking

Martin House is very committed to working collaboratively and in partnership with others to support the needs of children, young people and their families and the development of children's palliative care and we do that in a range of ways.

Martin House is integral to the Yorkshire and Humber Children's Palliative Care Network (YHPCPN) along with the three other children's hospices in the region and the two children's hospitals. We have representation on the Executive Committee and both sub-groups: clinical and education.

Martin House works in collaboration with other adult and children's hospice providers across Yorkshire and at a regional and national level. Included within this is an active role within the West Yorkshire and Harrogate Hospice Providers Collaborative and similarly with the Yorkshire wide and Humber Coast and Vale networks on a clinical and strategic level.

Martin House is an active member of national networks including Together for Short Lives and Hospice UK.

Martin House has established a children's palliative care research centre (The Martin House Research Centre) in collaboration with the University of York - see below.

Clinical Education

Martin House is committed to promoting a culture of learning and development. We are working to promote externally validated competence across all areas of care, ensuring we meet the complex needs of the children and young people we support.

As part of YHPCPN, our practice educators establish links with other hospices to implement innovative strategies for collaborative working across the Yorkshire region. All within the team are committed to developing our contribution to palliative care education outside of Martin House, building relationships with stakeholders including neighbouring hospices, community teams, other NHS provider organisations, and universities throughout the region.

We promote Martin House as a learning environment for professional student placements. As part of our commitment to developing the specialty of paediatric palliative medicine, we have continued to support a trainee paediatrician based at Martin House and a specialist trainee in Paediatric Palliative Medicine. We accommodate medical, nursing and allied health student placements.

Organisational Development

Martin House invested in our People this year, introducing a Head of People & Development and HR administrator to support our HR Manager. HR have been at the centre of the Charity's rapid and proactive response to the pandemic and have played a central role in keeping the workforce informed, productive and resilient. The introduction of a new People Scorecard and Dashboard has meant that we are able to monitor, forecast, analyse and make evidence based decisions about our workforce and demographic. Using this data will support us in the future to formulate a long term, post COVID, People Strategy and workforce plan which aligns to our strategic objectives.

Research

Martin House is a leading research active organisation in the field of palliative care for children and young people. Specifically, this entails:

- contributing to the national and international research base on palliative care
- developing and maintaining strong collaborative links with the wider academic and palliative care communities
- identifying and supporting appropriate areas of research, developing research awareness and capability within staff
- informing, where appropriate, the strategic development of Martin House

The Martin House Research Centre was launched in partnership with the University of York in January 2017 with funding from both the hospice and the university. Establishment and support of the Martin House Research Centre demonstrates our commitment to research and advancement in the field of children's palliative care. This is one of only two research establishments in children's palliative care in the UK - the other being at Great Ormond Street Hospital.

The Martin House Research Centre provides a multi-disciplinary hub for research in the holistic care and support of children and young people with palliative care needs, their families and professionals working in palliative care. The Centre's outputs help to ensure that all children and families receive equitable, high quality care. There are three PhD students attached to the Centre and a regular research forum for all staff at Martin House. The Research Centre has enjoyed fantastic progress with several successful bids for external funding for specific research projects.

As well as the research that takes place within the Martin House Research Centre, we also conduct research within Martin House.

Information and Communication Technology (ICT)

During the year we have continued to improve our ICT infrastructure and systems, including:

- Completion and submission of the NHS Data Security and Protection Toolkit, demonstrating our compliance with the stringent data handling requirements of the NHS
- Completion of a detailed root and branch review of the ICT service across the organisation. We now have a short-term Service Improvement Plan and a longer term strategy that will take 3 years to fully implement
- Continued updating of our infrastructure and cyber security systems
- Continued work on installing a new clinical management system including configuration of additional equipment
- Achieved Cyber Essentials certificate of assurance
- Introduction of secure equipment disposal and removal of old IT equipment in line with ICO and GDPR regulations
- Introduction of two independent circuits to provide High Availability Internet connectivity

- Introduction of virtual private network connectivity to provide secure home based working connectivity

Facilities

The Facilities Team have worked closely with all teams across the organisation, in particular the Clinical and Retail teams to implement COVID secure measures required to continue operating. During the year we have continued with our ongoing programme of maintenance and redecoration at the hospice and gardens to ensure our accommodation for children and families is safe, comfortable and appealing until our refurbishment and new-build project is underway.

Health & Safety

Martin House is committed to report, monitor and review Health and Safety information to aid continual improvement. Significant focus has been placed on the development and implementation of COVID secure risk assessments, safe systems and guidelines to help manage through the pandemic.

We have continued to improve our Health & Safety practice during the year, completing actions on our plan in preparation for ISO:45001 accreditation. The Health, Safety, Wellbeing and Environmental (HSWE) Group has continued to play an important part in developing the Health & Safety agenda and embedding good practice across Martin House.

Fundraising

Fundraising has had a challenging year due to the pandemic. Events were cancelled and all face to face fundraising had to stop, including our Lottery canvassing. Fortunately, we were able to revise our budget at the end of March 2020 and as a result have delivered the income we set out. However, this was £2.3m less than the original budget. Whilst trying to navigate our way through the pandemic, adjust to working from home and run all of our fundraising through social media and Zoom, we have still been able to deliver our long term strategy. We have had to be flexible in our approach and try new things. It's thanks to our loyal supporters that we can continue to deliver our vital services even after such a global crisis.

Following a really successful year with Events in 2019-2020, unfortunately due to the pandemic we have not been able to deliver face to face events this year. This has had a huge knock on our income and has meant that we have had to try things differently. We launched an online Events programme, and whilst not as successful as our 'usual' Events we did have a great response.

The Corporate Partnerships team have also had a challenging year due to the Pandemic. We were selected as the Yorkshire beneficiary for Global's Make Some Noise's Emergency Appeal, benefiting not only from donations totalling £50,000 but also national and local coverage across their radio stations, including Heart, Capital, Classic FM and LBC who together reach an audience of over 25 million listeners every week. We continue striving to form mutually beneficial partnerships with a variety of corporate supporters from commercial opportunities to employee fundraising.

Despite the pandemic, our Regional Fundraising team have been extremely active in increasing our profile across the communities that we serve. We have had to think differently and our supporters have adapted to this well. The team continue to provide fantastic support to a wide variety of audiences, including supporting all of our wonderful Friends Groups, Individuals, Schools and Universities and Faith groups who amaze us every day with their enthusiasm and passion for our work. We have had huge support from so many people out in the towns and villages across our area and we are looking forward to meeting these supporters in person again soon.

We have received a number of generous legacies this year which have significantly contributed to our overall income. We have also seen a significant return on our change of GDPR status options, which has been led by the Individual Giving team.

Unfortunately, due to Covid we were not able to carry out face to face canvassing for our Lottery for much of the year. Engage & Connect, our Lottery Canvassing agent, only started working with us at the start of the pandemic but have already shown great success in the few months that canvassing has been allowed.

There is no question that it has been a very tough year for fundraising at Martin House. But we have worked flexibly, been innovative with our ideas and saved costs wherever possible. Our wonderful supporters and fantastic volunteers have continued to support us and are vital to the work we do. We simply couldn't do it without them so a big thank you must go out to them. Their continuous hard work and support enables us to be able to deliver our vital service.

Fundraising standards and compliance

Martin House is a well-respected regional charity that is very much part of the communities we serve, aiming to deliver high standards in everything we do - be this in the care we provide or in our fundraising activities.

We strive to achieve the highest fundraising standards and we value our wonderful supporters. We expect our fundraising team to act honestly and with integrity at all times and to ensure we remain compliant with all the laws and guidelines that govern us.

We want to inspire trust in our supporters and ensure that all supporters have an excellent experience when donating to Martin House.

We stay up to date with developments in charity regulation, data protection and the Fundraising Preference Service (FPS) to make sure we are legally compliant and adhering to all guidelines. Our fundraisers also follow the Institute of Fundraising's Code of Practice and we are registered with the Fundraising Regulator.

We take our supporters' data very seriously at Martin House and we collect and process data in accordance with the Data Protection Act 2018 and the General Data Protection Regulation.

We do not pass our supporters' details to any other charity or organisation for their marketing purposes. We do however need to share limited information about our supporters in order to send them our newsletter which is done by an external mailing house, and in all such cases we have our supporters' explicit permission to do so. Any external groups acting on our behalf have to sign an agreement confirming that they will process all our data properly and maintain confidentiality.

We take appropriate physical, electronic and managerial measures to ensure we keep supporters' information secure, accurate and up to date and we only keep it as long as is reasonable and necessary.

Income Generation Complaints

We work hard to ensure that we deliver a high quality service to our supporters but we may not always get it right. If this happens, we would like to hear about it as soon as possible so we can resolve the problem. If, after this, a supporter feels as though the issue has not been resolved then they may make a complaint. Details of how to complain are listed on our website.

Retail

Our shops, like all of the Retail sector have had a challenging year. We were closed for over half the year due to Covid and have had to implement a large number of Covid secure measures. Our supporters have remained loyal and we have received high quality stock and have had successful openings when we have been able to re-open. Covid has significantly impacted our shops and we lost around 50% of our income during the year.

Communications

Our external marketing, and how we communicate to our audiences, plays a vital role in the delivery of our strategy, and we have to ensure that our brand can act as a solid foundation on which to build compelling communications that raise awareness, reach more people, and build strong brand advocacy. We have evolved our brand and in March 2021 launched a new look to our logo, strapline and materials. We are really pleased with this piece of work and find our materials are more impactful, fit for purpose and user-friendly.

Financial review

Principal sources of income

Our principal sources of income are statutory funding, investment income, and, by far the largest source, fundraising from the public.

We are reliant upon fundraising from the public to fund the large majority of our annual running costs. This funding comes to Martin House as donations, legacies, and profits made in our shops. We continue to be overwhelmed by the generosity of the public in supporting us in our charitable objectives.

Grant funding (excluding Covid-19 grant support) from the NHS Clinical Commissioning Groups and NHS England towards the cost of our service provision covered around 22% of our expenditure on charitable activities, and represents 16% of our total income.

Result for the year

The Trustees had anticipated incurring a significant deficit this year, resulting in large from the anticipated impact on fundraising of the Covid 19 pandemic. The result for the year is however a surplus of £64,079. That surplus follows significant efforts by the income generation team to adapt our ways of fundraising in the face of very challenging circumstances. A particular note must be made for the exceptional legacy income in the year for which we are extremely grateful. The government support in response to Covid 19 was also crucial to our operation and included the national hospice wide grants, the furlough scheme and the retail grant scheme. In the year, Covid 19 funding amounted to £1,274,258. This has been treated as restricted income and was fully spent in the period.

Our financial position has been managed carefully for over 30 years, allowing us to build reserves. We are fortunate that these reserves are currently providing us with some security and stability, whilst facing a number of significant challenges.

To support our planned investment, the Trustees have agreed a medium term financial plan that will see significant annual deficits incurred for the next few years, to be funded from our reserves, before returning to break-even. The trustees have designated reserves of £4.3m to cover the anticipated deficits. The Trustees believe that this strategy is a good and appropriate use of our reserves and are confident that we will remain financially sustainable and able to support our children and families in the longer term. These deficits are necessary to ensure that we continue to invest in and improve our services to children and young people.

Our hospice building is now over 30 years old and we are planning an extensive refurbishment of the premises (with some new building) over the next few years, having received planning permission in late 2020. This will require significant investment and, although we plan to raise funds through a capital appeal, we also intend to fund this project in part from our reserves. The trustees have designated reserves of £10.5m to contribute to the cost of the project.

Financial position

The Balance Sheet shows total funds at 30 April 2021 of £25,009,310. Unrestricted funds (which includes both designated and general funds) are represented by tangible fixed assets of £3,871,876, investments of £19,173,102 and net current assets of £1,964,332.

Reserves policy

As noted above, we anticipate a significant reduction in the level of our free reserves in the short-term, enabling us to make the necessary improvements to ensure the long-term viability of Martin House for the children and families who need our services, now and in the future. With this in mind, the Trustees have approved a revised reserves policy, as follows:

- (a) The Trustees feel that it is prudent to target a minimum level of free unrestricted reserves sufficient to cover the full operating costs of the hospice (care, fundraising, administration and governance) for at least six months, enabling the charity to tolerate short-term variations in its income streams, and meet the development needs set out in the strategic plan.
- (b) The Trustees also consider that a minimum of three months' operating costs (which form part of the above-mentioned six months of operating costs) should be held in free reserves, in cash and short-term investment assets capable of conversion into cash within 14 days, to enable steady cash flow management.

Martin House makes a long-term commitment to those families that depend on its services and needs to provide a reliable and consistent service beyond the immediate future. The Trustees recognise that unrestricted reserves are necessary to secure future services, meet unexpected expenses, absorb setbacks and take advantage of change and opportunities for development when they arise. The Trustees also recognise that much of the organisation's income is uncertain and susceptible to fluctuations beyond its control. Having assessed these risks, the Trustees' aim is to build and maintain a financial cushion against the uncertainties that affect our operating environment whilst also generating income to help meet current operating costs.

The Trustees consider that one year's running costs, anticipated to be approximately £10,500,000 by 2024, would provide appropriate security against such uncertainties.

In anticipation of some significant deficits, alongside an extensive refurbishment and new-build programme, the Trustees recognise that during the period of the strategic plan it may not be the case that at all times we will hold one year's running costs in reserve, but this is the target minimum level that we would plan to return to within the five year period of the strategic plan.

At 30 April 2021, our free reserves, including investment funds not designated for a particular purpose, were £6,063,130 (after deducting a projected figure of £4.3m committed to the deficit budget and £10.5m committed to the rebuild project). While this represents less than a year's running costs, this level of reserves amounts to 8 months of costs and is therefore above our required minimum of 6 months running costs at all times.

Over the years, the Trustees have been able to invest surplus free reserves in an Investment Fund, to provide long-term commitment and support to the families dependent on Martin House. The annual income generated by the Investment Fund makes a valuable contribution to our annual running costs. The majority of our free reserves are currently invested in this fund, and it is the intention of the Trustees that the Investment Fund will be reduced during the next 5 years, as required, to help to fund both the deficits arising and our hospice refurbishment and new-build project.

Investment Policy

The Trustees' investment policy is to produce the best financial return within an acceptable level of risk, having invested in accordance with our investment policy. The investment objective is to generate a total return in excess of inflation over the long term whilst generating an income to support on-going activities.

The Trustees recognise that they have a duty to consider the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments. At present, no investment restrictions are placed on the investment managers, Brewin Dolphin, who manage the portfolio on a discretionary basis. The Trustees will review their position at each annual review of the investment policy. The Trustees reviewed the investment policy in 2021 and agreed not to make any changes.

In order to meet the medium-term cashflow requirements of the strategic plan, Martin House currently has two investment portfolios. The 'long term' portfolio is invested to mitigate the risk of inflation over the long term (10 years or more), with a moderate investment risk. The 'medium-term' portfolio (3-5 years) adopts a lower risk profile and has a bias to income rather than capital growth.

For the year ended 30 April 2021, the long term portfolio gave a total return of +26.15% compared to the MSCI WMA Balanced Index total return of +19.00%. The medium-term portfolio gave a total return of +14.58% compared to the MSCI WMA Conservative Index total return of +11.43%.

Plans for future periods

2019-24 Strategic Plan

Following the end of our previous Strategic Plan for 2015-18, the team at Martin House created a new and ambitious 2019-24 Strategic Plan. This plan was adopted and approved by the Board of Trustees in January 2019.

The key strategic aims of the new strategy are:

- Ensure services are of the highest quality, safety and effectiveness
- Have the right resources to deliver care
- Raise awareness and reach more people
- Meet the diverse needs of children, young people, their families and supporters

The Strategic Plan is supported by three Directorate Plans:

- Care Directorate Plan
- Income Generation Directorate Plan
- Corporate Services Directorate Plan

These Directorate Plans set out the objectives that will ensure that our key strategic aims are achieved. Each year during the 2019-24 strategic plan period, an annual Operational Plan is being produced that ensures that we work towards achieving our overall strategic objectives.

2020/21 Operational Plan

In April 2020, the Board of Trustees adopted the 2020/21 Operational Plan. The Plan set out the activities we would complete during 2020/21 on our way to achieving our strategic objectives as set out in the 2019-24 Strategic Plan.

Key achievements during the year have been that we:

- Continued our preparation for future CQC inspection
- Adapted Clinical Service delivery to continue to provide care and support during the national pandemic
- Increased capacity and capability of our clinical team to facilitate Advance Care Plans for those on our caseload
- Continued to work towards ISO45001 to achieve the highest standards of health and safety compliance
- Performed a root and branch review of IT and approved an IT strategy
- Gained planning permission from Leeds City Council for our Hospice refurbishment and rebuild.
- Opened 1 new shop successfully in Ripon
- Delivered 2 highly successful Direct Mails
- Delivered successful virtual Events
- Carried out a brand refresh and evolved our logo
- Carried on generating income through the COVID pandemic
- Developed a staff well-being strategy
- Recruited into key roles within the Leadership Team
- Delivered a surplus budget despite the pandemic

Principal risks and uncertainties

Our approach to risk management was reviewed and updated following the adoption of the new 2019-24 Strategic Plan. Our new Risk Management Policy and Framework was approved by the Board of Trustees in April 2019. It is reviewed annually by the Board of Trustees to ensure it remains fit for purpose.

The major risks to which Martin House is exposed and the systems in place to mitigate those risks are set out in the strategic risk register. This is reviewed monthly by the Strategic Leadership Team and quarterly by the Finance and Resources Committee. The Clinical Effectiveness Committee reviews a more detailed operational risk register at each meeting to review clinical risks. The strategic risk register is included in the Board papers for every meeting of the Board of Trustees.

The Trustees believe there is an effective system of risk management in place and that all major risks are being mitigated satisfactorily.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure and Governing Documents

Martin House is a registered charity and a company limited by guarantee. The company was incorporated on 1 May 1986 and registered as a charity on 28 April 1987. It is governed by a Memorandum and Articles of Association, which were amended at an EGM on 21 July 2016, following a comprehensive review by the Trustees. The charity has a wholly-owned subsidiary, Martin House (Shops) Limited, which is incorporated in the UK and registered in England (company number 2166209).

The Board of Trustees acts collectively and is responsible for the overall philosophy and strategic direction of Martin House and ensuring that the charity is solvent, well-run, acts within its governing document and other relevant legislation. The Board meets at least quarterly and delegates the general management and operational activities of the hospice to the Strategic Leadership Team, via the Chief Executive.

The Board has a Scheme of Delegation, which sets out which of its powers may be delegated and to whom. This is reviewed regularly and revised as appropriate.

The Board is supported by a number of committees and working groups, each of which has clear terms of reference:

- The Finance and Resources Committee exercises oversight of Martin House's finances, including its systems of financial control and risk management, budgets and accounts, capital expenditure and the management of its investments and cash resources. The Committee also reviews the results of the annual statutory audit and oversees the conduct and appointment of our auditors. The Committee is also responsible for employee remuneration, terms and conditions and policies and practices.

- The Clinical Effectiveness Committee provides assurance to the Board that Martin House has a robust framework for the management of clinical systems and processes and that clinical care is patient/service user-centred, safe, of high quality, evidence based, appropriate and provides good outcomes.
- The Martin House Research Centre Partnership Committee is a joint committee with The University of York, established in January 2017 to oversee the effective operation of the Martin House Research Centre.
- The Rebuild Project Board - established in 2020 to oversee the rebuild/refurbishment project and advise the Board of Trustees in relation to the project.

Charity Governance Code

The Charity Governance Code for Larger Charities was published by the Charity Commission in July 2017. This Code is designed as a tool to support continuous improvement. Compliance is not mandatory - trustees are encouraged to meet the principles and outcomes of the Code by either applying the recommended practice or explaining what they have done instead or why they have not applied it. Charity boards that are using this Code effectively will regularly revisit and reflect on the Code's principles.

Martin House is committed to complying with best practice in relation to governance. Trustees have performed a full self-assessment of compliance against the seven principles included within the Code.

Trustees concluded that the hospice is compliant with the vast majority of the Code. The following areas were identified as areas of non-compliance with the Code:

- The Board of Trustees at Martin House currently consists of 13 Trustees, which is higher than the number recommended as good practice within the Charity Code of Governance (5.6.2). The Board of Trustees have reviewed the membership of the Board and at this time consider that a Board of 13 members is required to bring the broad range of skills and experience required to meet the current strategic objectives.
- Two Trustees, Jenny Wilkinson and Stephen Plews, have served on the Board of Martin House for more than nine years. Their reappointment has been subject to rigorous review in accordance with the Charity Code of Governance (5.7.4). The Board considers that they bring unique and invaluable experience of Martin House gained over many years and that the need for need for progressive refreshing of the board is suitably met elsewhere.

The charity considers that it is compliant with the Code in all other aspects.

In accordance with the requirements of the Code of Governance, the hospice maintains a register of Trustee and senior staff interests. The following interests have been declared by Trustees and senior staff:

Trustees

| Name | Declaration(s) |
|-------------------|---|
| Anne-Marie Childs | Employed as a full time NHS Consultant at LTHT with an Honorary Senior Lecturer Contract at the University of Leeds. Trustee of SMA UK. The Principal Investigator in several Commercial Research Studies exploring novel therapies in Duchenne Muscular Dystrophy and Spinal Muscular Atrophy have contributed to advisory boards for Sarepta, Biogen, Roche, Novartis, Santhera and PTC Therapeutics. |
| Zoe Donaldson | Husband is a GP in the locality |
| Tim Halstead | Chief Operating Officer, Switalskis Solicitors Limited Director of Martin House (Shops) Ltd |
| Rifhat Malik MBE | Nil |
| Patricia McKinney | Nil |
| Mike Millington | Global Business Director of Croda International plc |
| Stephen Plews | Director of Plews Business Consultancy |
| Sue Rumbold | Director of Children and Families programme West Yorkshire and Harrogate Integrated Care System. Working across the ICS to develop best practice and integrated care for all children no matter where they were born or brought up Link into the Yorkshire and Humber Palliative Care network |
| Gordon Singer | Partner at PricewaterhouseCoopers LLP |
| Jenny Slee | Nil |
| Tim Straughan | Employee of NHS England Non-Executive Director of Spectrum CIC Director of Citizone Ltd Husband of Alison Straughan, an employee of Martin House Director of Martin House (Shops) Ltd |
| Jenny Wilkinson | Director of Martin House (Shops) Ltd |
| Barry Wright | Work as an Honorary consultant child psychiatrist with Leeds and York Partnership NHS Foundation Trust. Work for the Hull, York Medical School and the University of York carrying out research to improve the lives of children and young people. |

Senior Staff

| Name | Declaration(s) |
|---------------------|----------------|
| Clair Holdsworth | Nil |
| Rebecca Wynne | Nil |
| Victoria Greensmith | Nil |

Our Trustees

The Trustees, who are also Directors, are the members of the charitable company, the equity being limited by guarantee and therefore having no share capital. As at 30 April 2021, Martin House has 13 Trustees.

The Trustees retiring by rotation at the next annual Trustees' meeting are Mike Millington, Sue Rumbold, Jenny Wilkinson and Anne-Marie Childs and all are eligible for re-election. The power of appointment rests with the members of the Board.

All the Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the financial statements. The Trustees who served during 2020/21 are:

| | |
|--|---|
| Dr Anne-Marie Childs | Member of the Clinical Effectiveness Committee |
| Zoe Donaldson | |
| Timothy J Halstead LLB | Chair of the Board of Trustees Member of the Finance and Resources Committee |
| Rifhat Malik MBE | Member of the Clinical Effectiveness Committee |
| Professor Patricia McKinney | Member of the Clinical Effectiveness Committee |
| Michael Millington BSc Hons MBA | Member of the Finance and Resources Committee |
| Stephen A Plews | Member of the Finance and Resources Committee |
| Sue Rumbold | Vice Chair Member of the Clinical Effectiveness Committee |
| Gordon Singer | Member of the Finance and Resources Committee |
| Jenny Slee (Cromack) LLB | Member of the Clinical Effectiveness Committee |
| Tim Straughan | Chair of the Finance and Resources Committee |
| Jennifer Wilkinson | Member of the Clinical Effectiveness Committee |
| Professor John Barry Wright | Member of the Clinical Effectiveness Committee |

Non-Trustees serving on Board Committees during 2020/21 were:

| | |
|----------------------|---|
| Nick Lane Fox | Member of the Finance and Resources Committee |
|----------------------|---|

Our People

Martin House employs, 194 staff (162 FTE). The Chief Executive, who is appointed by and accountable to the Board, is responsible for the operation of Martin House and leads a Strategic Leadership Team. In 2020/21 this comprised:

Trustees' Report (continued)

| | |
|---------------------|--|
| Martin Warhurst | Chief Executive and Company Secretary (resigned 3 July 2020) |
| Clair Holdsworth | Company Secretary and Interim Chief Executive from 3 July 2020. Appointed substantively 29 March 2021. |
| Rebecca Wynne | Director of Income Generation |
| Alison Craggs | Director of Corporate Services (resigned 23 October 2020) |
| Victoria Greensmith | Interim Director of Clinical Services (appointed 3 July 2020). Appointed substantively April 2021 |

The Strategic Leadership Team lead the following directorates:

- (a) the clinical services directorate. This consists of:
- the care team, which delivers the care and support to children, young people and their families
 - the medical team, which provides consultant and doctor led medical care to children, young people and their families
- (b) the corporate services directorate. This consists of:
- the facilities team, who maintain and develop the buildings, grounds and equipment
 - the IT team, who maintain and develop the IT hardware and software
 - the people and development team, who lead on HR policy and advice, learning and development and volunteer development
 - the finance and administration team, who ensure the efficient and smooth running of the organisation
- (c) the income generation directorate. This consists of:
- the fundraising team, who raise the voluntary income required to deliver our services
 - the retail team, who manage and develop our 12 shops and other retail operations
 - the marketing and communications team, who promote our services and ensure good communications with all stakeholders

Volunteers

Our employees are supported by over 400 fantastic and committed volunteers, in over 17 different roles, without whom we simply could not operate and we are immensely grateful for the enormous, valued contribution they make to Martin House. Their contribution across the entire charity is immeasurable.

We will continue to grow our volunteer social media following and invest in increasing our Volunteer forum members.

Due to the pandemic, the key areas of volunteer support over the pandemic have been in retail and fundraising; from selling donations in our retail shops, on eBay and online, to helping distribute donations to our shops, sorting stock and serving customers in our busy shops, our volunteers have continued pull out all the stops to help us raise much-needed funds.

Despite not being able to utilise our volunteers to usual capacity within the pandemic we have not seen an anticipated decline in those continuing to carry on supporting us. Expressions of interest have grown significantly compared to the same period in 2019/20.

Remuneration Policy

Remuneration of the CEO and members of the Strategic Leadership Team (SLT) is determined by the Board of Trustees, which delegates responsibility for recommending SLT salaries to the Finance and Resources Committee (FRC). The FRC is also responsible for determining and recommending to the Board the policy for remuneration and reward of employees at Martin House, the pay structure for all employees and the level of any annual cost of living increase, taking into account appropriate benchmarks (including NHS rates for clinical staff and the Croner/Hospice UK annual hospice rewards survey) and prevailing inflation rates. In addition, the FRC is responsible for monitoring the effectiveness of all remuneration, terms and conditions and policies and keeping them under appropriate review.

Ambassadors

Ambassadors do not have any formal role in the governance of the charity but assist by gaining publicity and raising our profile:

Ryan Sidebottom – former Yorkshire Cricketer

Christine Talbot - ITV News Presenter

Mike Heaton - Musician

Jeff Hordley - Actor

Zoe Henry - Actor

We are thankful for their continued and generous support of Martin House.

Legal and Administrative Information

| | |
|--|--|
| Charity name: | Martin House |
| Charity registration number: | 517919 |
| Company registration number: | 02016332 |
| Registered office and operational address: | Grove Road, Boston Spa, Wetherby, LS23 6TX |

Subsidiary Undertaking

| | |
|------------------------------|--------------------------|
| Company name: | Martin House (Shops) Ltd |
| Company registration number: | 02166209 |

The principal activities of the trading subsidiary are the sale of bought goods and goods sold as agent. The subsidiary has performed satisfactorily during the year, and all profits generated are donated to Martin House.

Advisors

Auditor:

Garbutt & Elliott Audit Limited, Chartered Accountants,
Triune Court, Monks Cross Drive, York YO32 9GZ

Investment Managers:

Brewin Dolphin,
10 Wellington Place, Leeds LS1 4AN

Principal Bankers:

Barclays Bank Plc
25 James Street, Harrogate HG1 1QX

Auditor:

Garbutt & Elliott Audit Limited is deemed to be reappointed under section 487(2) of the Companies Act 2006.

The Trustees, in their capacity as Directors, hereby approve the Trustees' Annual Report and the incorporated Strategic Report.



Timothy J Halstead
Chairman

Date: 20/10/2021

Statement of Trustees' Responsibilities in Respect of the Trustees' Report and the Financial Statements

The Trustees (who are also directors of Martin House 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 charitable 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 judgments 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 business.

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 auditor is 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 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.

Independent Auditor's Report to the Members of Martin House

Opinion

We have audited the financial statements of Martin House (the "parent charity") and its subsidiary (the "group") for the year ended 30 April 2021 which comprise the consolidated statement of financial activities, the company and consolidated balance sheets, the consolidated cash flow statement and notes to the financial statements. 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 the parent charitable company's affairs as at 30 April 2021 and of 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.

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 and parent charitable company 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 both 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 authorised 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

Independent Auditor's Report to the Members of Martin House (continued)

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 Trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report (incorporating the strategic report and the directors' report) 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 parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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 or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees 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 they 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

Independent Auditor's Report to the Members of Martin House (continued)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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.

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 auditor's report.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Trustees and other management, and from inspection of the charity's regulatory and legal correspondence. We discussed with the Trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance during the audit.

The group and parent charitable company are subject to laws and regulations that directly affect the financial statements including company law, charity law, financial reporting legislation, pensions legislation, taxation legislation and further laws and regulations that could indirectly affect the financial statements, comprising safeguarding, medicines regulation, environmental, health and safety and employment legislation, and, in the current economic climate, Covid regulations. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any. These procedures did not identify any potentially material actual or suspected non-compliance.

To identify risks of material misstatement due to fraud we considered the opportunities and incentives and pressures that may exist within the group and the parent charitable company to commit fraud. Our risk assessment procedures included: enquiry of Trustees and other management to understand the high level policies and procedures in place to prevent and detect fraud, reading Board minutes and considering performance targets and incentive schemes in place for management. We communicated identified fraud risks throughout our team and remained alert to any indications of fraud during the audit.

Independent Auditor's Report to the Members of Martin House *(continued)*

As a result of these procedures we identified the greatest potential for fraud in the following areas:

- income recognition and in particular completeness, the risk that income is recognised in the wrong reporting period, or that restricted income is incorrectly recognised within unrestricted income; and
- subjective accounting estimates.

Both fraud risks arise due to a potential desire to present the results in a differing light to suit management objectives. As required by auditing standards we also identified and addressed the risk of management override of controls.

We performed the following procedures to address the risks of fraud identified:

- identifying and testing high risk journal entries through vouching the entries to supporting documentation;
- assessing significant accounting estimates for bias;
- testing the recognition of income and in particular that it was recognised in the correct period and any restrictions recognised; and
- testing the control environment around cash takings, including segregation of duties and cash reconciliations.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

Garbutt & Elliott Audit Ltd.

Alan Sidebottom (Senior Statutory Auditor)
For and on behalf of Garbutt & Elliott Audit Limited
Chartered Accountants
Statutory Auditor

20/10/2021
.....
Triune Court
Monks Cross Drive
York
YO32 9GZ

Consolidated Statement of Financial Activities (incorporating an income and expenditure account) for the year ended 30 April 2021

| | Note | 2021 Unrestricted Funds – General £ | 2021 Unrestricted Funds – Designated £ | 2021 Restricted Funds £ | 2021 Total Funds £ | 2020 Total Funds £ |
|--|-----------|---|--|----------------------------------|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations | | 1,738,509 | - | 78,106 | 1,816,615 | 1,946,407 |
| Legacies | | 1,786,971 | - | - | 1,786,971 | 2,382,251 |
| Income from charitable activities: | | | | | | |
| Funding from Clinical Commissioning Groups | | - | - | 743,883 | 743,883 | 797,187 |
| NHS England grants | | - | - | 521,097 | 521,097 | 367,019 |
| Covid 19 grants | | 190,782 | 355,549 | 727,927 | 1,274,258 | 505,475 |
| Other income | | 28,814 | - | 39,893 | 68,707 | 179,615 |
| Other trading activities: | | | | | | |
| Income from retail operations | | 815,993 | - | - | 815,993 | 1,232,760 |
| Fundraising events and lottery | | 453,342 | - | - | 453,342 | 917,948 |
| Other activities for generating funds | | 35,934 | - | - | 35,934 | 5,949 |
| Income from investments | 3 | 408,308 | - | - | 408,308 | 498,560 |
| Total income | | 5,458,653 | 355,549 | 2,110,906 | 7,925,108 | 8,833,171 |
| Expenditure on: | | | | | | |
| Expenditure on raising funds: | | | | | | |
| Cost of generating voluntary income | 5 | 801,830 | - | - | 801,830 | 704,527 |
| Cost of retail operations | 5 | 1,054,910 | - | - | 1,054,910 | 1,079,585 |
| Cost of fundraising events, lottery and other activities | 5 | 354,830 | - | - | 354,830 | 434,499 |
| Investment managers cost | 5 | 61,539 | - | - | 61,539 | 59,473 |
| Expenditure on charitable activities | 6 | 2,657,899 | 861,024 | 2,068,997 | 5,587,920 | 5,896,131 |
| Total expenditure | 7 | 4,931,008 | 861,024 | 2,068,997 | 7,861,029 | 8,174,215 |
| Net income/(expenditure) before net (losses)/gains on investments | 2 | 527,645 | (505,475) | 41,909 | 64,079 | 658,956 |
| Net gains/(losses) on investments | | - | 3,400,628 | - | 3,400,628 | (1,291,836) |
| Net income/(expenditure) before transfers | | 527,645 | 2,895,153 | 41,909 | 3,464,707 | (632,880) |
| Transfers between funds | 17 | (10,068) | 32,852 | (22,784) | - | - |
| Net movement in funds for the year | | 517,577 | 2,928,005 | 19,125 | 3,464,707 | (632,880) |
| Funds brought forward at beginning of year | | 5,148,103 | 16,245,097 | 151,403 | 21,544,603 | 22,177,483 |
| Funds carried forward at end of year | 18 | 5,665,680 | 19,173,102 | 170,528 | 25,009,310 | 21,544,603 |

The results for the year all relate to continuing operations.

A detailed statement of financial activities for the comparative year is shown in note 21 to the financial statements.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The statement of financial activities includes all gains and losses recognised in the year.

Balance Sheets as at 30 April 2021

| | | Group | | Charity | |
|---|----|--------------------|-------------|--------------------|-------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 9 | 3,871,876 | 3,933,413 | 3,871,876 | 3,933,413 |
| Investments | 10 | 19,173,102 | 15,739,622 | 19,173,104 | 15,739,624 |
| | | 23,044,978 | 19,673,035 | 23,044,980 | 19,673,037 |
| Current assets | | | | | |
| Stock | 11 | 4,601 | 4,522 | - | - |
| Debtors | 12 | 1,638,559 | 1,361,385 | 1,638,559 | 1,361,385 |
| Cash on deposit, at bank and in hand | 13 | 1,898,416 | 2,136,291 | 1,886,161 | 2,125,027 |
| | | 3,541,576 | 3,502,198 | 3,524,720 | 3,486,412 |
| Creditors: amounts falling due within one year | 14 | (1,577,244) | (1,630,630) | (1,755,459) | (1,780,002) |
| Net current assets | | 1,964,332 | 1,871,568 | 1,769,258 | 1,706,410 |
| Net assets | | 25,009,310 | 21,544,603 | 24,814,241 | 21,379,447 |
| Funds of the charity: | | | | | |
| Restricted funds | 17 | 170,528 | 151,403 | 170,528 | 151,403 |
| Unrestricted funds are represented by: | | | | | |
| Covid-19 Fund | 17 | - | 505,475 | - | 505,475 |
| Deficit budget fund | 17 | 4,346,846 | 5,000,000 | 4,346,846 | 5,000,000 |
| Refurbishment fund | 17 | 10,451,806 | 4,000,000 | 10,451,806 | 4,000,000 |
| Other investment funds | 17 | 4,374,450 | 6,739,622 | 4,374,452 | 6,739,624 |
| Total unrestricted designated funds | | 19,173,102 | 16,245,097 | 19,173,104 | 16,245,099 |
| Unrestricted tangible fixed assets | 18 | 3,871,876 | 3,933,413 | 3,871,876 | 3,933,413 |
| Undesignated general funds | 18 | 1,793,804 | 1,214,690 | 1,598,733 | 1,049,532 |
| Total unrestricted funds | | 24,838,782 | 21,393,200 | 24,643,713 | 21,228,044 |
| | | 25,009,310 | 21,544,603 | 24,814,241 | 21,379,447 |

The notes on pages 30 to 45 form part of these financial statements.

These financial statements were approved by the board of Trustees on 20/10/2021 and were authorised for issue and signed on its behalf by:



T J Halstead
Trustee



T Straughan
Trustee

Consolidated Cash Flow Statement for the year ended 30 April 2021

| | 2021 | | 2020 |
|--|------------------|---|-------------|
| | £ | £ | £ |
| Cash flows from operating activities: | | | |
| Net cash (used in)/provided by operating activities | (311,901) | | 369,034 |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | 369,607 | | 447,605 |
| Purchase of tangible fixed assets | (268,433) | | (518,938) |
| Proceeds from the sale of tangible fixed assets | 5,705 | | 1,300 |
| Payments to acquire investments | (4,394,424) | | (2,409,563) |
| Proceeds from the sale of investments | 3,825,324 | | 3,458,379 |
| Net cash provided by/(used in) investing activities | (462,221) | | 978,783 |
| Change in cash and cash equivalents in the year | (774,122) | | 1,347,817 |
| Cash and cash equivalents at the beginning of the year | 2,740,012 | | 1,392,195 |
| Cash and cash equivalents at the end of the year | 1,965,890 | | 2,740,012 |

Reconciliation of net income to net cash flow from operating activities

| | 2021 | 2020 |
|--|------------------|-----------|
| | £ | £ |
| Net income for the year | 3,464,707 | (632,880) |
| Depreciation charge | 328,605 | 322,922 |
| Losses/(gains) on investments | (3,400,628) | 1,291,836 |
| Dividends, interest and rents from investments | (408,308) | (498,560) |
| Loss/(profit) on sale of fixed assets | (4,340) | 300 |
| Decrease/(increase) in stock | (79) | 5,012 |
| Decrease/(increase) in debtors | (238,473) | (283,801) |
| Increase/(decrease) in creditors | (53,385) | 164,205 |
| Net cash inflow/(outflow) from operating activities | (311,901) | 369,034 |

Analysis of changes in net funds

| | At 30 April 2020 | Cash flow | At 30 April 2021 |
|--------------------------|---------------------|-----------|---------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 2,136,291 | (237,875) | 1,898,416 |
| Cash equivalents | 603,721 | (536,247) | 67,474 |
| | 2,740,012 | (774,122) | 1,965,890 |

Notes to the Financial Statements for the Year Ended 30 April 2021

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Charity Information

Martin House is a company limited by guarantee, the liability of the members is limited to one pound, and a charity registered in England and Wales. The registered office is Martin House, Grove Road, Boston Spa, Wetherby, LS23 6TX.

Accounting Convention

The financial statements have been prepared on a going concern basis 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 (FRS102) (effective 1 January 2019) (Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Martin House meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

On the grounds that the charitable company's results are consolidated into the charitable company's group accounts the charitable company has taken advantage of certain exemptions conferred by section 1.11 of FRS102 as follows:

- Exemption from presenting a charitable company statement of cash flows as a primary statement to the financial statements.

Going Concern

The charitable company meets its daily working capital requirements through its bank account which has funds of over £1,800,000 at 30 April 2021. The charity relies heavily upon funding from voluntary donations, legacies and grants, which all contain elements of uncertainty. Given the charitable company's favourable fundraising record and the level of free reserves available at the year end, the Trustees consider that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Martin House (Shops) Limited on a line-by-line basis. The summarised profit and loss account for the subsidiary is shown in note 4. A separate Statement of Financial Activities, including the income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions offered by section 408 of the Companies Act 2006. The gross income of the charity was £7,997,167 (2020: £8,591,512) and the net income was £34,167 (2020: net income £493,800) (before gains/losses on investments in each year).

Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Restricted funds can only be used for particular restricted purposes within the objectives of the charity. These arise when funds are subject to specific restrictive conditions imposed by funders/donors or by the purpose of the grant. The purpose and use of the restricted funds is set out in note 17.

Designated funds are unrestricted funds designated by the Trustees for a particular purpose.

Notes to the Financial Statements *(continued)*

1. Accounting Policies *(continued)*

Income

Income is recognised in the year in which entitlement arises, receipt is probable and the amount can be reliably measured. Income is deferred:

- where the charitable company has to fulfil conditions before becoming entitled to it,
- where the income is received specifically for expenditure in a future accounting period, or
- where donations, sponsorship and entry fees are received in anticipation of an event to be held in a future accounting period.

Legacies

Pecuniary and residuary legacies are recognised when received or before receipt if there is sufficient evidence of entitlement to the legacy, receipt is probable and can be measured with sufficient reliability.

Gifts in kind and volunteers' contributions

Martin House benefits greatly from a variety of gifts in kind and voluntary contributions. Gifts donated for resale are included as income when they are sold. Fixed assets donated to the charity are included as donation income at market value at the time of receipt. Consumables and small items donated for fundraising activities are not recognised in the financial statements. No amounts are included in the financial statements for services donated by volunteers.

Expenditure and irrecoverable VAT

Expenditure is included in the Statement of Financial Activities on an accruals basis inclusive of any VAT that cannot be recovered. Expenditure is allocated directly to a particular activity where costs relate directly to that activity.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Fundraising costs

These include the salaries, direct expenditure and overhead costs of the fundraising team as well as lottery and event costs, investment management costs and the cost of our retail operations.

Charitable activity costs

These include the salaries, direct expenditure and overhead costs of the care and support team.

Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities on a straight line basis over the term of the lease.

Pensions

Employees who have previously worked for the NHS are entitled to continue to contribute to the NHS Pension Scheme subject to certain conditions. The NHS Scheme is an unfunded final salary scheme operated by the National Health Service. The contributions are calculated so as to spread the cost of pensions over employees' working lives, whilst they remain in qualifying employment, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of periodic valuations, and any deficit is underwritten by the Treasury.

The scheme is not designed to be run in a way that would enable employers of eligible employees to identify their share of the underlying scheme assets and liabilities, and the scheme is unfunded. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the amount charged against profits represents the contributions payable to the scheme.

Staff not entitled to join the NHS Scheme are automatically enrolled into a defined contribution scheme, in accordance with current pension legislation. In addition, the defined contribution scheme is offered on the same terms to staff not meeting the criteria for automatic enrolment. The amount charged against profits for the scheme represents the contributions payable to the scheme in respect of the accounting period.

Notes to the Financial Statements *(continued)*

1. Accounting Policies *(continued)*

Staff costs

The costs of short-term employee benefits are recognised as a liability and an expense where settlement of obligations does not fall within the same period.

Investments

Investments (other than investments in subsidiaries) are stated at market value at the balance sheet date.

The investment portfolio, see note 10, is held to generate returns and gains for the group and accordingly is designated as fair value through profit and loss ("FVTPL"). Under this designation the portfolio is revalued at each period end to its fair value, as determined by reference to quoted market prices and values determined by independent fund managers, with any gains or losses going through the statement of financial activity.

For the purposes of the cash flow statement, the short-term cash deposits held for reinvestment within the long term investment fund have been treated as cash.

Investment properties are included in the balance sheet at their open market value. Depreciation is not provided on investment properties.

Investments in subsidiaries are stated at cost and the Trustees review the carrying value annually for indications of impairment.

Fixed assets and depreciation

Fixed assets are stated at cost. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | | |
|--------------------------------|---|--------------------------|
| Freehold buildings | - | 2-4% straight line |
| Furniture and fittings | - | 25% straight line |
| Office furniture and equipment | - | 20% to 33% straight line |
| Vehicles | - | 25% reducing balance |

All capital expenditure over £250 is capitalised as an asset.

Stocks

Purchased goods for resale are valued at the lower of cost and net realisable value.

Donated items of stock for resale are not included in the financial statements until they are sold because the Trustees consider it impractical to assess the amount of donated stock held as there is no system in place to record these items or value them until they are sold. The value of these goods to the charity is instead recognised when they are sold in the shops.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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 held for working capital. Bank overdrafts are shown within borrowing in current liabilities.

Notes to the Financial Statements *(continued)*

1 Accounting Policies *(Continued)*

Debtors

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

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the income and expenditure account.

Creditors, loans and provisions

Creditors, loans and provisions are recognised where the group 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, loans and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial liabilities are only derecognised when, and only when, the group's obligations are discharged, cancelled or they expire.

Amounts recognised as provisions are best estimates of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Critical accounting estimates and judgements

In the application of the group's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Depreciation of tangible assets

Depreciation policies have been set according to management's experience of the useful lives of the assets in each category, something which is reviewed annually.

The charity incurs expenditure on creating tangible fixed assets for use in the charity with costs being incurred over a number of months. The Trustees believe it is possible to segregate these costs into identifiable projects, and as such no depreciation is charged on that project until it is brought into use.

Legacies

Legacies are recognised as income when probate has been granted, the charity has established its entitlement to the funds and where sufficient information is available to allow it to measure its entitlement.

Tax

Martin House is a registered charity and as such is a charity within the meaning of schedule 6 of the Finance Act 2010. Accordingly, the Hospice is potentially entitled to tax exemption under part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 in respect of income and gains arising.

Notes to the Financial Statements (continued)

1 Accounting Policies (Continued)

The trading subsidiary is liable to corporation tax on its chargeable profits. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date. As all profits arising in the subsidiary were gift aided to the parent charitable company in both the current and prior financial year, no corporation tax has arisen.

2 Net expenditure

| | 2021 | 2020 |
|---|----------------|----------------|
| | £ | £ |
| Net expenditure is stated after charging/(crediting): | | |
| Depreciation of tangible fixed assets | 328,605 | 322,922 |
| Loss/(profit) on disposal of fixed assets | (4,340) | 300 |
| Auditor's remuneration – audit of charity and subsidiary company accounts | 11,900 | 10,750 |
| Operating lease rentals – land and buildings | 172,166 | 172,166 |
| Operating lease rentals – equipment | 20,153 | 20,153 |
| | <u>408,308</u> | <u>498,560</u> |

3 Income from investments

| | 2021 | 2020 |
|---|----------------|----------------|
| | £ | £ |
| Gross dividends and interest receivable from listed investments | 395,937 | 488,274 |
| Interest from building society and banks | 3,071 | 3,012 |
| Property rent | 9,300 | 7,274 |
| | <u>408,308</u> | <u>498,560</u> |

4 Subsidiary company

The charity has a wholly owned subsidiary, Martin House (Shops) Limited which is incorporated in the UK and registered in England (company number 2166209). The company undertakes various trading activities including the sale of bought goods, the sale of goods as agent, and other trading activities on behalf of the charity. A summary of its trading results for the period is shown below. The company donates all taxable profits to Martin House under Gift Aid.

| | 2021 | 2020 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Profit and loss account | | |
| Turnover | 93,097 | 82,089 |
| Cost of sales | (34,783) | (32,661) |
| Gross profit | 58,314 | 49,428 |
| Grant Income | 190,783 | 160,000 |
| Rent and rates | (7,172) | (4,345) |
| Staff costs | (30,600) | (28,119) |
| Other expenses | (15,825) | (11,378) |
| Interest payable to parent company | (430) | (430) |
| Profit for the year | <u>195,070</u> | <u>165,156</u> |
| Balance Sheet | | |
| Share capital | 2 | 2 |
| Profit and loss account | 195,070 | 165,156 |
| Total shareholders' funds | <u>195,072</u> | <u>165,158</u> |

Investment in the wholly owned subsidiary is carried at cost of £2 (2020: £2) in the balance sheet of the charity.

The profit for the year is to be gifted to the charitable parent company, however as no deed of covenant exists the distribution has not been recognised in these financial statements.

Notes to the Financial Statements (continued)

5 Expenditure on raising funds

| For the year ended 30 April 2021 | Unrestricted 2021 £ | Restricted 2021 £ | Total 2021 £ |
|---|---------------------------|-------------------------|--------------------|
| Costs of generating donations & legacies | | | |
| Staff costs (Note 8) | 550,768 | - | 550,768 |
| Publicity and newsletters | 80,564 | - | 80,564 |
| Professional fees | 14,275 | - | 14,275 |
| Other | 156,223 | - | 156,223 |
| | 801,830 | - | 801,830 |
| Cost of retail operations | | | |
| Staff costs (Note 8) | 528,104 | - | 528,104 |
| Other | 526,806 | - | 526,806 |
| | 1,054,910 | - | 1,054,910 |
| Lottery and event costs | | | |
| Staff costs (Note 8) | 135,682 | - | 135,682 |
| Other | 219,148 | - | 219,148 |
| | 354,830 | - | 354,830 |
| Investment management cost | 61,539 | - | 61,539 |

| For the year ended 30 April 2020 | Unrestricted 2020 £ | Restricted 2020 £ | Total 2020 £ |
|---|---------------------------|-------------------------|--------------------|
| Costs of generating donations & legacies | | | |
| Staff costs (Note 8) | 494,623 | 8,560 | 503,183 |
| Publicity and newsletters | 51,090 | - | 51,090 |
| Professional fees | 14,122 | - | 14,122 |
| Other | 136,132 | - | 136,132 |
| | 695,967 | 8,560 | 704,527 |
| Cost of retail operations | | | |
| Staff costs (Note 8) | 489,705 | 26,626 | 516,331 |
| Other | 550,049 | 13,205 | 563,254 |
| | 1,039,754 | 39,831 | 1,079,585 |
| Lottery and event costs | | | |
| Staff costs (Note 8) | 148,274 | - | 148,274 |
| Other | 286,225 | - | 286,225 |
| | 434,499 | - | 434,499 |
| Investment management cost | 59,473 | - | 59,473 |

Notes to the Financial Statements (continued)

6 Expenditure on charitable activities

| | Unrestricted 2021 £ | Restricted 2021 £ | Total 2021 £ | Unrestricted 2020 £ | Restricted 2020 £ | Total 2020 £ |
|---------------------------|---------------------------|-------------------------|--------------------|---------------------------|-------------------------|--------------------|
| <i>Provision of care:</i> | | | | | | |
| Staff costs (Note 8) | 1,613,555 | 2,023,852 | 3,637,407 | 2,701,250 | 1,130,236 | 3,831,486 |
| Consumables | 105,649 | - | 105,649 | 234,641 | - | 234,641 |
| Other | 379,200 | 5,251 | 384,451 | 350,521 | 23,467 | 373,988 |
| Research | 159,816 | - | 159,816 | 158,132 | - | 158,132 |
| <i>Support costs:</i> | | | | | | |
| Staff costs (Note 8) | 777,801 | 38,636 | 816,437 | 777,860 | 72,595 | 850,455 |
| Establishment | 482,902 | 1,258 | 484,160 | 400,941 | 46,488 | 447,429 |
| | 3,518,923 | 2,068,997 | 5,587,920 | 4,623,345 | 1,272,786 | 5,896,131 |

7 Total expenditure

| Year ended 30 April 2021 | Staff costs £ | Depreciation £ | Other costs £ | Total £ |
|---------------------------|------------------|-------------------|------------------|------------------|
| Charitable activities | 4,453,844 | 241,762 | 892,314 | 5,587,920 |
| Costs of generating funds | 1,214,554 | - | 1,058,555 | 2,273,109 |
| Total expenditure | 5,668,398 | 241,762 | 1,950,869 | 7,861,029 |

| Year ended 30 April 2020 | Staff costs £ | Depreciation £ | Other costs £ | Total £ |
|---------------------------|------------------|-------------------|------------------|------------------|
| Charitable activities | 4,681,941 | 232,207 | 981,983 | 5,896,131 |
| Costs of generating funds | 1,167,788 | - | 1,110,296 | 2,278,084 |
| Total expenditure | 5,849,729 | 232,207 | 2,092,279 | 8,174,215 |

8 Staff numbers and costs

The average number of staff employed by the charitable company during the year was as follows:

| | Average headcount | | Average FTE | |
|---|-------------------|-------------|-------------|-------------|
| | 2021 No. | 2020 No. | 2021 No. | 2020 No. |
| Charitable activities – care team and support | 130 | 141 | 107 | 118 |
| Fundraising and shops | 56 | 54 | 49 | 45 |
| | 186 | 195 | 156 | 163 |

The aggregate payroll costs of these persons were as follows:

| | 2020 £ | 2019 £ |
|-------------------------------|------------------|------------------|
| Wages and salaries | 4,899,108 | 5,055,702 |
| Social security costs | 410,105 | 418,998 |
| Other pension costs (Note 15) | 359,185 | 375,029 |
| | 5,668,398 | 5,849,729 |

Included in the above costs is £192,606 (2020: £187,457) in respect of members of the medical team contracted to the charity by a local NHS trust.

Notes to the Financial Statements (continued)

8. Staff numbers and costs (continued)

The Trustees do not receive any remuneration. During the year no expenses were paid to Trustees (2020: £nil). Trustees are not included in the average number of employees. In accordance with the Memorandum of Association the charity purchased charity Trustee indemnity insurance. The cost of this insurance included in the Statement of Financial Activities was £920 (2020: £920).

The number of higher paid employees is disclosed below.

| | 2021 | 2020 |
|---------------------|------|------|
| | No. | No. |
| £60,000 to £70,000 | 1 | 2 |
| £70,001 to £80,000 | 1 | 1 |
| £90,001 to £100,000 | - | - |

Pension contributions totalling £6,385 (2020: £9,628) were made for the two (2020: three) higher paid employees.

The key management personnel of the charity (and group) comprise the Trustees and the senior management team. The total employee benefits of the 5 (2020: 8) key management personnel employed by the charity (and group) were £289,371 (2020: £495,888).

9. Tangible fixed assets

| CHARITY AND GROUP | Freehold land and buildings £ | Assets under construction £ | Furniture and fittings £ | Office furniture and equipment £ | Vehicles £ | Total £ |
|-------------------------|-------------------------------------|-----------------------------------|-----------------------------------|--|---------------|------------------|
| Cost | | | | | | |
| At beginning of year | 4,805,271 | 370,317 | 1,485,081 | 925,502 | 227,503 | 7,813,674 |
| Additions | - | 56,883 | 99,524 | 91,822 | 20,204 | 268,433 |
| Disposals | - | - | - | - | (6,000) | (6,000) |
| At end of year | 4,805,271 | 427,200 | 1,584,605 | 1,017,324 | 241,707 | 8,076,107 |
| Depreciation | | | | | | |
| At beginning of year | 1,820,448 | - | 1,247,053 | 678,515 | 134,245 | 3,880,261 |
| Charge for year | 99,598 | - | 120,251 | 89,072 | 19,684 | 328,605 |
| On disposals | - | - | - | - | (4,635) | (4,635) |
| At end of year | 1,920,046 | - | 1,367,304 | 767,587 | 149,294 | 4,204,231 |
| Net book value | | | | | | |
| At 30 April 2021 | 2,885,225 | 427,200 | 217,301 | 249,737 | 92,413 | 3,871,876 |
| At 30 April 2020 | 2,984,823 | 370,317 | 238,028 | 246,987 | 93,258 | 3,933,413 |

The cost of freehold land and buildings includes £75,000 (2020: £75,000) of land which is not depreciated.

10. Fixed asset Investments

| CHARITY | 2021 | 2020 |
|---|-------------------|-------------|
| | £ | £ |
| Listed investments (Note 10(a)) | 18,955,618 | 14,985,891 |
| Cash held as part of investment portfolio | 67,474 | 603,721 |
| Investment in Martin House (Shops) Limited (Note 4) | 2 | 2 |
| Unlisted investment | 10 | 10 |
| Investment property (Note 10(b)) | 150,000 | 150,000 |
| | 19,173,104 | 15,739,624 |

| GROUP | 2021 | 2020 |
|---|-------------------|-------------|
| | £ | £ |
| Listed investments (Note 10(a)) | 18,955,618 | 14,985,891 |
| Cash held as part of investment portfolio | 67,474 | 603,721 |
| Unlisted investment | 10 | 10 |
| Investment property (Note 10(b)) | 150,000 | 150,000 |
| | 19,173,102 | 15,739,622 |

These investments both in income and long-term growth support the work of the hospice.

10(a) Listed investments

| | 2021 | 2020 |
|--|--------------------|-------------|
| | £ | £ |
| Market value at beginning of year | 14,985,891 | 17,326,543 |
| Additions | 4,394,424 | 2,409,563 |
| Disposal proceeds | (3,825,324) | (3,458,379) |
| Realised and unrealised investment gains | 3,400,626 | (1,291,836) |
| Market value at end of year | 18,955,618 | 14,985,891 |
| Historical cost at end of year | 13,228,271 | 12,573,503 |

10(b) Investment property

| | 2021 | 2020 |
|---|----------------|-------------|
| | £ | £ |
| Market value at beginning and end of year | 150,000 | 150,000 |

The historical cost of the investment property was deemed to be £133,000.

The Trustees have estimated the fair value of the investment property, with reference to other similar property transactions in the vicinity. A professional valuation has not been obtained as the Trustees do not consider it necessary due to the non-specialist nature of the investment property. The Trustees conclude that there has been no material change in the fair value during the year.

The carrying amount of financial assets measured at fair value through income and expenditure for both the company and group was £19,105,618 (2020: £15,135,891).

Notes to the Financial Statements (continued)

11. Stock

| | Group | | Charity | |
|------------------|--------------|-------|---------|------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Goods for resale | 4,601 | 4,522 | - | - |

12 Debtors

| | Group | | Charity | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Due within one year 2021 | Due within one year 2020 | Due within one year 2021 | Due within one year 2020 |
| | £ | £ | £ | £ |
| Amounts due from Martin House (Shops) Limited | - | - | - | - |
| Accrued income and prepayments | 1,638,559 | 1,293,292 | 1,638,559 | 1,293,292 |
| VAT recoverable | - | 68,093 | - | 68,093 |
| | 1,638,559 | 1,361,385 | 1,638,559 | 1,361,385 |

13 Cash at bank, in hand and on deposit

| | Group | | Charity | |
|------------------------------------|------------------|-----------|------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Bank and building society deposits | 1,896,776 | 2,134,193 | 1,885,634 | 2,124,043 |
| Cash in hand | 1,640 | 2,098 | 527 | 984 |
| | 1,898,416 | 2,136,291 | 1,886,161 | 2,125,027 |

14 Creditors: amounts falling due within one year

| | Group | | Charity | |
|---|------------------|-----------|------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Trade creditors | 239,399 | 115,336 | 239,399 | 115,336 |
| Other taxes and social security costs | 133,019 | 107,370 | 133,019 | 107,370 |
| Other creditors | 68,323 | 41,717 | 67,091 | 41,657 |
| Accruals and deferred income | 1,136,503 | 1,366,207 | 1,134,103 | 1,363,807 |
| Amounts due to Martin House (Shops) Limited | - | - | 181,847 | 151,832 |
| | 1,577,244 | 1,630,630 | 1,755,459 | 1,780,002 |

The amounts due to Martin House (Shops) Limited include a loan of £5,000 due from Martin House (Shops) Limited covered by a debenture dated 30 April 1992 which provides for interest to be paid at 3% over Barclays Bank Plc base rate. The debenture is secured by a floating charge over all the assets of the company and there is no fixed date of repayment.

Notes to the Financial Statements *(continued)*

15 Pension costs

The hospice operates two pension schemes: the NHS Scheme and a defined contribution scheme, both of which are treated as defined contribution schemes as disclosed in Note 1.

| | 2021 | 2020 |
|-----------------------------|----------------|---------|
| | £ | £ |
| NHS Pension Scheme | 233,081 | 246,219 |
| Defined contribution scheme | 126,209 | 128,810 |
| | 359,290 | 375,029 |

NHS Scheme

Eligible employees are able to remain in the NHS Pension Scheme. The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS employees and employees of other approved organisations. 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. The scheme is subject to a full actuarial valuation every four years and an accounting valuation every year. Details of the benefits payable, and the basis for the valuations under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.

16 Commitments

Total commitments for future minimum lease payments under non-cancellable operating leases as follows:

CHARITY AND GROUP

| | Land and buildings 2021 £ | Equipment 2021 £ | Land and buildings 2020 £ | Equipment 2020 £ |
|--|------------------------------------|------------------------|------------------------------------|------------------------|
| Within one year | 191,302 | 14,927 | 169,990 | 20,153 |
| More than one year and less than 5 years | 397,168 | 13,402 | 377,695 | 28,329 |
| More than 5 years | 129,411 | - | 157,000 | - |
| | 717,881 | 28,329 | 704,685 | 48,482 |

Notes to the Financial Statements (continued)

17 Statement of funds

| For the year ended 30 April 2021 | As At 1 May 2020 | Income | Expenditure | Investment gains | Transfers | As at 30 April 2021 |
|---|------------------------|------------------|--------------------|---------------------|-----------------|---------------------------|
| | £ | £ | £ | £ | £ | £ |
| GROUP | | | | | | |
| <u>Unrestricted funds</u> | | | | | | |
| General funds | 5,148,103 | 5,458,653 | (4,931,008) | - | (10,068) | 5,665,680 |
| Designated funds | | | | | | |
| Covid-19 fund | 505,475 | 355,549 | (861,024) | - | - | - |
| Deficit budget fund | 5,000,000 | - | - | - | (653,154) | 4,346,846 |
| Refurbishment fund | 4,000,000 | - | - | - | 6,451,806 | 10,451,806 |
| Other investment funds | 6,739,622 | - | - | 3,400,628 | (5,765,800) | 4,374,450 |
| Total designated funds | 16,245,097 | 355,549 | (861,024) | 3,400,628 | 32,852 | 19,173,102 |
| Total unrestricted funds | 21,393,200 | 5,814,202 | (5,792,032) | 3,400,628 | 22,784 | 24,838,782 |
| CHARITY | | | | | | |
| <u>Unrestricted funds</u> | | | | | | |
| General funds | 4,982,945 | 5,339,930 | (4,842,198) | - | (10,068) | 5,470,609 |
| Designated funds | | | | | | |
| Covid-19 fund | 505,475 | 355,549 | (861,024) | - | - | - |
| Deficit budget fund | 5,000,000 | - | - | - | (653,154) | 4,346,846 |
| Refurbishment fund | 4,000,000 | - | - | - | 6,451,806 | 10,451,806 |
| Other investment funds | 6,739,624 | - | - | 3,400,628 | (5,765,800) | 4,374,452 |
| Total designated funds | 16,245,099 | 355,549 | (861,024) | 3,400,628 | 32,852 | 19,173,104 |
| Total unrestricted funds | 21,228,044 | 5,695,479 | (5,703,222) | 3,400,628 | 22,784 | 24,643,713 |
| GROUP AND CHARITY | | | | | | |
| <u>Restricted Funds</u> | | | | | | |
| NHS England grant | - | 454,269 | (454,269) | - | - | - |
| Pension indexation funding | - | 66,828 | (66,828) | - | - | - |
| Clinical Commissioning | - | 743,883 | (743,883) | - | - | - |
| Groups' grants | | | | | | |
| Hospice UK | - | 727,927 | (727,927) | - | - | - |
| Whitby Lodge Courtyard project | 45,475 | - | - | - | - | 45,475 |
| Wet wheels trips/ Art Fund | 12,200 | - | - | - | - | 12,200 |
| Music and animation suite | 25 | - | - | - | - | 25 |
| Other capital funds | 14,149 | - | (1,296) | - | - | 12,853 |
| Care equipment (regional team for care) | 11,038 | - | (6,049) | - | - | 4,989 |
| Other restricted donations | 1,481 | - | (339) | - | - | 1,142 |
| Trust donations for project/designated spend | 22,158 | - | - | - | (19,754) | 2,404 |
| Network co-ordinator | 32,214 | 39,893 | (39,839) | - | - | 32,268 |
| Children's Palliative Care Network | 12,663 | - | (55) | - | - | 12,608 |
| CNS & bereavement funding | - | 20,000 | (20,000) | - | - | - |
| Primary care for young people | - | 15,000 | (3,600) | - | - | 11,400 |
| Donations care equipment | - | 6,612 | - | - | (500) | 6,112 |
| Donations capital (baths, decoration, chair, training) | - | 36,494 | (4,912) | - | (2,530) | 34,111 |
| | 151,403 | 2,110,906 | (2,068,997) | - | (22,784) | 29,051 |

Notes to the Financial Statements (continued)

17 Statement of funds (Continued)

| For the year ended 30 April 2020 | As At 1 May 2019 | Income | Expenditure | Investment gains | Transfers | As at 30 April 2020 |
|---|------------------------|------------------|--------------------|---------------------|------------------|---------------------------|
| | £ | £ | £ | £ | £ | £ |
| GROUP | | | | | | |
| Unrestricted funds | | | | | | |
| General funds | 4,049,366 | 6,885,543 | (6,853,038) | - | 1,066,232 | 4,148,103 |
| Designated funds | | | | | | |
| Covid-19 fund | - | 505,475 | - | - | - | 505,475 |
| Deficit budget fund | 5,000,000 | - | - | - | - | 5,000,000 |
| Refurbishment fund | 4,000,000 | - | - | - | - | 4,000,000 |
| Other investment funds | 9,028,990 | - | - | (1,291,836) | (997,532) | 6,739,622 |
| Total designated funds | 18,028,990 | - | - | (1,291,836) | (997,532) | 16,245,097 |
| Total unrestricted funds | 22,078,356 | 7,391,018 | (6,853,038) | (1,291,836) | 68,700 | 21,393,200 |
| CHARITY | | | | | | |
| Unrestricted funds | | | | | | |
| General funds | 4,038,224 | 6,655,024 | (6,776,535) | - | 1,066,232 | 4,982,945 |
| Designated funds | | | | | | |
| Covid-19 fund | - | 505,475 | - | - | - | 505,475 |
| Deficit budget fund | 5,000,000 | - | - | - | - | 5,000,000 |
| Refurbishment fund | 4,000,000 | - | - | - | - | 4,000,000 |
| Other investment funds | 9,028,992 | - | - | (1,291,836) | (997,532) | 6,739,624 |
| Total designated funds | 18,028,992 | - | - | (1,291,836) | (997,532) | 16,245,099 |
| | 22,067,216 | 7,160,499 | (6,776,535) | (1,291,836) | 68,700 | 21,228,044 |
| GROUP AND CHARITY | | | | | | |
| Restricted Funds | | | | | | |
| NHS England grant | - | 302,846 | (302,846) | - | - | - |
| Pension indexation funding | - | 64,173 | (64,173) | - | - | - |
| Clinical Commissioning Groups' grants | - | 797,187 | (797,187) | - | - | - |
| TfSL Transition Award | 32,300 | 3,727 | (36,027) | - | - | - |
| Whitby Lodge Courtyard project | 45,475 | - | - | - | - | 45,475 |
| Wet wheels trips/Art Fund | - | 12,350 | (150) | - | - | 12,200 |
| Music and animation suite | 149 | - | - | - | (124) | 25 |
| Other capital funds | 2,604 | 18,025 | - | - | (6,480) | 14,149 |
| Care equipment | - | 11,038 | - | - | - | 11,038 |
| Other restricted donations | 356 | 3,265 | (796) | - | (1,344) | 1,481 |
| Trust donations for project/designated spend | - | 84,640 | (1,730) | - | (60,752) | 22,158 |
| Network co-ordinator | 6,311 | 141,020 | (115,117) | - | - | 32,214 |
| Children's Palliative Care Network | 11,932 | 3,882 | (3,151) | - | - | 12,663 |
| | 99,127 | 1,442,153 | (1,321,177) | - | (68,700) | 151,403 |

Unrestricted funds

General funds – these represent the free reserves and fixed assets of the charity that are not designated or restricted for particular purposes.

The Trustees have designated elements of the investment fund for specific purposes, as follows:

Deficit budget fund – funds of £5m have been designated to cover the deficits anticipated in the next 3-5 years.

Notes to the Financial Statements (*continued*)

17 Statement of funds (*Continued*)

Refurbishment fund – funds of £4m have been designated to contribute towards the cost of our extensive refurbishment plans.

The remainder of our designated funds held in investments are held to comply with our policy of holding one year's running costs in reserves.

Restricted funds – represent monies received for specific purposes as follows:

NHS England Grant – this is a grant received to support us in our aim to continue the provision of the high level of specialist care for the children and families in Yorkshire.

Pension indexation funding – is a contribution from NHS England towards the cost of our employer's NHS pension contributions.

Clinical Commissioning Groups' (CCGs) grants – are grants received from CCGs covering East, North and West Yorkshire and the Humber. Each contributes towards the cost of care provided by Martin House to children and young people and their families in the respective geographical areas served by each CCG.

Hospice UK - The NHSE awarded funding to allow the hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose.

Whitby Lodge Courtyard Project – consists of charitable donations to fund the redevelopment of the Lodge Courtyard area for the enjoyment of our teenagers and young adults.

Wet Wheels Trip 2020/Art Fund – Funding for boat trip experience provided by Ilkley Round Table and art fund – grant from The D'Oyly Carte Trust for the art therapy programme 2020/21.

Music and animation suite – funding from individuals and the Ed de Nunzio Charitable Trust to create a music and animation suite in the hospice.

Other capital funds – consist of contributions from Trusts and other sources for specific items of equipment.

Care equipment – funding for care equipment from individuals and Trusts.

Other restricted donations – donations for small equipment, bereavement library and Christmas party.

Trust donations for project/designated spend – funding for vehicles, beds and garden grant from Trusts.

Network co-ordinator – a project to support the co-ordination of the Yorkshire and Humber Children and Young People's Palliative Care Network (YHCYPPCN).

Children's Palliative Care Network – this is funding received to meet the cost of network meetings and conferences of the YHCYPPCN.

CNS & bereavement funding & primary care for young people – 'Global Make Some Noise' and The Ed de Nunzio Charitable Trust to provide specialist nursing care.

Donations care equipment – funding from individuals and clubs for specialist chairs, baths, Oxford Text Book and a small restricted pot of funds not yet specified.

Donations capital (baths, decoration, chair, training) – capital funding from Trusts for the specialist bath appeal. Palliative care training for doctors.

Notes to the Financial Statements (continued)

Transfers

Transfers totalling £22,784 have been made from restricted to general funds where capital expenditure has been incurred from restricted funds, and the assets purchased are held for a general purpose within the charity with no ongoing restrictions in use. These include £19,754 for a minibus, £500 for turning sheets and £2,530 for an adapted toilet chair.

18 Analysis of net assets between funds

| As at 30 April 2021 | | Tangible fixed assets | Investments | Net current assets | Total |
|----------------------------|--------------|--------------------------|-------------------|-----------------------|-------------------|
| GROUP | | £ | £ | £ | £ |
| Restricted funds | | - | - | 170,528 | 170,528 |
| Unrestricted funds | - Designated | | 19,173,102 | - | 19,173,102 |
| | - Other | 3,871,876 | - | 1,793,804 | 5,665,680 |
| | | 3,871,876 | 19,173,102 | 1,964,332 | 25,009,310 |
| CHARITY | | | | | |
| Restricted funds | | - | - | 170,528 | 170,528 |
| Unrestricted funds | - Designated | - | 19,173,104 | - | 19,173,104 |
| | - Other | 3,871,876 | - | 1,598,733 | 5,470,609 |
| | | 3,871,876 | 19,173,104 | 1,769,261 | 24,814,241 |
| As at 30 April 2020 | | | | | |
| GROUP | | £ | £ | £ | £ |
| Restricted funds | | - | - | 151,403 | 151,403 |
| Unrestricted funds | - Designated | - | 15,739,622 | 505,475 | 16,245,097 |
| | - Other | 3,933,413 | - | 1,214,690 | 5,148,103 |
| | | 3,933,413 | 15,739,622 | 1,871,568 | 21,544,603 |
| CHARITY | | | | | |
| Restricted funds | | - | - | 151,403 | 151,403 |
| Unrestricted funds | - Designated | - | 15,739,624 | 505,475 | 16,245,099 |
| | - Other | 3,933,413 | - | 1,049,532 | 4,982,945 |
| | | 3,933,413 | 15,739,624 | 1,706,410 | 21,379,447 |

The unrestricted designated investment fund includes unrealised gains on investments of £5,727,347 (2020: £2,412,388).

19 Contingent Liabilities

The charity is party to a cross guarantee in respect of a group VAT registration. At 30 April 2021 the total group VAT balance was a creditor of £21,799 (2020: debtor of £68,093).

20 Related Party Transactions

During the year, Martin House conducted the following transactions with its subsidiary, Martin House (Shops) Limited:

Martin House levied rent on Martin House (Shops) Limited amounting to £nil (2020: £1,222), and interest amounting to £430 (2020: £430).

At 30 April 2021, Martin House had a creditor balance of £181,847 owed to Martin House (Shops) Limited (2020: £162,912 creditor balance).

During the year the charity paid £16,996 (2020: £16,946) to the spouse of one of its Trustees, Tim Straughan, who is employed by the charity in a part-time role.

Notes to the Financial Statements *(continued)*

21 Consolidated Statement of Financial Activities (incorporating an income and expenditure account) for the year ended 30 April 2020

| | 2020 Unrestricted Funds – General £ | 2020 Unrestricted Funds – Designated £ | 2020 Restricted Funds £ | 2020 Total Funds £ |
|--|---|--|----------------------------------|-----------------------------|
| Income from: | | | | |
| Donations | 1,822,083 | - | 124,324 | 1,946,407 |
| Legacies | 2,382,251 | - | - | 2,382,251 |
| Income from charitable activities : | | | | |
| Funding from Clinical Commissioning Groups | - | - | 797,187 | 797,187 |
| NHS England grants | - | - | 367,019 | 367,019 |
| Covid 19 grants | - | 505,475 | - | 505,475 |
| Other income | 25,992 | - | 153,623 | 179,615 |
| Other trading activities: | | | | |
| Income from retail operations | 1,232,760 | - | - | 1,232,760 |
| Fundraising events and lottery | 917,948 | - | - | 917,948 |
| Other activities for generating funds | 5,949 | - | - | 5,949 |
| Income from investments | 498,560 | - | - | 498,560 |
| Total income | 6,885,543 | 505,475 | 1,442,153 | 8,833,171 |
| Expenditure on: | | | | |
| Expenditure on raising funds: | | | | |
| Donations and legacies | 695,967 | - | 8,560 | 704,527 |
| Cost of retail operations | 1,039,754 | - | 39,831 | 1,079,585 |
| Cost of fundraising events, lottery and other activities | 434,499 | - | - | 434,499 |
| Investment managers cost | 59,473 | - | - | 59,473 |
| Expenditure on charitable activities | 4,623,345 | - | 1,272,786 | 5,896,131 |
| Total expenditure | 6,853,038 | - | 1,321,177 | 8,174,215 |
| Net income/(expenditure) before net (losses)/gains on investments | 32,505 | 505,475 | 120,976 | 658,956 |
| Net (losses)/gains on investments | - | (1,291,836) | - | (1,291,836) |
| Net income/(expenditure) before transfers | 32,505 | (786,361) | 120,976 | (632,880) |
| Transfers between funds | 1,066,232 | (997,532) | (68,700) | - |
| Net movement in funds for the year | 1,098,737 | (1,783,893) | 52,276 | (632,880) |
| Funds brought forward at beginning of year | 4,049,366 | 18,028,990 | 99,127 | 22,177,483 |
| Funds carried forward at end of year | 5,148,103 | 16,245,097 | 151,403 | 21,544,603 |