



demelza



Demelza Hospice Care for Children

Annual report and financial statements

for the period ended 31 March 2026

Registered Charity Number 1039651
Company Number 02948500

Contents

Introduction from CEO	3
We are Demelza	4
Our values	5
The impact we make	6
Impact in numbers	7
Achievements and performance	10
Trustees' report	10
Fundraising and Lottery	12
Compliance with fundraising regulations	12
Section 172 (1) statement	13
Freedom to Speak Up	14
Diversity and inclusion	15
Financial Review	16
Risks	18
Investments	20
Political and charity donations	20
SECR	20
Statement of responsibilities	23
Independent auditors' report	24
Financial statements	27
Notes to the statements	32
Structure, governance and management	54
Corporate information	56

Introduction from our CEO

In 2025/26, Demelza rolled out and embedded our new care model, Circles of Care, to ensure a broad range of holistic services are offered to those in all Circles, while ensuring our specialist nursing and care professionals can provide personalised support to children and their families when they need it most.

We have increased the number of children accepted onto our caseload and the number of short breaks being offered to children with the most complex needs. Our nurse-led service has been able to offer more specialist care in the form of symptom management and end of life care, both in the hospice and in the families' own homes.

We cannot provide our services without the full support of the local communities we serve. The generosity and commitment we've received from our community helps us to fund our vital services and reach more families, raising awareness that their local children's hospice is a place of specialist care, where families can find joy and create memories for however long they may have together. Demelza is also a place that supports families through bereavement, honouring every child.

Our workforce of specialist employees and volunteers continues to grow in response to demand, regulation and compliance, and we continue to train and develop our workforce to meet the increased complexity of babies, child and young people referred to our service. During this period, Demelza has experienced larger than predicted costs due to the changing economic landscape. We are working hard to ensure that our services are as efficient and effective as possible, collaborating with other providers to create a seamless service for families.

Sustainability is essential and Demelza will continue to invest in predictable income streams to safeguard our long-term future and help us plan our finances. We will continue to campaign for fair funding for all hospice services from the government.

However you have supported Demelza, or plan to support us, my enormous thanks to you for ensuring vital care is available for the babies, children, young people and their families who need our services. We could not do this without you.



Lavinia Jarrett
Chief Executive Officer



We are Demelza

Demelza delivers extraordinary care to extraordinary children who are facing serious or life-limiting conditions, throughout Kent, South East London and East Sussex.

Demelza is here to support them and their families at every step – from first diagnosis and for as long as we're needed.

And when we're needed most, Demelza is here with care that doesn't back down. By their side when they feel isolated, helping to celebrate the joy in family life and making precious memories during challenging times.

We support families when and where we're needed most: at our three core sites, in their homes, in local communities and online.

With two residential hospices in Kent and South East London and a community hub in East Sussex, we go beyond providing outstanding care and emotional support. We help children explore their creativity, have fun and make memories.

Our support is as unique as every child and family and personalised to adapt around their specific circumstances: from creative therapies and short breaks to practical and emotional support for families and siblings, alongside expert clinical and end of life care. Our specialist teams are on hand day and night, all year round.

Our vision

To see a world where children and young people with serious or life-limiting conditions, and their families, have access to personalised, expert care enabling them to live the best lives they can.

Our mission

To deliver care that doesn't back down to children and young people with serious or life-limiting conditions, and their families, across Kent, South East London and East Sussex – from first diagnosis and for as long as we're needed.



Our values

Fiercely committed to quality

The families and children we help, and our supporters, deserve nothing but excellence. Each one of us has a vital role to play in providing unique care and support, and we always strive to deliver outstanding service. By working together, we can give even more families a chance to enjoy their time making precious memories. We recognise everyone brings a different perspective and we celebrate all forms of diversity.

Passion, performance and pride

Passion, performance and pride – it's how we get the best from each other and deliver exceptional care and support. We love what we do. It's the most rewarding job in the world. We feel privileged to care and support children and their families. We are proud to be part of an inclusive team.

Human is our nature

We see every person as a unique individual. We give every child and family member a service that suits their individual needs. We're all human beings, and through empathy and understanding, we can provide essential care as unique as the person who receives it. All our differences are respected and valued which makes us stronger. We value and respect everyone who is part of our story.

Always honest, always authentic

We are clear, open and honest because we value everyone and their unique insight. We always look for the best solution. We exist to give outstanding care and support to children and their families.

Innovate, develop & improve

Each member of Demelza is driven to do better. Through evidence, insight and experience, we strive to develop and improve to give children and families outstanding care and support. We always look for ways to transform change into opportunity and growth. We actively seek and welcome representation from all diverse and minority groups.



Joshua

The impact we make

We're there for families at every step, from supporting them to get the most out of life and make amazing memories together, to providing specialist nursing care and emotional support during their darkest moments.

Joshua's story

Joshua's parents describe the impact Demelza's care and support had on their family.

"In April 2022, out of the blue, cancer broke into our lives. Joshua, who was 10 at the time, was diagnosed with a rare form of bone and soft tissue cancer called Ewing Sarcoma. We were thrown into an alien world of scans, tests, biopsies and medication.

"After 10 months of frontline treatment, against all the odds, in January 2023 we got the news that he had no evidence of disease. We embraced life and made up for lost time. We became experts in living for the now — living life with no regrets. Heartbreakingly, just six months later Joshua's cancer returned aggressively, and despite every effort, we lost him just four days before his 13th birthday.

"In the last week of Joshua's life, we met some of Demelza's wonderful staff at our home where we did some memory making with Joshua. We did handprints together and now have an amazing

cast of our hands holding his — it is such a special and personal keepsake and means we still get to touch his hand, even though he's not here anymore.

"After we lost Joshua, we were given the chance to make use of the bereavement suite — a place of calm, care and kindness, where we and our family and friends could say goodbye in our own time, surrounded and supported by people who truly understood.

"We were able to spend a few extra days with him, which gave us time to be with our thoughts, with Joshua and without having to make any decisions. We were wrapped up in care by the team. Being there also meant we got to spend time with him on his birthday, which meant the world to us. The bereavement suite is a place that shouldn't be needed, but we are incredibly grateful that it was there for us as a family at the worst time."

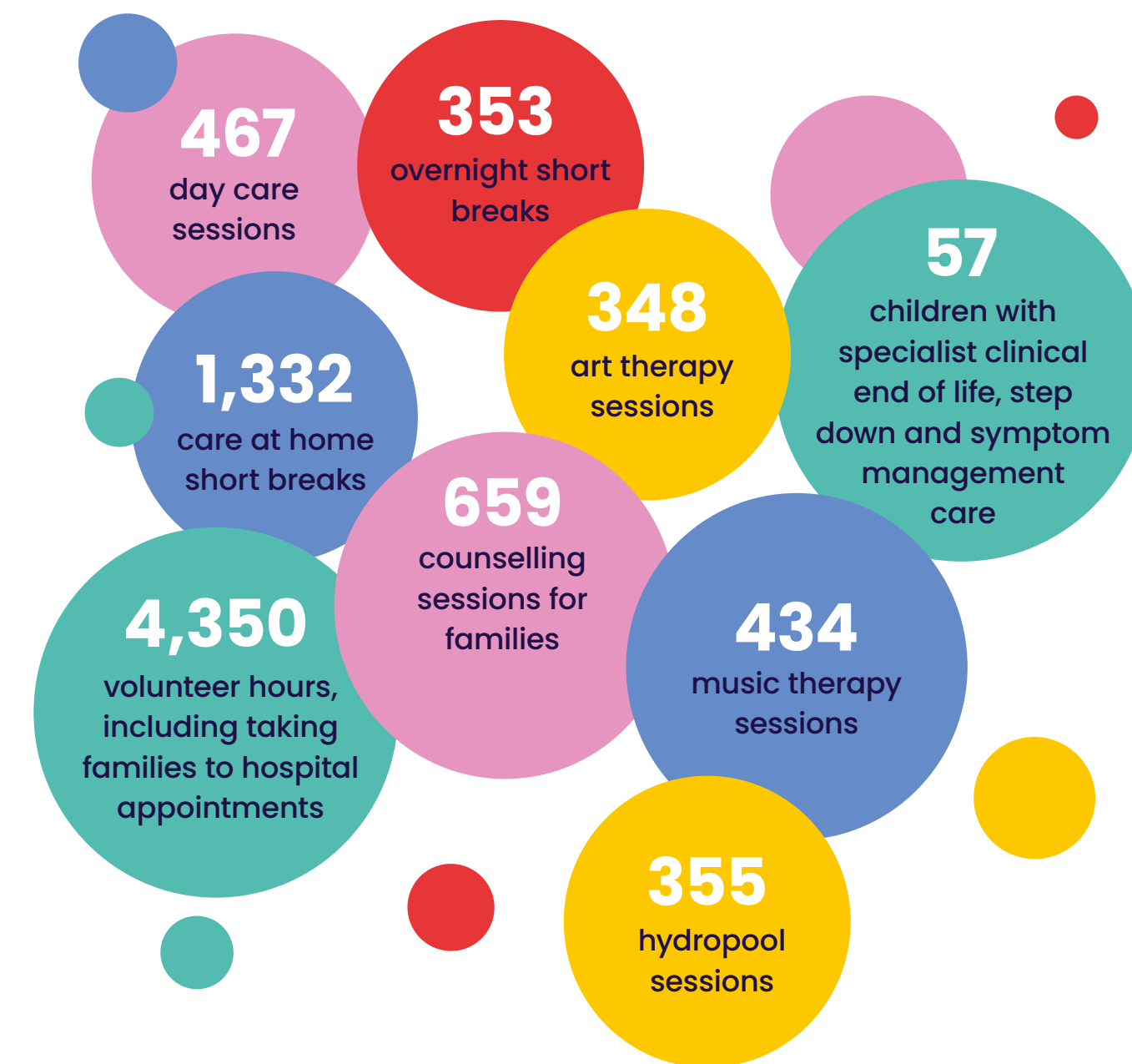
Donna and Duncan, Joshua's parents

Impact in numbers

Our expert care and bespoke family services are needed now more than ever.

During 2025/26, we supported 943 children with serious or life limiting conditions and their families, welcoming 152 new families onto our caseload.

We provided:



Community and sustainability

Our charity mission is to support and care for the families that need us, but we're also deeply embedded in our communities. From our local charity shops providing sustainable, affordable retail and helping to reinvigorate high streets, to our fundraising events providing inclusive family experiences and opportunities for local people to engage and connect, we're committed to making a positive impact on the communities around us.

This year, we revamped our Tonbridge shop as an outlet store. The new outlet shop was opened by celebrity ambassador Cheryl Baker and will provide the opportunity to buy good quality items at affordable prices as well as giving donated goods the best chance of raising funds. We also opened a new shop in Heathfield, which offers accessible facilities including a changing room. The Heathfield shop was opened by one of the young people we support, and we celebrated with a local choir performance.

As the fundraising landscape changes, we've introduced new events in new locations, with our first Bubble Rush taking place in Thanet, which welcomed hundreds of attendees, and our first ever Pumpkin Patch event, giving local people the chance to pick their own pumpkins and enjoy an autumnal family day out.

Over the summer of 2025, we launched Trail with a Tale in Tunbridge Wells, a sculpture and story trail dotted across the town for residents and visitors to enjoy. We worked with local artists, schools and businesses, engaging communities and raising awareness of our services to help us reach more families that need us.

At Christmas, over 900 local people got into the festive spirit at our annual elf lights trail and Christmas market, we hosted eight jolly carolathons with schools and groups across the region and over 1000 people were brought together from all over Kent and South East London at our Celebration of Christmas events.

Environmental sustainability is a key priority for Demelza, and as part of our strategy we aim to be carbon neutral by 2030. Our Kent hospice is fitted with solar panels which provide a significant part of the electricity we consume. In 2025/26, our total consumption at Kent was 258.9 MWh, with 76.7 MWh generated, meaning just under 30% of our electricity was sustainably generated by own solar panels.

In April 2025, we introduced food waste bins across our sites, significantly reducing the amount of organic waste sent to landfills and reducing the production of greenhouse gases such as methane. This food waste can then be redirected to processes that create biogas and bio-fertiliser, contributing to circular sustainability solutions.



Achievements and performance

Over the last year, Demelza has continued to evolve and strengthen its services to meet the increasingly complex needs of the children, young people and families we support.

We launched our innovative Circles of Care model, transforming how services are delivered to ensure families receive the right support at the right time and improving equitable access to specialist care.

We have expanded our hospital in-reach programme and continued to work alongside hospices, NHS organisations and Integrated Care Boards to improve access, collaboration and outcomes for families across the region.

Supporting families remains at the heart of everything we do. This year we have increased access to counselling and bereavement support, launched new family and sibling programmes, enhanced opportunities for young adults and introduced new ways of gathering feedback to ensure children, young people and families help shape our services.

Alongside this, we invested in our workforce, digital accessibility and clinical expertise, while maintaining our commitment to quality, safety and innovation. These efforts were recognised through an Outstanding Care Quality Commission rating at our Kent hospice, reflecting the dedication, skill and compassion of our teams as we continue to deliver extraordinary care to extraordinary children and their families.

Trustees' report

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Demelza Hospice Care for Children (the company) for 12 months ending on 31 March 2026. The annual report includes both Trustees' report for the purposes of charity law, and the directors' report and strategic report for

the purposes of company law. This report includes pages 1-15 and pages 54-56.

The Trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of company's governing document and the provisions of the Statement of Recommended Practice (SORP) Account and Reporting by Charities, FRS102 and SORP 2015.

Charitable Objects

The memorandum and articles of association set out the main charitable object:

The charity's objects (Objects) are to promote the relief of illness and suffering in such ways as the charity shall from time to time think fit, and in particular in the counties of Kent, East Sussex, part of Surrey and South London, and in particular (but without prejudice to the generality whether geographical or otherwise of such object):

- (1) by establishing, maintaining and conducting residential nursing and convalescent homes for the reception and care of young persons of either sex, and whether or not a member of the charity (without regard to race or creed) who are suffering from any chronic or terminal illness, or from any other physical or mental infirmity, disability or disease and for the reception and care of the members of the family of such persons whether adult or otherwise, and so that any such home may be restricted to patients (and the families of patients) of under a certain age limit or of one sex only or (whether or not so restricted as aforesaid) to patients suffering from any particular type or types of illness, disability, disease or infirmity, and by providing medical or other treatment or attention for any such persons and their families in their own homes;
- (2) by conducting or promoting or encouraging research into the care and treatment of persons suffering from any such illness, disability, disease or infirmity as previously mentioned and

particularly into the care and treatment of persons suffering from terminal illness and the care of the families of such persons and by providing for the dissemination of the results of such research;

- (3) by promoting or encouraging or assisting in the teaching or training of doctors, nurses, physiotherapists, administrators, social workers and other persons engaged in any branch of medicine, surgery, nursing or allied services, and in the teaching or training of students in any branch of medicine, surgery, nursing or allied services;
- (4) by providing or assisting or encouraging the provision of spiritual help and guidance for any person's resident (either as patients or as families of such persons or otherwise) or associated in any way with any such home or homes as aforesaid.



Fundraising and Lottery

2025/26 proved to be one of the most challenging years for income Demelza has seen for some time. The economic climate, cost of living increases and the general uncertainty has had a huge impact on people's propensity and ability to give. This means that fundraising income finished behind budget for the first time in five years.

The income streams most affected are events, regional fundraising and individual giving, which is what we would expect in the current climate. The fundraising team are focussing on community engagement to support and increase those income streams into 2026/27.

Lottery continued with consistent income during the 2026 calendar year. Total lottery income was £1,912k (2025: £1,875k). Prizes totalling £231k were awarded during the year which represents 12% (2025: 14%) of tickets sales. Following the payment of prizes and lottery operating costs of £445k (2025: £529k), the lottery generated a net contribution of £1,236k (2025: £1,082k) to support the charity's objectives.

Compliance with fundraising regulations

The charity undertakes fundraising activity via the support of volunteers' fundraising in the community, applying to and partnering with companies and grant-giving trusts, direct mailings and appeals, and organising of events. Our fundraising activities are carried out in line with the Fundraising Code of Practice set by the fundraising regulator. Our fundraising promise is available on our website.

Charity supporters registered on the telephone preference service would only be called with an appeal if they have agreed to receive such calls. Callers are thoroughly trained and updated on the charity's work and calls are regularly monitored.

Demelza received 10 complaints (2025: four) about fundraising activity in the reporting period.

Section 172 (1) statement

The Trustees and directors of Demelza Hospice Care for Children have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the charity for the benefit of its beneficiaries, having

regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

Section 172 considerations are embedded in decision-making at board level and throughout the group. Issues, factors and stakeholders which the directors have considered when discharging their duty under section 172(1) are detailed on pages 3 to 15 and 54 to 56 and throughout this Annual Report.

Our vision and mission statement are set out on page 4 of this report. Our achievements, performance and future plans are described on page 10, while the risks facing our organisation and the mitigating actions we plan to take are detailed on pages 18 and 19. Our environmental performance, and information about our engagement with employees is also included in this strategic report. The section on structure, governance and management (pages 54 to 56) contains information about the governance of the organisation.

S172(1) (b) 'The interests of the company's employees' Employee relations

The Board recognises that Demelza employees are our most important asset and are fundamental to the delivery of our strategic ambitions. Our success depends on attracting, retaining, motivating and developing them, whatever role they undertake.

To support understanding employee engagement, a new platform was introduced in 24/25 to replace the annual employee survey. Throughout 2025/2026 the platform has been embedded with colleagues and introduced at induction to all new starters.

Comprehensive reports are reviewed regularly by senior leadership and are made available quarterly at the relevant Trustee Committee and annually to Trustee Board to measure employee engagement, motivation and commitment to Demelza. It supports the Trustees to understand how we are learning from feedback to strengthen Demelza's culture and values, and informs decision-making, from pay and benefits to health, safety and wellbeing.

Disabled Employees – we are committed to creating and equitable, inclusive and accessible

workplace where people living with disabilities are valued and supported at each stage of their employment journey, including recruitment, training, progression and career development. Demelza aims to ensure that people with disabilities are given equal opportunity to obtain employment. In doing so, we will actively consider and make reasonable adjustments to working practices, equipment, digital resources and premises to ensure that a person living with a disability is not disadvantaged.

Should employees become disabled in the course of their employment, every effort will be made through reasonable adjustment, retraining or redeployment to enable them to remain in employment.

If an employee or a candidate feels that they have been unfairly discriminated against, they may raise a complaint under Demelza's Complaints Policy.

S172(1) (c) 'The need to foster the company's business relationships with suppliers, customers and others'

Demelza's key business relationships are with: The NHS and other healthcare partners; our suppliers; and our donors and supporters. This is not an exhaustive list: other key stakeholders include HMRC and the Charity Commission. To deliver our mission and strategy, we need to work with others. We are committed to prompt payment of invoices within agreed payment terms. The importance we attach to building relationships with our committed, generous donors and supporters is affirmed on page 12.

S172(1) (d) 'The impact of the company's operations on the community and the environment'

We are committed to considering the impact of our decisions and activities on the communities we serve and the wider environment. We seek to promote responsible and sustainable practices, minimise environmental impact where possible and ensure that community benefit remains at the heart of decision-making. In doing so, our Trustees support the charity's long-term sustainability and its mission to deliver positive outcomes for the children and families we support, and our local communities.

We continue to aim for carbon neutrality in line with government targets.

S172(1) (e) 'The desirability of the company maintaining a reputation for high standards of business conduct'

It is crucial that Demelza maintains its reputation for high standards of conduct. We remain committed to financial and risk management, compliance, safeguarding and good governance. We are committed to a focus on the charity's impact.

S172(1) (f) 'The need to act fairly as between members of the company'

It is not relevant to Demelza's organisational structure, as the charity is run in the interests of its charitable objects and its beneficiaries rather than in the interests of its charitable objects and its beneficiaries rather than in the interests of its members.

Freedom to Speak Up

Our Freedom to Speak Up initiative has been in place since June 2024 and supports our strategic direction to develop and embed a listening culture at Demelza. Freedom to Speak Up is part of our wider MyVoice initiatives, which provide colleagues with a range of options to share their feedback and promote psychological safety in all Demelza workplaces.

Colleagues share their concerns with the Freedom to Speak Up Guardian via an anonymised platform and cases are created from these conversations. Demelza works with our Freedom to Speak Up Guardian to explore all cases raised to Demelza, and act on all concerns. Themes and actions related to the concerns raised are reported the relevant Trustee Committee, and an annual review is presented to the Board of Trustees.

Case data from 2025/2026:

Category	April 25 – June 25	July 25 – Sept 25	Oct 25 – Dec 25	Jan 26 – March 26
Leadership/ Management				1
General		1		

All feedback shared in the year 25/26 year has been acted on and full updates have been shared with those speaking up.

Demelza is committed to listening to and considering all feedback shared by colleagues and will seek to take opportunities for learning to support positive change.

Diversity and inclusion

EDI (FREDIE – Fairness, Respect, Equality, Diversity, Inclusion, Engagement)

As we embed FREDIE principles into our everyday work at Demelza, we continually strive to improve our approach.

The FREDIE and Wellbeing Steering Group continues to guide and lead Demelza in diversity, equality and inclusion, and supports initiatives to ensure that Demelza creates an inclusive and engaged culture, where:

- All people feel welcome and comfortable when receiving care or support from Demelza or when working or volunteering as a member of the Demelza team.
- We have a diverse employee and volunteer workforce that benefits from the innovation and richness that diversity brings.
- We are playing our part in making a fairer society by tackling prejudice and privilege.

To support creating an inclusive culture, Demelza use the FREDIE framework:

- **Fairness:** Being reasonable, right and just.
- **Respect:** Having due regard for the feelings and wishes of others.
- **Equality:** Where every person has equal rights and every person has a fair chance.
- **Diversity:** Diverse means different, so diversity includes us all. The concept of diversity encompasses understanding, acceptance and respect.
- **Inclusion:** Where every person feels respected, valued and that they fit in with the organisational culture.
- **Engagement:** Two-way commitment and communication between an organisation and its employees, volunteers and service users.

We have continued to progress on our long-term work to create an inclusive workplace. To further embed FREDIE initiatives and principles, in 2025/26 we:

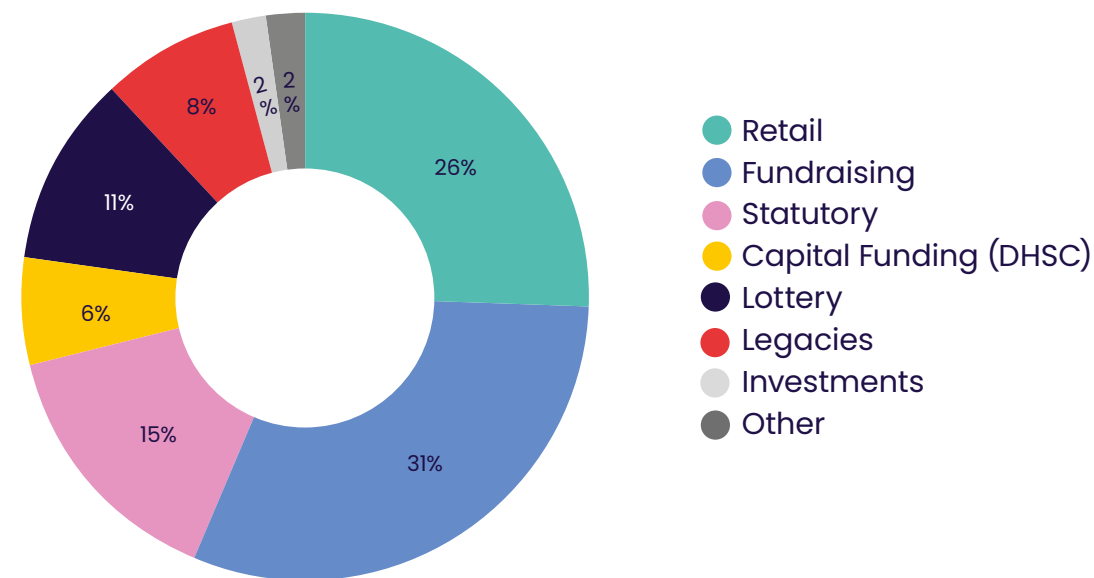
- Introduced delivery groups, focusing on key areas of operational functioning or initiatives.
- Introduced the option for colleagues to choose to wear a branded hidden disabilities lanyard.
- Made connections with our local communities.
- Continued to promote key diversity initiatives and events through our internal and external social media channels.
- Created opportunities for colleagues to come together to raise questions with SLT and management.
- Encouraged colleagues to engage with diversity initiatives and share their lived experiences to promote inclusion and understanding.

As our FREDIE journey progresses we will continue to look at opportunities to strengthen our approach and maintain our ongoing commitment.

Financial review

Income

Income decreased in 2025/26, with total operational income of £16.9m (2024: £17.3m). While legacy income fell during the year, all other main income streams increased. We are extremely grateful to our donors, shoppers and lottery players for their generosity and continued support, which enables us to deliver our charitable objectives and support those who rely on our services.



Donations totalled £4,126k in the year ending March 2026 (2025: £3,302k). This strong performance was supported by a significant philanthropic donation of £1,170k.

Legacy income was £1,300k (2025: £3,245k). While this was lower than anticipated, legacy income can fluctuate significantly from year to year due to its inherently unpredictable nature. Encouragingly, our legacy pipeline remains strong, providing confidence in the continued importance of this income stream in supporting the charity’s work over the longer term.

Retail income was £4,346k (2025: £4,186k). Whilst income increased compared with the previous year, performance was below budget as consumer spending remained affected by the challenging economic environment. Despite these pressures, our retail operations continued to make an important contribution to supporting Demelza’s charitable activities and services for children and families.

Lottery income was steady at £1,912k (2025: £1,868k).

Fundraising events generated income of £442k (2025: £683k). In response to rising event delivery costs and broader economic pressures, the charity operated a slightly reduced programme

of fundraising events compared with the previous year.

Statutory funding from Integrated Care Boards (ICBs) and Local Authorities totalled £2,498k (2025: £2,824k). The annual Children’s Hospice Grant, now received via ICBs, reduced slightly to £1,697k (2025: £1,710k), reflecting funding previously received for families in South West London whom Demelza no longer supports. Other NHS and Local Authority funding decreased to £801k (2025: £1,114k). This included significant funding for the care of a looked-after child who stayed at Demelza for several months during the year. As funding of this nature is dependent on individual care needs and specific funding arrangements, it cannot be assumed to recur in future years.

In addition, Demelza received £997k (2025: £242k) of one-off restricted funding from the Department of Health and Social Care (DHSC). This funding was designated solely for capital investment and was required to be fully utilised within the financial year.

Grants from charitable trusts and foundations totalled £493k (2025: £791k). While this was lower than the previous year, which benefited from an exceptionally strong level of grant funding, income was in line with expectations and the charity’s budget for the year.

Expenditure

Expenditure was £19,579k in 2025–26 (2025: £18,567k). The majority of Demelza’s expenditure relates to staffing costs, and it remains vital that we offer competitive employment packages to attract and retain the skilled workforce needed to deliver high-quality care and support.

The cost of providing care increased by 9% to £11,894k (2025: £10,923k). Nursing recruitment continued to improve during the year, with the majority of vacancies successfully filled. The cost of generating funds was £7,685k (2025: £7,644k), an increase of just 1%.

Fundraising expenditure increased to £2,193k (2025: £2,079k), while retail expenditure rose to £4,632k (2025: £4,481k), primarily reflecting inflationary pay increases and other cost pressures.

Lottery costs decreased to £676k (2025: £785k), mainly due to a reduction in staffing within the lottery team.

Costs associated with maintaining and letting properties owned by the subsidiary, ACG Lettings Ltd, reduced to £99k (2025: £198k), reflecting the decreasing size of the property portfolio. The majority of expenditure related to legal and professional fees incurred in the sale of properties, with the final property being sold on 2 April 2026.

Reserves

Our reserves policy is designed to ensure the sustainability of our services for children and families, while providing resilience against unforeseen events and fluctuations in income. The policy requires free reserves to be maintained within a range equivalent to 4.5 to 10.5 months of operating expenditure.

At 31 March 2026, free reserves stood at £9,910k, equivalent to 5.7 months of expenditure (2025: £11,971k, equivalent to 7.4 months). Free reserves

therefore remain within the Board’s target range. The decrease in free reserves of £2,061k during the year was primarily driven by the following factors:

- The operational deficit was £1,274k higher than originally planned.
- Additional funding of £1,117k was received during the year but was designated for capital projects and is therefore not available to support day-to-day activities.
- Investment gains of £395k increased unrestricted reserves.
- The value of assets held by ACG Lettings Ltd within the consolidated accounts reduced by £1,666k following the sale of properties during the year.
- £330k of unrestricted expenditure was incurred from the Care and Resources Strategy Fund, representing the final phase of investment in the charity’s Care and Resources Strategy. As a result, this designated fund has now been fully utilised.
- The Board regularly reviews the level of reserves to ensure that the charity remains financially sustainable and able to continue delivering its charitable activities, while investing appropriately in future developments and responding effectively to emerging opportunities and the changing needs of the children and families supported by Demelza.

Risks

Principal strategic risks and mitigations

The senior leadership team and Trustees regularly review organisational risks and how to negate or mitigate them as much as possible. The Trustees have assessed that the main strategic risks for 2025/26 have been:

Strategic Risk	Actioned mitigations	Further planned mitigations
Number of appropriately skilled employees and volunteers.	• Implementation of new DBS management solution. • Oversees recruitment for nursing colleagues further explored as an opportunity (not actively recruiting at this time, due to meeting establishment). • Recruitment of medical role to support nursing-led team with increased complexity of children we care for and advances in medical practice.	• New applicant tracking system to be implemented to improve the recruitment process and engagement overall. • Review of total employee benefits offer.
Statutory funding for children’s hospices.	• Continued engagement with local MPs, integrated care boards (ICBs) and local authorities to strengthen relationships and understanding around children’s hospices and statutory obligations to provide services. • Continued collaborative working with Together for Short Lives and Hospice UK on national messages and to lobby the government for increased funding for hospices. • Engagement with ICBs for sustainable funding and to raise awareness of responsibilities to children’s hospices.	• Continued engagement with local MPs, integrated care boards (ICBs) and local authorities to strengthen relationships and understanding around children’s hospices and statutory obligations to provide services. • Continued collaborative working with Together for Short Lives and Hospice UK on national messages and to lobby the government for increased funding for hospices. • Continue communication with different stakeholder groups about long term sustainable funding needs.

Strategic Risk	Actioned Mitigations	Further Planned Mitigations
Inflation and cost of living crisis (including income downturn).	• Strategic scenario planning for any necessary reduction in services, should a sustainable funding solution not be found. • Planned programmes of work to streamline services and resources, and to build efficiencies and capacity. • Detailed financial scenario planning and three-year budget projections. • Fixed amount pay award to all employees in April 2026.	• Continued delivery of planned programmes of work to streamline services and resources, and to build efficiencies and capacity. • New opportunities for income generation explored and planned.
Information governance, including cyber security.	• Working with independent virtual data protection officer for routine expert advice, including full data protection audit. • Ongoing review of data retention and reduction of records stored. • Data protection compliance built out into a digital platform, improving access, management and ongoing review. • Annual ethical hacking attack undertaken by trusted partner, to ensure resiliency of IT infrastructure. • Phishing simulation undertaken at regular intervals, with educational resources provided.	• Annual renewal of Cyber Essentials Accreditation. • Ongoing review of data retention and reduction of records stored. • Appointment of cyber security partner.
Fire safety at Kent hospice reviewed and brought up to required standards.	• Ongoing programme of works to assure future compliance.	• Development of business continuity policy and plan. • Future proofing of building for changes of use.

Investments

Demelza’s investment portfolio is managed by Sarasins. Our primary aim from investments is to achieve sustainable capital growth within a balanced risk environment.

Ultimately these funds form our free reserves and provide a safety net to ensure the continued provision of the charity’s core services. The primary objective is to generate a total return of 2% above the rate of inflation as measured by CPI on a 5-year rolling basis.

As set out in the financial notes on page 44; we held £11,333k at the start of the year. Dividends and interest of £282k were received during the year and withdrawals of £2,650k and investments of £1,169k

were made. There was an unrealised gain of £395k in the year and the fees charged by our investment manager for the period were £59k. The value of investments at the end of the year was £10,470k.

Political and charity donations
Demelza is a registered charity and the whole of its payments are applied to charitable purposes as detailed in the accounts. No specific contributions to other charities were made in the period nor were any political contributions made.

SECR
Greenhouse Gas emissions and energy consumption

2025/26				
Type of emission	Activity	kWh	tCO2e	% of total
Scope 1	Natural Gas	795,625	145.57	37.42%
	Vehicle fleet	254,280	62.35	16.03%
	Sub-total	1,049,905	207.92	53.45%
Scope 2	Electricity	644,685	114.11	29.34%
	Electricity Generation	76,706	13.58	
	Sub-total	644,685	114.11	29.34%
Scope 3	Grey fleet	275,279	66.94	17.21%
	Sub-total	275,279	66.94	17.21%
Total gross consumption and emissions		1,969,870	388.97	100.00%
Metric used:				
£m turnover			16.914	
Intensity ratio:				
tonnes of CO2e per £m turnover			23.00	

Intensity ratio
It was decided to use total £m turnover as our metric. The resulting intensity ratio of tCO2e per total £m turnover will best reflect changes in operation and energy consumption over time.

Energy and Carbon Year on Year Comparison
Energy and Carbon Calculation

2025/26				2024/25 4	
Type of emission	Activity	kWh	tCO2e	kWh	tCO2e
Scope 1	Natural Gas	795,625	145.57	731,820	133.85
	Vehicle fleet	254,280	62.35	260,196	61.02
	Sub-total	1,049,905	207.92	992,016	194.87
Scope 2	Electricity	644,685	114.11	637,050	131.90
	Electricity Generation	76,706	13.58	73,159	15.15
	Sub-total	644,685	114.11	637,050	131.90
Scope 3	Grey fleet	275,279	66.94	130,498	31.49
	Sub-total	275,279	66.94	130,498	31.49
Total gross consumption and emissions		1,969,870	388.97	1,759,564	358.3
Metric used:					
£m Turnover			16.914		17.335
Intensity ratio:					
tonnes of CO2e per £m turnover			23.00		20.7

Efficiency narrative
Demelza records and reviews energy use to identify unexplained anomalies and target operational improvements where they can reduce consumption or emissions.

Lighting controls, including PIRs and LED fittings, have been implemented across premises to reduce unnecessary electricity use.

The electric vehicle charging point is in regular use and supports the ongoing transition away from higher-emission fleet activity.

Following completion of the Energy Savings Opportunity Scheme, the forward programme to 2027 prioritises measures expected to reduce emissions, including relocation of the distribution centre, heat recovery at Demelza Kent and continued transition to electric vehicles.

Quantification and Reporting Methodology
The methodology we have used is The GHG Protocol Corporate Accounting and Reporting Standard.

We have followed the 2013 UK Government Environmental Reporting Guidelines (updated March 2019).

We have used the 2025 UK Government’s Conversion Factors for Company Reporting.

The energy efficiency narrative methodology is based on energy management best practice.



Statement of responsibilities

The Trustees are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Charity and the Group and of the incoming resources and application of resources of the Charity and the Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures being 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 Charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, applicable accounting regulations and the provisions of the memorandum and articles of association. They are also responsible for safeguarding the assets of the Charity and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

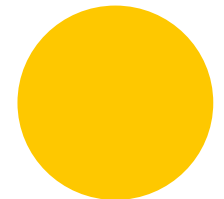
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

The Trustees who were in office at the date of approval of this Trustees' Report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. Each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report, incorporating the Strategic Report, was approved by the Trustees, acting in their capacity as Company Directors, on 1 October 2026 and signed on their behalf by:

**Air Marshal Sean Reynolds CB CBE DFC,
Chair of Trustees**



Independent auditors report
Opinion

We have audited the financial statements of Demelza Hospice Care for Children (the ‘parent charitable company’) and its subsidiaries (the ‘group’) for the year ended 31 March 2026 which comprise the consolidated statement of financial activities, summary income and expenditure account, group balance sheet, charity balance sheet, consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements:

- Give a true and fair view of the state of the affairs of the group and the parent charitable company as of 31 March 2026 and of the group’s incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

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 the group or the parent charitable company’s ability to continue as a going concern for a period of at least 12 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the audit:

The information given in the Trustees’ Annual Report which includes the Directors’ Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

The Trustees’ Annual Report which includes the Directors’ Report and the Strategic 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 the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees’ Annual Report and Strategic Report. We have nothing to report in respect of the following matters where the Companies Act 2006 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees’ Responsibilities set out on page 23, the Trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the 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 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.

Auditor’s responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the group and parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 specific procedures for this engagement and the extent to which these can detect irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities

We assessed the susceptibility of the group and parent charitable company’s financial statements to material misstatement and how fraud might occur, including through discussions with management and Trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with Trustees and updating our understanding of the sectors in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006 and guidance issued by the Charity Commission for England and Wales.

Further the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on reflected in the financial statements, the less

amounts or disclosures in the financial statements, through significant fine, litigation or restrictions on the group's operations. We identified the most significant laws and regulations to be those issued by the Care Quality Commission covering health care services and those issued by the Gambling Commission covering requirements for running a lottery.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected, or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws, regulations, and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions

reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Cara Turtington (Senior Statutory Auditor)
for and on behalf of Saffery Audit (UK) LLP

Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Date 19 October 2026

Saffery Audit (UK) LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Financial Statements

Consolidated Statement of Financial Activities for the year ended 31 March 2026

		Unrestricted	Restricted	Total	Total
	Notes	Funds	Funds	2026	2025
		£000	£000	£000	£000
Income					
Donations and legacies	2	4,235	1,391	5,626	6,580
Trading activities	3	6,272	0	6,272	6,154
Income from Charitable Activities	4	2,831	1,883	4,714	4,397
Income from Investments	5	282	0	282	204
Total income		13,620	3,274	16,894	17,335
Expenditure					
Expenditure on Raising funds	6				
Generating donations and legacies		1,777	0	1,777	1,660
Fundraising events		416	0	416	419
Trading expenditure		5,433	0	5,433	5,513
Investment management fees		59	0	59	52
Total Expenditure on Raising funds		7,685	0	7,685	7,644
Expenditure on Charitable activities	7				
Residential service		7,775	2,427	10,202	9,027
Community Service		1,535	157	1,692	1,896
Total Expenditure on Charitable activities		9,310	2,584	11,894	10,923
Total Expenditure		16,995	2,584	19,579	18,567
Deficit before investment gains/(losses)		(3,375)	690	(2,685)	(1,232)
Net Gains / (Loss) on investment	16	395	-	395	371
Gains / (Loss) on Property Revaluation		-	-	-	(101)
Net income / (expenditure)		(2,980)	690	(2,290)	(962)
Transfers between funds		997	(997)	-	-
Net movement in funds		(1,983)	(307)	(2,290)	(962)
Fund balances brought forward at 1 st April		23,364	669	24,033	24,995
Fund balances carried forward at 31st March		21,381	362	21,743	24,033

All the activities of the Group and the Charity are continuing. There are no other recognised gains or losses. Full comparative figures for the period ended 31 March 2025 are shown in note 31. The notes on pages 32-52 form part of these financial statements.

Summary income and expenditure account for year ended 31 March 2026

		Continuing Activities	Discontinuing Activities	Total	Continuing Activities	Discontinuing Activities	Total
	Notes	2026	2026	2026	2025	2025	2025
		£000	£000	£000	£000	£000	£000
Income							
Donations and legacies	2	5,626	0	5,626	6,580	0	6,580
Trading activities	3	6,258	14	6,272	6,054	100	6,154
Income from Charitable Activities	4	4,714	0	4,714	4,397	0	4,397
Income from Investments	5	282	0	282	204	0	204
Total income		16,880	14	16,894	17,235	100	17,335
Expenditure							
Expenditure on Raising funds							
Generating donations and legacies	6	1,777	0	1,777	1,660	0	1,660
Fundraising events		416	0	416	419	0	419
Trading expenditure		5,349	84	5,433	5,321	192	5,513
Investment management fees		59	0	59	52	0	52
Total Expenditure on Raising funds		7,601	84	7,685	7,452	192	7,644
Expenditure on Charitable activities							
Residential service	7	10,202	0	10,202	9,027	0	9,027
Community Service		1,692	0	1,692	1,896	0	1,896
Total Expenditure on Charitable activities		11,894	0	11,894	10,923	0	10,923
Total Expenditure		19,495	84	19,579	18,375	192	18,567
Deficit before investment gains/(losses)		(2,615)	(70)	(2,685)	(1,140)	(92)	(1,232)
Net Gains / (Loss) on investment	16	395	0	395	371	0	371
Gains / (Loss) on Property Revaluation		0	0	0	0	(101)	(101)
Net income / (expenditure)		(2,220)	(70)	(2,290)	(769)	(193)	(962)

The summary income and expenditure is presented to show the effect of the discontinued activities of ACG Lettings Limited, a wholly owned subsidiary that has ceased activities. It is extracted from the information in the Consolidated Statements of Financial Activities. All of the discontinued activities relate to unrestricted funds.

Demelza Hospice Care for Children Balance Sheet at 31 March 2026

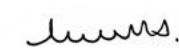
Company No: 02948500

		Group		Charity	
	Note	2026 £000	2025 £000	2026 £000	2025 £000
Fixed Assets					
Tangible assets	13	10,213	8,831	10,212	8,805
Intangible assets	14	106	127	93	107
Investment property	15	149	1,805	0	0
Investments	16	10,470	11,333	10,629	13,239
		20,939	22,096	20,934	22,151
Current Assets					
Stock		21	47	0	0
Debtors	18	1,347	1,128	1,569	1,672
Cash at bank and in hand		1,026	2,052	492	1,224
		2,394	3,227	2,061	2,896
Creditors: Amounts falling due within one year	19	(1,590)	(1,290)	(1,252)	(1,014)
Net Current Assets		804	1,937	809	1,882
Total assets less current liabilities		21,743	24,033	21,743	24,033
Provisions for Liabilities	20	0	0	0	0
Net Assets		21,743	24,033	21,743	24,033
Funds					
21					
Restricted Funds		362	669	362	669
Unrestricted funds					
General		9,911	11,971	9,911	11,971
Designated		11,470	11,393	11,470	11,393
Total Funds		21,743	24,033	21,743	24,033

As permitted by section 408 of the Companies Act 2026, a statement of financial activities for the charity only has not been presented. The net movement in funds for the charity was a deficit of £2,290k (2025: £962k).

The financial statements were approved by the Board of Trustees and authorised for issue on 1 October 2026 and signed on its behalf by:

Sean Reynolds
Chair

S. K. P. 

Richard Douglas
Treasurer



Consolidated Cash Flow statement for the year ended 31 March 2026

	Note	2026 £000	2025 £000
Net Cash (used in) operating activities	23	(2,150)	(625)
Cashflows from Investing activities			
Purchase of property, plant and machinery		(1,994)	(671)
Proceeds from the Sale of Fixed Assets	24	7	7
Purchase of intangible fixed assets		(27)	(72)
Purchase of investments in the year		(1,169)	0
Proceeds from sale of investments		2,650	500
Proceeds from sale of investment properties		1,640	1,381
Net cash provided by financing activities		1,124	1,145
Change in cash and cash equivalents in the reporting period	24	(1,026)	520
Cash and cash equivalents at 1st April 2025		2,052	1,532
Cash and cash equivalents at 31st March 2026		1,026	2,052



Notes to the financial statements for the period ended 31 March 2026

Note 1. Accounting Policies

Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102 second edition)) and the Financial Reporting Standard applicable in the United Kingdom and republic of Ireland (FRS 102) and the Charities Act 2011. Demelza Hospice Care for Children meets the definition of a public benefit entity under FRS 102. The functional currency is £ Sterling.

General information

The Charity is a company limited by guarantee, incorporated in England and Wales (company number 2948500) and a charity registered in England and Wales (charity number: 1039651). The Charity's registered office address is Rook Lane, Bobbing, Sittingbourne, Kent, ME9 8DZ.

Basis of consolidation

These financial statements consolidate the results, assets and liabilities of the charity's trading subsidiary Demelza Trading Ltd (company number: 03090528) and ACG Lettings Ltd (company number: 03031999) on a line-by-line basis.

In preparing these accounts the charity has taken available exemptions. This includes the exemption from preparing a charity only cash flow statement.

Going concern

The trustees have reviewed Demelza Hospice Care for Children's financial position, considering the impact of future activities for the 12 months from the date the accounts are signed and concluded that it is appropriate to produce the accounts on a going concern basis.

A summary of the accounting policies, which have been consistently applied, is set out below.

Significant judgements and estimates

Significant judgements and estimates

The key sources of uncertainty in our estimations that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Residuary legacies – the charity recognises residuary legacies once probate has been granted, which therefore requires an estimation of the amount receivable.

Accounting for income

Income received by way of donations, collecting boxes or from functions, shops or flag days is not recorded in the financial statements until the cash, or document of title to the investment or property is received at headquarters. Legacy income is recognised in the SOFA when receipt is probable, amounts receivable can be measured with sufficient reliability and the charity is entitled to the income.

No account is taken of monies or other assets in the hands of outside or voluntary helpers until such monies are banked or other assets are remitted to headquarters. Contracted fees receivable and grants invoiced to local authorities, as well as investment income and accrued tax recoverable, are accrued. Other grants from central government and local authorities are recorded in the financial statements when they are receivable.

Contracted fee income specifically received in advance of expenditure in the next financial year is deferred in the balance sheet.

The value of investments and property bequeathed or donated to Demelza Hospice Care for Children is taken to be market value on the date when the documents of title are received.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to that category. Where costs cannot be directly attributable to particular headings, they have been allocated to activities on a basis consistent with the use of resources. Central

overhead costs are allocated to operational and fundraising functions on the basis of their use of central support services.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the cost of disseminating information in support of the charitable activities.

Support costs, which include central or regional functions such as general management, budgeting and accounting, payroll administration, human resources, information technology, facilities and estates, are allocated across charitable and fundraising activities under the following categories, financial management, people and organisational development, information systems, facilities and estates.

Where information about the aims, objectives and projects of the Charity is provided in the content of fundraising material in an educational manner in the furtherance of the Charity's objectives, those costs are apportioned to charitable activities. Irrecoverable value added tax (VAT) is included in the relevant expense categories.

Support and governance costs are apportioned on the basis of usage of a resource in terms of time taken, capacity used and requests made.

Tax

Demelza Hospice Care for Children is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income from capital gains received within categories covered by Chapter 3 Part II corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to charitable purposes. Profit from the subsidiaries is gift aided to Demelza Hospice Care for Children.

Leases

All leases are operating leases. Costs in respect of these leases are charged to the statement of financial activities over the term of the lease.

Fixed assets

Land and buildings

Land and buildings are stated in the balance sheet at the most recent valuation or, in the case of purchases or additions subsequent to the date of such valuation, at cost, less depreciation provided in relation to such valuation or cost, as appropriate, to write off the assets other than freehold land over the following periods.

Freehold buildings

The period of the estimated useful life up to a maximum of 50 years from the date of purchase.

Leasehold land and buildings

The unexpired portion of the lease up to a maximum of 50 years from the date of the most recent revaluation or, if later, the date of the purchase.

Building improvements

Between 5 to 25 years based on nature of usage, or if earlier, the unexpired portion of the lease.

Motor vehicles

Motor vehicles are stated in the Balance Sheet at cost, less depreciation provided to write off the vehicles over a period of a maximum of 5 years (dependant on age of vehicle on purchase).

Equipment

Equipment is stated in the Balance Sheet at cost less depreciation to write off the equipment over its expected useful life.

Intangible fixed assets

Intangible fixed assets such as the website, software and intellectual property are amortised over a period of 3 to 10 years.

Fund accounting

Restricted funds

These funds are restricted by the donor for specific purposes. Revenue funds restricted by the donor are held in restricted reserves and funds are matched against expenditure as appropriate.

Unrestricted funds

These funds comprise accumulated surpluses and deficits on general funds that are expendable at the discretion of the Trustees in furtherance of the objects of the charity and that have not been designated for other purposes.

Designated funds

These are unrestricted funds that have been set aside at the discretion of the Trustees for particular purposes.

Short term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pensions

Demelza Hospice Care for Children operates a defined contribution scheme available to the majority of its permanent employees. The Charity and its subsidiaries also make contributions to the National Health Service Pension Scheme for certain employees which is a defined benefit scheme. However, the scheme is a multi-employer scheme, and the charity is unable to identify its share of the underlying assets and liabilities. As a result, this scheme is also accounted for by the charity as a defined contribution scheme.

All the pension schemes are administered by separate trustees and are run independently of the charity.

The costs of providing pensions for employees are therefore all charged in the statement of financial activities for the year in which the contributions are payable.

Liabilities

Future liabilities are recognised when Demelza Hospice Care for Children has a legal or constructive financial obligation, that can be reliably estimated and for which there is an expectation that payment will be made.

Financial instruments

Cash at bank and short-term deposits includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. All cash and short-term deposits are basic instruments and are measured at amortised cost.

Debtors recognition

Debtors which arise from contracts for the sale of non-financial items (such as goods or services), which are entered into in accordance with the Charity's normal sale or usage requirements, are recognised when, and to the extent that, performance occurs, i.e. when delivery of the goods or services is made. Regular sales are recognised and de-recognised, as applicable, using the trade date.

De-recognition

All debtors are de-recognised when the rights to receive cash flows from the assets have expired or the Charity has transferred substantially all of the risks and rewards of ownership.

Investments

Investments held for the long-term to generate income or capital growth are carried at fair value as fixed assets. Realised and unrealised gains are accounted for within the statement of financial activities.

Investment properties

Investment properties are valued at the year end. Gains or losses are recognised in the accounts of the relevant subsidiary and shown within the statement of financial activities.

Stock

Stocks comprise finished goods and are stated at the lower of cost and net realisable value.

Creditors and provisions

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

Donated goods

The trustees have concluded and agreed that the valuing of shops donated goods for resale on receipt is impractical due to the high volume of low value items, lack of stock system for recording these items and the administrative cost involved. Instead, the income is recognised in the accounts when these goods are sold.

Notes to the financial statements for the year ended 31 March 2026

2 Donations & Legacies	Unrestricted	Restricted		Unrestricted	Restricted	
	Funds	Funds		Funds	Funds	
	2026	2026	2026	2025	2025	2025
	£000	£000	£000	£000	£000	£000
Donations	2,735	1,391	4,126	2,766	536	3,302
Gifts In Kind	200	0	200	33	0	33
Legacies	1,300	0	1,300	3,245	0	3,245
	4,235	1,391	5,626	6,044	536	6,580

At 31 March 2026, the charity had been notified of its entitlement to certain legacies. These have not been recognised as income because the criteria for recognition under the Charities SORP (FRS 102) had not been met at the reporting date, principally because sufficient information was not available to measure the value receivable with reasonable reliability.

It is estimated that the value of these unrecognised legacies is at least £1m (2025: at least £1m).

Trustees made unrestricted donations of £2,165 (2025: £2,398)

3 Trading Activities	Unrestricted	Restricted		Unrestricted	Restricted	
	Funds	Funds		Funds	Funds	
	2026	2026	2026	2025	2025	2025
	£000	£000	£000	£000	£000	£000
Lottery income	1,912	0	1,912	1,868	0	1,868
Retail sales	4,346	0	4,346	4,186	0	4,186
Rental income	14	0	14	100	0	100
	6,272	0	6,272	6,154	0	6,154

4 Income from Charitable Activities	Unrestricted	Restricted		Unrestricted	Restricted	
	Funds	Funds		Funds	Funds	
	2026	2026	2026	2025	2025	2025
	£000	£000	£000	£000	£000	£000
Fundraising events	442	0	442	683	0	683
Grant funded by NHS England	0	1,697	1,697	0	1,710	1,710
Funding from CCGs/Local Authorities	1,798	0	1,798	1,114	0	1,114
Other Grants	307	186	493	207	584	791
Other Income	284	0	284	99	0	99
	2,831	1,883	4,714	2,103	2,294	4,397

5 Income from Investment	Unrestricted	Restricted		Unrestricted	Restricted	
	Funds	Funds		Funds	Funds	
	2026	2026	2026	2025	2025	2025
	£000	£000	£000	£000	£000	£000
Bank Interest	0	0	0	0	0	0
Investment portfolio income	282	0	282	204	0	204
	282	0	282	204	0	204

Notes to the financial statements for the year ended 31 March 2026

6 Expenditure on Raising Funds

	Direct	Support		Direct	Support	
	Costs	Costs	Total	Costs	Costs	Total
	2026	2026	2026	2025	2025	2025
	£000	£000	£000	£000	£000	£000
Generating voluntary income	1,209	568	1,777	1,238	422	1,660
Fundraising events costs	283	133	416	312	107	419
Retail expenditure	4,024	608	4,632	3,956	525	4,481
Lottery Expenditure	594	82	676	722	63	785
Property lettings costs	84	15	99	189	9	198
Events company costs	26	0	26	49	0	49
Investment management fees	59	0	59	52	0	52
	6,279	1,406	7,685	6,518	1,126	7,644

7 Charitable Activities

	Direct	Support		Direct	Support	
	Costs	Costs	Total	Costs	Costs	Total
	2026	2026	2026	2025	2025	2025
	£000	£000	£000	£000	£000	£000
Residential Services	7,800	2,402	10,202	7,115	1,912	9,027
Community Services	1,240	452	1,692	1,359	537	1,896
	9,040	2,854	11,894	8,474	2,449	10,923

Direct charitable costs consist of:

	2026	2025
	£000	£000
Care Costs	7,405	7,027
Catering and Housekeeping	422	414
Centre costs	1,213	1,033
	9,040	8,474

Notes to the financial statements for the year ended 31 March 2026

8 Support Costs

	Total	Total
	2026	2025
	£000	£000
Support costs consist of:		
Human Resources and administration	1,540	958
Finance	408	454
IT	775	813
Volunteer Services	153	161
Marketing	651	549
Governance Costs	87	85
Depreciation	643	555
	4,257	3,575

Which is allocated:

Generating funds	1,402	1,126
Charitable activities	2,855	2,449
	4,257	3,575

Governance Costs consist of:

	2026	2025
	£000	£000
Audit and accountancy fees	35	35
Staffing costs	52	50
	87	85

No Trustees received remuneration during the period (2025: nil).
Trustee expenses reimbursed amounted to £122 (2025: nil).

Notes to the financial statements for the year ended 31 March 2026

9 Staff Costs	2026 £000	2026 £000	2025 £000	2025 £000
	TOTAL GROUP	TOTAL CHARITY	TOTAL GROUP	TOTAL CHARITY
Wages and salaries	11,242	10,910	10,734	10,528
Employer's National Insurance	1,375	1,348	1,010	992
Pension costs	766	750	720	710
	13,383	13,008	12,464	12,230

A number of redundancy processes were initiated during the year ended 31 March 2026. While these had not been concluded by the reporting date, an estimated liability of £26k was recognised and included in the amounts above.

The average number of full-time equivalent employees during the year was:

	FTE 2026	FTE 2025	NO 2026	NO 2025
Nursing and care services	143	142	183	171
Retail	81	79	106	110
Fundraising	35	29	36	33
Support functions	44	50	50	58
TOTAL CHARITY	303	300	375	372
Lottery	5	5	6	6
	308	305	381	378

Higher Salary Band (Gross Annual Salary)	31/03/2026	31/03/2025
£60,001 - £70,000	5	3
£70,001 - £80,000	3	3
£80,001 - £90,000	3	2
£90,001 - £100,000	1	1
£100,001 - £110,000	0	0
£110,001 - £120,000	1	1
	13	10

Total Senior Management Team salary (who are considered the key management personnel), inclusive of pension/excluding NI, was £665k (2025: £639k).

The CEO salary, inclusive of pension, was £122k (2025: £119K).

Notes to the financial statements for the year ended 31 March 2026

10 Net Income for the Year	2026 £000	2025 £000
Net income for the year is stated after charging / (crediting):		
Operating leases - land and buildings	823	823
- other	109	109
Auditors' remuneration (excluding VAT)		
- audit of parent company	17	17
- audit of subsidiaries	14	14
- preparation of tax return for subsidiaries	4	4
Depreciation of fixed assets	627	555

11 Net Income of Trading Subsidiaries	2026 £000	2025 £000
Demelza Trading Ltd		
Turnover	2,048	2,024
Cost of sales	(258)	(278)
Gross profit	1,790	1,746
Administration expenses	(723)	(648)
Management Charge to Demelza Hospice Care for Children	(99)	(94)
Operating Profit	968	1,004
Net Profit	968	1,004
Gift Aid payment to Demelza Hospice Care for Children	(968)	(1,004)
Retained Profit for the Year	0	0
Retained profit brought forward	0	0
Retained profit carried forward	0	0

At the year end Demelza Trading owed Demelza Hospice Care for Children £239k (2025: £570k)

Demelza Trading Ltd (company number 03090528) is a wholly owned trading subsidiary of the charity, which is incorporated in the UK. The subsidiary operates a number of retail outlets selling donated goods, cards and other merchandise and runs a lottery scheme. The company made a Gift Aid payment of its taxable profits to Demelza Hospice Care for Children.

Notes to the financial statements for the year ended 31 March 2026

12	Net Income of Trading Subsidiaries (continued)	2026	2025
	ACG Lettings Ltd	£000	£000
	Turnover	14	99
	Administrative Expenses	(84)	(192)
	Management Charge to Demelza Hospice Care for Children	(19)	(9)
	Gross Profit	(89)	(102)
	(Loss) / Gain on Revalued Properties	0	(101)
	Operating Profit	(89)	(203)
	Net Profit	(89)	(203)
	Tax on Profit	146	230
	Profit After Tax	57	27
	Gift Aid payment to Demelza Hospice Care for Children	(1,658)	(1,352)
	Tax on profit	0	0

At the year end ACG Lettings owed Demelza Hospice Care for Children £20k (2025: £43k)

ACG Lettings Ltd (company number: 03031999) was bequeathed to the charity as part of a legacy. The shares were transferred on 31st March 2020. The company was a residential property lettings company owning property in Dover, Deal and Ash.

During this accounting period, the company disposed of all but one of its operational assets and transferred the net proceeds to its parent charity in furtherance of the charitable group's strategic objectives. The one remaining property was sold on 2nd April and following these transactions, the company ceased trading activities and the directors resolved that it is not intended that the company will continue in operational existence for the foreseeable future. Accordingly, the financial statements of the subsidiary have not been prepared on a going concern basis. They have instead been prepared on a basis appropriate to the company's planned wind-down and eventual dissolution. The directors consider that the values attributed to the company's remaining assets and liabilities are not materially different from those that would arise under the going concern basis of accounting.

South East Medical Services Limited (company number: 06042090) is a wholly owned subsidiary of the charity, which is incorporated in the UK. The company was dormant in the current and prior year having net assets of £1. The principal activity of the company was the construction of children's hospice buildings with the profit being gift aided to the charity.

Notes to the financial statements for the year ended 31 March 2026

13	Tangible Fixed Assets	Freehold Buildings	Donated Freehold Buildings	Improvements to leasehold property	Fixtures And Fittings	Motor Vehicles	Total Group
		£000	£000	£000	£000	£000	£000
	CONSOLIDATED						
	Cost						
	At 1 April 2025	10,401	1,379	764	1,301	243	14,088
	Reclassification of Assets	0	0	0	0	0	0
	Additions	334	0	274	1,224	162	1,994
	Disposals	0	0	(27)	(38)	(106)	(171)
	At 31 March 2026	10,735	1,379	1,011	2,487	299	15,911
	Depreciation						
	At 1 April 2025	4,050	22	245	730	211	5,258
	Reclassification of Assets	0	0	0	(0)	0	(0)
	Charge for the year	254	13	130	178	18	593
	Disposals	0	0	(27)	(20)	(106)	(153)
	At 31 March 2026	4,304	35	348	888	123	5,698
	Net Book Value						
	At 31 March 2026	6,431	1,344	663	1,599	176	10,213
	At 31 March 2025	6,351	1,357	519	572	32	8,831
	CHARITY						
	Cost						
	At 1 April 2025	10,401	1,379	764	1,243	202	13,989
	Reclassification of Assets	0	0	0	0	0	0
	Additions	334	0	274	1,225	161	1,994
	Disposals	0	0	(27)	(26)	(106)	(159)
	At 31 March 2026	10,735	1,379	1,011	2,442	257	15,824
	Depreciation						
	At 1 April 2025	4,050	22	245	692	175	5,184
	Reclassification of Assets	0	0	0	0	0	0
	Charge for the year	254	13	130	168	12	577
	Disposals	0	0	(27)	(17)	(106)	(150)
	At 31 March 2026	4,304	35	348	843	81	5,611
	Net Book Value						
	At 31 March 2026	6,431	1,344	663	1,599	176	10,213
	At 31 March 2025	6,351	1,357	519	552	26	8,805

Notes to the financial statements for the year ended 31 March 2026

14 Intangible Fixed Assets - Group

	Website	Goodwill	Total Group
Cost	£000	£000	£000
At 1 April 2025	148	40	188
Additions	27	0	27
Disposals	(76)	0	(76)
At 31 March 2026	<u>99</u>	<u>40</u>	<u>139</u>
Depreciation			
At 1 April 2025	41	20	61
Charge for the year	42	7	49
Disposals	(78)	0	(78)
At 31 March 2026	<u>5</u>	<u>27</u>	<u>32</u>
Net Book Value			
At 31 March 2026	94	13	107
At 31 March 2025	107	20	127

Intangible Fixed Assets - Charity

	Website	Total Charity
Cost	£000	£000
At 1 April 2025	148	148
Additions	27	27
Disposals	(76)	(76)
At 31 March 2026	<u>99</u>	<u>99</u>
Depreciation		
At 1 April 2025	41	41
Charge for the year	41	41
Disposals	(76)	(76)
At 31 March 2026	<u>6</u>	<u>6</u>
Net Book Value		
At 31 March 2026	93	93
At 31 March 2025	107	107

Notes to the financial statements for the year ended 31 March 2026

15 Investment Property

Consolidated	Freehold Buildings £000	Total Group £000
At 1 April 2025	1,805	1,805
(Loss)/Gain on Revaluation	0	0
(Loss)/Gain on Sale	(16)	(16)
Proceeds from Sales	(1,640)	(1,640)
At 31 March 2026	<u>149</u>	<u>149</u>
Net Book Value		
At 31 March 2026	149	149
At 31 March 2025	1,805	1,805

All investment properties are held by ACG Lettings Ltd which was acquired through a legacy on 31 March 2020.

The freehold properties were valued based on a Chartered Surveyors' valuation in February 2023. At 31 March 2025 and 31 March 2026 the valuations were adjusted where offers had been accepted on properties. This has informed the Directors valuations at the year end.

Notes to the financial statements for the year ended 31 March 2026

16 Investments - Charity	2026 £000	2025 £000
Unlisted investments		
Demelza Trading Limited	0	0
South East Medical Services Limited	0	0
ACG Lettings Ltd	159	1,906
Total	159	1,906
Investment Funds (see below)	10,470	11,333
Total Charity Investments	10,629	13,239

All of the movement in the value of unlisted investments relates to revaluation. The decrease relates to the sale of properties in ACG Lettings Ltd.

The £101 unlisted investments represent a 100% shareholding in Demelza Trading Limited and a 100% shareholding in South East Medical Services Ltd. The charity has three subsidiaries as follows:

	Class of Shares held	Nature of Business	Capital and Reserves at 31-Mar-26 £000
Demelza Trading Limited	Ordinary	Retailing	0
South East Medical Services Ltd	Ordinary	Dormant	0
ACG Lettings Ltd	Ordinary	Property Lettings	159

During the year, ACG Lettings Ltd continued the orderly disposal of its property portfolio in accordance with plans approved by the Group to realise funds for the furtherance of the charitable objectives of Demelza Hospice Care for Children. At 31 March 2026, one property remained within the subsidiary and was subsequently sold on 2 April 2026. The detailed impact of these transactions is disclosed in the financial statements of ACG Lettings Ltd.

Charity & Group Investment Fund	2026 £000	2025 £000
At 1 April	11,333	11,294
Invested in the year	1,169	0
Dividends & Interest received	282	220
Withdrawals	(2,650)	(500)
Investment Managers' Charge	(59)	(52)
Unrealised gains in the year	395	371
At 31 March	10,470	11,333

Notes to the financial statements for the year ended 31 March 2026

17 Stock	Group 2026 £000	2025 £000	Charity 2026 £000	2025 £000
Goods for resale	21	47	0	0
	21	47	0	0

18 Debtors	Group 2026 £000	2025 £000	Charity 2026 £000	2025 £000
Amounts due from subsidiaries	0	0	259	613
Trade debtors	157	138	133	116
Bad Debt Provision	(27)	(7)	(6)	(7)
Prepayments & Accrued Income	902	789	895	779
VAT	315	208	288	171
	1,347	1,128	1,569	1,672

19 Creditors: amounts falling due within one year	Group 2026 £000	2025 £000	Charity 2026 £000	2025 £000
Trade creditors	561	380	506	331
Tax and social security costs	280	235	227	197
Other creditors	128	204	126	201
Accruals and deferred income	621	471	393	285
	1,590	1,290	1,252	1,014

All the deferred income of £295k will be released in the following year. This represents ticket payments in advance by supporters for events in the following year and payments in advance by the lottery players.

Accruals and deferred income includes deferred income as follows:

	2026 £000	2025 £000
B/fwd	328	397
Amounts deferred in the year	473	328
Amounts released in the year	(328)	(397)
C/fwd	473	328

20 Provisions for Liabilities	Group 2026 £000	2025 £000	Charity 2026 £000	2025 £000
Provisions	0	0	0	0
	0	0	0	0

Notes to the financial statements for the year ended 31 March 2026

21 Funds	Balance at 1 April 2025	Incoming Resources	Resources Expended	Transfer Between Funds	Balance at 31 March 2026
Restricted Funds	£000	£000	£000	£000	£000
Grant contribution funded by NHS England (Via ICBs)	0	1,697	(1,697)	0	0
Capital Grant contribution funded by DHSC (Hospice UK)	0	997	0	(997)	0
Care Where You Are	1	0	(1)	0	0
Bereavement Services and Family Fund	(0)	18	(18)	0	(0)
Hill Farm Equipment and Running Costs	65	0	(65)	0	0
Building and Ground Improvement Projects	576	168	(395)	0	349
East Sussex Community Equipment & Running Costs	(0)	138	(138)	0	(0)
Kent Hospice Equipment and Running Costs	21	96	(104)	0	13
S. E. London Hospice Equipment and Running Costs	6	160	(166)	0	0
	669	3,274	(2,584)	(997)	362
21 Funds	Balance at 1 April 2024	Incoming Resources	Resources Expended	Transfer Between Funds	Balance at 31 March 2025
Restricted Funds	£000	£000	£000	£000	£000
Grant contribution funded by NHS England (Via ICBs)	0	1,710	(1,710)	0	0
Capital Grant contribution funded by DHSC (Hospice UK)	0	242	(242)	0	0
Care Where You Are	42	19	(60)	0	1
Bereavement Services and Family Fund	(0)	15	(15)	0	(0)
Hill Farm Equipment and Running Costs	100	0	(35)	0	65
Building and Ground Improvement Projects	14	630	(68)	0	576
East Sussex Community Equipment & Running Costs	5	35	(40)	0	(0)
Kent Hospice Equipment and Running Costs	24	113	(116)	0	21
S. E. London Hospice Equipment and Running Costs	5	66	(65)	0	6
	190	2,830	(2,351)	0	669

Grant contribution funded by NHS England is the annual grant awarded to children's hospices in England.

Capital Grant contribution a grant awarded by DHSC, administered via Hospice UK, restricted to capital projects. This funding was received in 2025-26 and a requirement of the grant was that it must be spent by 31st March 2026. The transfer reflects the capitalised spend.

East Kent CCGs Grant funds training, care at home and the managed clinical network in Kent and Medway.

Care Where You Are represents the delivery of palliative care in a variety of settings to enable access by those who cannot reach a residential hospice.

Bereavement Services and Family Fund supports services at Kent, S.E. London and E. Sussex.

Hill Farm is the accommodation was donated by the property developers in Bobbing in August 2023. Demelza has paid for the specialist adaptations to the property for children with all kinds of physical and medical needs.

Building and Ground Improvement Projects funds building works and improvements to the grounds at Kent, S.E. London and E. Sussex.

East Sussex Community Equipment & Running Costs funds the work of the East Sussex team and equipment required.

Kent Hospice Equipment and Running Costs funds the work of the Kent team and equipment required.

S. E. London Hospice Equipment and Running Costs funds the work of the S.E. London team and equipment required.

Notes to the financial statements for the year ended 31 March 2026

21 Funds (continued)	Balance at 1 April 2025	Incoming Resources including gain on investments	Resources Expended including loss on investments	Transfer Between Funds	Balance at 31 March 2026
Unrestricted Funds	£000	£000	£000	£000	£000
Group					
Designated funds					
Fixed assets & Investment Property fund	10,763	0	(490)	195	10,468
Care and Resources Strategy Fund	330	0	(330)	0	0
Capital Asset Fund	300	1,170	(468)	0	1,002
Unrestricted general funds	11,971	12,845	(15,707)	802	9,911
Total unrestricted funds	23,364	14,015	(16,995)	997	21,381
21 Funds (continued)	Balance at 1 April 2024	Incoming Resources including gains on investments	Resources Expended	Transfer Between Funds	Balance at 31 March 2025
Unrestricted Funds	£000	£000	£000	£000	£000
Group					
Designated Funds					
Fixed assets & Investment Property fund	12,016	0	(533)	(720)	10,763
Care & Resources Strategy Fund	1,530	0	(1,200)	0	330
Digital transformation Fund	0	0	0	0	0
Capital Asset Fund	300	0	0	0	300
Unrestricted general funds	10,959	14,879	(14,587)	720	11,971
Total unrestricted funds	24,805	14,879	(16,320)	0	23,364

Designated Funds

Fixed assets & Investment Property fund – Represents unrestricted funds tied up in fixed assets. At the balance sheet date the balance of fixed asset designated reserves equates to the net book value of fixed assets held.

Care & Resources Strategy fund – The Trustees have approved the charity's strategy for 2022 - 2027. They have designated the funds required for the planned developments in the care departments and support functions.

Capital Asset Fund is designated- funds designated for larger on-going projects.

Unrestricted general funds represent the unrestricted reserves of the Charity, which are not designated for particular purposes, and therefore the Trustees can utilise as they see fit in accordance with its charitable objects.

Notes to the financial statements for the year ended 31 March 2026

21 Funds (continued) Summary of Total Group Funds

	Balance at 1 April 2025	Incoming Resources including gains on investments	Resources Expended including loss on investments	Transfer Between Funds	Balance at 31 March 2026
	£000	£000	£000	£000	£000
Restricted funds	669	3,274	(2,584)	(997)	362
Unrestricted funds	23,364	14,015	(16,995)	997	21,381
Total funds	24,033	17,289	(19,579)	-	21,743

	Balance at 1 April 2024	Incoming Resources including gains on investments	Resources Expended including loss on investments	Transfer Between Funds	Balance at 31 March 2025
	£000	£000	£000	£000	£000
Restricted funds	190	2,829	(2,350)	-	669
Unrestricted funds	24,805	14,879	(16,320)	-	23,364
Total funds	24,995	17,708	(18,670)	-	24,033

Notes to the financial statements for the year ended 31 March 2026

22 Analysis of Group Net Assets Between Funds

	Unrestricted Funds 2026 £000	Restricted Funds 2026 £000	Total 2026 £000	Unrestricted Funds 2025 £000	Restricted Funds 2025 £000	Total 2025 £000
Group						
Fund balances at 31 March are represented by:						
Fixed assets and investments	20,939	0	20,939	22,096	0	22,096
Current assets	2,032	362	2,394	2,653	669	3,322
Creditors falling due within one year	(1,590)	0	(1,590)	(1,385)	0	(1,385)
Provision for liabilities	0	0	0	0	0	0
	21,381	362	21,743	23,364	669	24,033
Charity						
Fund balances at 31 March are represented by:						
Fixed assets and investments	20,934	0	20,934	22,151	0	22,151
Current assets	1,699	362	2,061	2,227	669	2,896
Creditors falling due within one year	(1,252)	0	(1,252)	(1,014)	0	(1,014)
Provision for liabilities	0	0	0	0	0	0
	21,381	362	21,743	23,364	669	24,033

23 Reconciliation of Net cash flow to movement in funds

	2026 £000	2025 £000
Net incoming / (outgoing) resources	(2,290)	(962)
Depreciation charges	643	555
(Gain)/Loss on revaluation of investment property	0	101
(Gain)/Loss on sale of fixed assets	10	80
(Gain)/Loss on investments	(395)	(371)
Less Investment Income	(282)	(219)
Add investment management fee	59	52
(Increase)/ Decrease in stock	26	(13)
(Increase)/Decrease in debtors	(219)	151
Increase/(Decrease) in creditors	298	1
Increase/(Decrease) in provision	0	0
Net cash inflowing	(2,150)	(625)

24 Analysis of cash and cash equivalents

	Short term Deposit £000	Cash at bank and in hand £000	Total £000
Balance at 1 April 2025	0	2,052	2,052
Net cash movement	0	(1,026)	(1,026)
Balance at 31 March 2026	0	1,026	1,026

Notes to the financial statements for the year ended 31 March 2026

25 Analysis in Changes of Net Debt

	At 1 April 2025	Cash movements	At 31 March 2026
	£000	£000	£000
Cash at bank	2,052	(1,026)	1,026

	At 1 April 2024	Cash movements	At 31 March 2025
Cash at bank	1,532	520	2,052

26 Pensions	2026	2025
	£000	£000
Defined Contribution Scheme	447	419
NHS Pension Scheme	319	301
Total Pension Costs (Note 9)	766	720

Defined Contribution Scheme

The charity and its subsidiaries operate a defined contribution scheme available to the majority of its permanent employees. Contributions are charged in the financial statements as they are incurred and there were no outstanding contributions as at the balance sheet date. Pension costs charged in the period were £447k (2025: £419k).

NHS Pension Scheme

The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employees, General Practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. As a consequence, it is not possible for Demelza House Children’s Hospice Ltd to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme and the cost is the contributions payable to the scheme for this accounting period.

Employers’ pension contributions are charged to operating expenses as and when they become due. The total employer contribution payable by Demelza in 2025-26 was £319k (2025: £301k). In addition, employees who are members of the scheme pay contributions of 5.6% to 12.5% depending on their pensionable pay.

In accordance with FRS102, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the Scheme’s balance sheet date by updating the results of the full actuarial valuation. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website.

Notes to the financial statements for the year ended 31 March 2026

27 Capital Commitments

At 31 March 2026, there were no contractual commitments for capital spend (2025: £0k).

28 Operating Leases

The following lease commitments for the next twelve months existed at 31 March 2026 in respect of non-cancellable operating leases:

	2026	2026	2025	2025
	Land and	Other	Land and	Other
	Buildings		Buildings	
	£000	£000	£000	£000
Up to one year	738	68	707	68
Between one and five years	1,177	69	1,526	119
Over five years	16	0	38	0
	1,931	137	2,271	187

29 Commitments by Lessors

Minimum lease receipts under non-cancellable operating leases to be received:

	2026	2025
	£000	£000
Up to one year	0	2
Between one and five years	0	0
Over five years	0	0
	0	2

30 Related Party Transactions

Other than amounts shown in notes 9, 10,12 and 18, there were no related party transactions.

Notes to the financial statements for the year ended 31 March 2026

31 Comparative Statement of Financial Activities for the year ended 31 March 2025

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2025 £000
Income				
Donations and legacies	2	6,044	536	6,580
Other trading activities	3	6,154	-	6,154
Income from Charitable Activities	4	2,103	2,294	4,397
Income from Investments	5	204	-	204
Government COVID Support	6	-	-	-
Total income		14,505	2,830	17,335
Expenditure				
Expenditure on Raising funds	7			
Generating donations and legacies		1,660	-	1,660
Fundraising events		419	-	419
Trading Expenditure		5,513	-	5,513
Investment management fees		52	-	52
Total Expenditure on Raising funds		7,644	-	7,644
Expenditure on Charitable activities	8			
Residential service		6,791	2,236	9,027
Community Service		1,781	115	1,896
Total Expenditure on Charitable activities		8,572	2,351	10,923
Total Expenditure		16,216	2,351	18,567
Deficit before investment gains/(losses)		(1,711)	479	(1,232)
Net Gains / Loss on investment	16	371	-	371
Loss on disposals of investment property		(101)	-	(101)
Net income / (expenditure)		(1,441)	479	(962)
Transfers between funds		-	-	-
Net movement in funds		(1,441)	479	(962)
Fund balances brought forward at 1 st Apr 2024		24,805	190	24,995
Fund balances carried forward at 31st March 2025		23,364	669	24,033



Structure, governance and management

Organisational structure

The charity operates as a company limited by guarantee, under the terms of its memorandum and articles of association. Legal responsibility for the management and stewardship of the hospice is vested in the Board of Trustees.

Day-to-day operational decisions are delegated to a Senior Leadership Team. During the period covered by this report this consisted of a Chief Executive, Deputy Chief Executive (also leading on Fundraising, Marketing & Lottery), Director of Nursing and Care, Director of Trading, Director of People and Culture, Director of IT, Data and Governance and Director of Finance & Resources (none of whom are directors within the meaning of the Companies Act).

Key management personnel are those individuals who have authority and responsibility for planning, directing and controlling the activities of the charity, directly or indirectly, including any director (whether executive or otherwise). The Appraisal and Remuneration Committee is responsible for setting the pay for these personnel, comparing to industry benchmarks as appropriate.

The trustees, directors and management are shown on page 56 of this document.

The trustees held four board meetings during the year. The sub-committees also met regularly throughout the year, reporting respectively for matters concerned with clinical governance, safeguarding, fundraising & marketing, people & resources, investments and appraisal & remuneration.

The trading company (Demelza Trading Limited No. 03090528) is a wholly owned subsidiary incorporated in England and Wales and has a separate board of directors that reports to the Board of Trustees of the charity. The trading subsidiary runs the retail businesses, bubble rush (branding and equipment to run bubble rush events at other organisations) and a weekly lottery to support the objects of the charity.

The charity's subsidiary (South East Medical Services Limited (SEMS) No. 06042090), which built

the Eltham hospice, had no turnover this year and is dormant.

The charity's subsidiary, ACG Lettings Ltd (Company No. 03031999), is a wholly owned subsidiary incorporated in England and Wales and has a separate Board of Directors which reports to the Board of Trustees of the Charity. The subsidiary owns, maintains and lets residential properties in East Kent. The disposal of the subsidiary's property portfolio, which commenced in the previous financial year, continued during the year as part of the Trustees' strategy to realise funds to support the Charity's charitable activities and long-term financial sustainability. At 31 March 2025, one property remained within the portfolio. Following the year end, the final property was sold and, at the date of approval of these financial statements, the disposal programme had been completed.

Trustee induction and training

The Board of Trustees maintains a skills matrix of all Trustees to identify core competencies required. If any gaps in skills are identified the Trustees actively seek a suitable candidate to fill that role on the Board. Candidates are interviewed by suitable existing Trustees and the CEO, and if offered a position, they are then ratified at the next available Board meeting. All potential Trustees are offered the opportunity to have a tour of the hospice, to support with the overall recruitment process.

New board members are then given an induction pack, including relevant Charity Commission and Companies House publications, statutory accounts and explanations of their duties and copies of previous board meeting minutes. They also attend an induction session with selected Trustees and members of the Senior Leadership Team.

All members of the Board are encouraged to attend appropriate internal and external training and events where these facilitate the undertaking of their role.

Clinical governance

Demelza has a comprehensive Clinical Governance Policy and appropriate procedures in place. Demelza will demonstrate accountability for, and ensure continuous improvement in, the quality of services for expectant mothers, babies, children and families and safeguard high standards of care by creating an environment in which excellence in clinical care will flourish.

The Clinical Governance Committee (which is a sub-committee of the Board):

- Analyses, benchmarks, evaluates, reviews and monitors all aspects of service delivery to ensure national minimum guidelines and evidence-based practice are met.
- Ensures that policies, procedures and training support our practice to best meet the needs of our service.
- Reviews, identifies, monitors and manages risk.

Key performance indicators

The Senior Leadership Team monitors a variety of key performance indicators (KPIs) to check achievement of strategic and operational objectives, reporting on them to trustees. These KPIs monitor the amount and type of care provided, management of resources, and income generation.

Statement on public benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard for public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. In the interest of transparency, the Trustees make the following observations on the two key principles of public benefit.

Firstly, Demelza is clear on the beneficiaries of its work in this report and in its general communications. The beneficiaries are babies, children and young people with serious and life-limiting conditions and their families, and expectant mothers, within Kent, East Sussex and South East London. A referral process is in place with clear guidelines on criteria, with anyone being able to refer a child subject to appropriate consent, including families themselves. The Trustees have paid due regard to the latest demographic and other research and data on the number of actual and potential beneficiaries, and their needs.

Secondly, our business-planning and monitoring/reporting are structured around the benefits delivered to the beneficiaries through our work, including monitoring the impact we have had on their lives. This is reflected in the Trustees' report. The benefits are respite care, therapeutic services, and other related activities, with access to emergency and end of life care when required. This

can be at either of the hospices or within the family home via the community care teams. Support services include family support, therapies and pre and post bereavement support for the child and their immediate family.

The monitored benefits include whether assessed needs within individual care plans have been met, and improvements (including increased social functioning, resilience, and emotional wellbeing) monitored through standardised tools. We also regularly consult with our beneficiaries, for example in surveys and representatives' forums, to gain information on our impact.

The Trustees review the activities of the charity against its aims on an ongoing basis and are satisfied that all activities continue to be related to its aims.

The charity does not exclude or give priority on any basis other than medical and social need. Any private benefits are incidental, with Trustees receiving no remuneration, and any personal or business involvement is listed under the related party transaction section.

Corporate Information

Demelza Hospice Care for Children

A company limited by guarantee Company No. 2948500
(Demelza Hospice Care for Children) Charity No. 1039651
Registered office: Rook Lane, Bobbing, Sittingbourne, Kent, ME9 8DZ
www.demelza.org.uk Telephone: 01795 845200

Subsidiary companies:

Demelza Trading Limited – Company No. 03090528. A private limited company.
ACG Lettings Ltd – Company No. 03031999. A private limited company.

Trustee board

Chair – Sean Reynolds

Trustees

Pedro Avery (retired October 2025)
Rory Burns
Richard Douglas
Richard Finn
Lucille Harvey
Paul Hewish
Karl Holliman
George Hunter (retired October 2025)
Heather Lucas
Yvonne Parks (retired April 2025)
Alex Parry-Jones
Charlotte Parry-Jones
Richard Patey
Nicola Porter (Tyers)
Aishah Sameem (retired January 2026)
John Simpson
Harsimran Singh
Natasha Smith (retired January 2026)
Paul Smith (retired November 2025)
Jenneh Tarawally
Susan Tether (retired May 2026)
Paula Wilkins

Founder president

Derek Phillips – deceased July 2024

President

Richard Oldfield OBE DL

Vice Presidents

Dame Sarah Mullally, Archbishop of Canterbury.
Paul Auston, DL
Des Crampton
James Kelly
Sarah Kemsley
Lady Kingsdown, OBE
Sir Martyn Lewis, CBE
Turrloo Parrett
Adam Phillips
Fiona Sunley

Celebrity Ambassadors

Cheryl Baker
Dave Berry
Anna-Jane Casey
Robin Cousins, MBE
Sally Lindsay MBE
Daniel Radcliffe
Dame Jayne Torvill, OBE

Company Secretary

Charlotte Chamberlain

Chief Executive Officer

Lavinia Jarrett

Deputy Chief Executive Officer (Director of Fundraising, Marketing and Lottery)

Hayley Richardson

Director of Finance and Resources

Charlotte Chamberlain

Director of Clinical Services

Katie Stevens

Director of People and Culture

Hayley Clark

Director of Retail

Ashley Henson

Director of IT, Data and Governance

Claire Ellis-Waghorn

Auditors

Saffery Audit (UK) LLP
71 Queen Victoria Street,
London,
EC4V 4BE

Bankers

National Westminster Bank Plc
2nd Floor County Gate,
Stacey’s Street, Maidstone, Kent
ME14 1ST

Principal Solicitor

Mayo Wynne Baxter Solicitors
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demelza.org.uk

Registered Charity No. 1039651



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