

**Butterfly Children's Hospices CIO**  
**Independently Examined Financial Statements**  
**31 August 2017**

**THOMAS WESTCOTT**

Chartered accountant  
26-28 Southernhay East  
Exeter  
Devon  
EX1 1NS

# Butterfly Children's Hospices CIO

## Financial Statements

Year ended 31 August 2017

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# Butterfly Children's Hospices CIO

## Trustees' Annual Report

Year ended 31 August 2017

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The trustees present their report and the independently examined (but unaudited) financial statements of the charity for the year ended 31 August 2017.

### Reference and administrative details

**Registered charity name** Butterfly Children's Hospices CIO

**Charity registration number** 1167633

**Principal office** First Floor  
11 Manor Road  
St Thomas  
Exeter  
EX4 1EN

### The trustees

Patrick Beasley  
Lyn Gould  
Jamie McNeil  
Stephanie Withrow  
Dr Caroline Sprinz  
Gerry Lawler  
Charles Sommer

### Accountants

Thomas Westcott  
Chartered accountant  
26-28 Southernhay East  
Exeter  
Devon  
EX1 1NS

# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

Year ended 31 August 2017

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### Structure, governance and management

Butterfly Children's Hospices is a charitable incorporated organisation and was established by constitution dated 14 June 2016. It is a registered charity, number 1167633.

The following locations have a registered organisation with the purpose of raising funds for the work of Butterfly Children's Hospices:

ChinaKidz Australia: incorporated association A0054338J

Butterfly Children's Hospices Foundation (Hong Kong) is a registered charity in Hong Kong with a certificate of incorporation 1722724.

Butterfly Children's Hospices USA became a registered charity in America from 21st November 2014 with US Federal Tax ID No. 47-2406125.

Additionally, the charity is registered as a non-profit business in one city in China, i.e. Changsha. This is an important recognition by the Chinese government and enables business bank accounts plus annual inspection and audit of accounts and processes by government authorities.

On 14th June 2016, Butterfly Children's Hospices CIO was established and registered with the UK Charity Commission under the number 1167633. Transition to the new charity has taken place during 2016-17 with some outstanding actions, notably: ensure all donors are moved to the new (CIO) bank account; formally close the old charity (1116192).

### Structure

During the year, there were no resignations from the Board of Trustees. At the end of the period there are 6 trustees: 3 UK, 1 Portugal, 1 Australia, 1 USA.

The board agreed to undertake an audit of trustee skills and expertise with a view to recruiting board members and/or advisers to ensure achievement of strategic aims in the next 2 years.

### Trustee Visits

In addition to the CEO (also a trustee) visits, during the year the Changsha home was visited by one of the trustees during the Royal Visit from HRH The Princess Royal in July 2017.

### Regular Meetings

The board reviewed the strategic directions and approved the updated business plan for 2017-2018 in November 2016. The new plan took cognisance of the changing face of China and the opportunities and challenges occurring as a result.

The Board of Trustees meets quarterly to oversee delivery of the business plan and receive various reports; all meetings are minuted.

The CEO provides a report of activity to the board, the chairs of the two sub committees (Finance and Governance and Income Generation) deliver reports and the Management Accountant presents the financial reports.

The Finance and Governance subcommittee is chaired by a trustee and meets monthly:

1. To receive reports from the Management Accountant on finance.
2. To consider all matters of financial strategy and policy and recommend them to the Board of Trustees for approval.

# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

### Year ended 31 August 2017

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3. To consider the financial forecasts and annual budgets and recommend them for approval by the Board of Trustees.

4. To consider and advise the Board of Trustees on the financial implications and any significant risks associated with new proposals and ventures relating to BCH.

5. To prepare annual accounts for audit and present to board.

The Income Generation (IG) subcommittee is disbanded and instead a small group is formed comprising UK administrative staff and the US director. They meet every 1-3 weeks to discuss worldwide fundraising plans and liaise with other staff (in China, Hong Kong and Australia) where necessary. This fits with the growing capacity in China to develop FR and PR opportunities appropriate to the country, while the US director, also a trustee of the international (UK) board, continues to assume responsibility for the following directives originally assigned to the IG committee:

1. To consider all matters of income generation and public awareness and present policies, procedures, and materials to the Board of Trustees for approval.

2. To draft an annual Income Generation Plan and submit to the Board of Trustees for approval.

3. To provide oversight for the Income Generation Plan and support as needed.

4. To evaluate the effectiveness of the income generation and public relation strategies.

5. To report progress on the IG and PR Plans to the Board of Trustees.

This Fundraising Group reports to the board at the quarterly meetings and has a shared member with the Finance and Governance subcommittee.

The trustees are all aware of and have paid due regard to the Charity Commission's guidance on public benefit when sanctioning activities undertaken.

#### **Policies and Guidelines**

All policies and guidelines are reviewed and updated/ratified by the board annually or biannually.

All personnel policies, guidelines and working practices used in the Butterfly Home comply with Chinese law and are subject to annual audit in China.

Research based clinical and childcare guidelines continue to be developed, reviewed and implemented. They are also now used as training materials for other organisations and translated into Chinese.

There have been no serious accidents or incidents or other matters relating to the charity over the reporting period.

# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

Year ended 31 August 2017

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### Objectives and activities

#### Our Vision

Is to promote excellence in children's palliative and hospice care in China (and other similar locations) through leadership, collaboration, advocacy, and education.

We will achieve this vision by:

- \* Supporting the complex physical, emotional and social needs of children and their families
- \* Continuing to work in cooperation with the government to establish models of children's palliative and hospice care that are sustainable and scalable to multiple communities.
- \* Committing to the promotion of cultural and policy changes on an international level.

#### Mission Statement

That all children are afforded dignity and love in life and death.

#### Summary

The Butterfly Home in Changsha continues to operate at full capacity with 18 cots available plus 3 high-dependency.

In accordance with the strategic directions agreed by the board during the year, progress has been made to transition the funding and management of the Butterfly Home in Changsha to Chinese management.

The CEO has continued to develop the charity's strategy to promote the concept and educate about children's palliative care in China.

The CEO is also working with Health and Social Care policy makers in Beijing to develop healthcare policy for the government.

Leadership and management in China is provided by the CEO (acting as the Director of Operations) who spends regular frequent periods working in China.

The trustees present their report along with the consolidated financial statements of the charity for the year ended 31 August 2017.

#### Introduction

The Butterfly Home model was developed to demonstrate the concept of children's palliative care and the first phase in the plan to introduce children's palliative care for families of dying children to China. The Butterfly Home is located in a government run Social Welfare Institute (SWI) (orphanage) to ensure official support and facilitate growth in this pioneering endeavour whilst embedding the concept within the system.

BCH is at the end of the 3rd year of a second 5-year partnership agreement with the SWI in Changsha, renewed in December 2014. The Nanjing partnership agreement has been transitioned to the Chinese NGO Rainbow to enable the Nanjing SWI to take over the running and responsibility for the provision of the funding, medical and nursing care.

The first Butterfly Home opened in April 2010 to care for abandoned children from the SWI who have a life expectancy of less than six months.

Analysis of the number of children cared for during 2016-2017 show an apparent dramatic reduction in

# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

### Year ended 31 August 2017

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the number of children that have died during that period from the previously consistent figure of around 40%. Currently there are a number of children with very complex care needs who are life-limited but not in the terminal stages of their conditions.

The charity continues to benefit from the (often pro bono) advice and work of people experienced in various professions e.g. income generation, media, medical, therapy and nursing care.

The China income has continued to grow strongly with 86.5% of the Changsha income being generated from within China (compared with 76% in the previous year).

The charity has increased the number of donations from corporate sponsors and philanthropists and has implemented a plan to build a more secure financial position.

Requests to assist the establishment of further children's palliative care models in other cities continue to be received, advice has been given and BCH CEO will support in consultancy and training capacities.

#### **Developments**

Government reforms in healthcare and provision of better ante natal care, more support for families of children with special needs and development of the role of social workers has led to a decrease in the number of children abandoned to orphanages.

This year the emphasis has been on ensuring sustainability of the services offered to dying abandoned children in the Changsha orphanage.

The long term goal remains to develop models of care for families with dying children.

The charity has investigated partnering with Chinese charitable foundations to fundraise for children's palliative care (cpc) projects in China. This seems to be the way to make progress under the new laws for management of foreign NGOs in China until such time as BCH can register a charitable foundation itself.

Registration of BCH UK as a Foreign NGO (FNGO) in Changsha under the new laws has been delayed due to difficulties in getting all the documentation required legalised and notarised in the UK. Following further investigation, it was decided that registering the Hong Kong BCH Foundation as the FNGO is a better option and progress to achieve this has begun under the guidance of BCH Hong Kong Foundation's Director, Jenny Chu.

#### **Developing the Charity and its Work**

The Butterfly Home is led and well managed by a Chinese Director managing the Chinese staff. In order to uphold standards and be a point of contact for advice and support in decision making, western leadership and managerial oversight remains necessary for a further period. The CEO continues to act in the role of Director of Operations whilst seeking to recruit and train a suitable post-holder. Successful recruitment was achieved towards the end of the financial year, fully funded for 2 years by a Hong Kong philanthropist who has donated previously. The new Director of Services and Developments will start in November 2017 and will relieve the CEO of much of the Director of Operations responsibilities.

The paediatric qualified UK Head Nurse/Childcare Manager resigned from her full time paid post at the end of September 2016. However, she has continued to oversee the work of the nurses voluntarily from her home base in Ireland. Her commitment (which will cease on appointment of the new Director of Services and Developments) has included being on call for childcare and nursing advice, liaising with doctors regarding the children's treatment, managing the nursing team and administration. She has been nominally reimbursed for the administrative work time.

# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

### Year ended 31 August 2017

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Registration in China of the charity's IP and trademarks continues to be progressed with the pro bono services of Shanghai Lawyers who are also advising on the registration of a BCH company in Shanghai.

#### **Achievements and performance**

##### **The Clinical Service**

Changes in government provision of healthcare and support for families appear to have reduced the numbers of children being abandoned to orphanages and the need for the specialist care of the Butterfly Home. The number of cots was reduced to 15 plus three high dependency cots for a time but occupancy continued to run at 100% with other children cared for as 'outliers' in the orphanage until a cot could be made available. The 'closed' cots were restaffed and opened again in May and occupancy continues to run at over 100%.

Within the available space this is the maximum number of children that can be accommodated reasonably especially as several of them have been in the home for 3 or more years and are growing.

Where possible, and as appropriate, children are fostered with local families or other specialist NGOs e.g. in a home/school for blind children in Shanghai. Many of the children cared for in the Butterfly Home have longer term life limiting conditions and may live until early to mid-teens. These children require physiotherapy and schooling beyond our current capability so we look to move them into other suitable care facilities enabling us to focus on caring for other very sick children.

As planned, BCH ceased to provide the advisory service given to The Rainbow Home (formerly Butterfly Home) in Nanjing) in September 2016 when the partnership ended by mutual agreement. All equipment has been donated by BCH to the Rainbow Centre.

##### **Sensory Therapy Room**

Nurses and volunteers continue to provide regular planned and ad hoc sessions to give relaxation and fun to the children.

##### **Play Therapy**

The Chinese play therapist/early learning teacher continues to be active in the daily care and development of the children.

##### **Surgery for Children**

The Chinese government has widened its programme providing funding for children to get basic surgical procedures more easily. BCH continues to seek and provide opportunities for children with more complex health needs to get the surgery and treatment they need, often in bigger surgical centres in Shanghai or Hong Kong with other charities.

# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

### Year ended 31 August 2017

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#### **Training and Education**

All new staff receive basic training and carers are required to have a (paid) update each year. All training and education sessions run by BCH are opened to other NGOs in the area as well as the staff of the SWI. Training sessions in the period include:

- \* Classes run by the SWI on: how to interact with children with cerebral palsy; and infant care;
- \* Infant Care including Health and Safety issues;
- \* Washing hands\feeding\brushing children's teeth;
- \* NGO management - ran by an external organisation and focusing on account management. Attended by a director and member of staff;
- \* How to improve child's attention span - ran by voluntary teachers to BCH and attended by the early learning teacher.

One of the Head Nannies has responsibility for training the new nanny staff and the Head Nannies are responsible for supervising the working standards of new staff and their team. In the absence of the Childcare Manager updates have been delivered by the CEO/Head of Operations.

The BCH China Director was invited to join a national development programme for directors of fundraising and publicity for charities. This is a one-year programme delivered in 6 modules in 6 different cities and exposes the participants to other organisations and mentorship from experts.

The course fee is being sponsored by a Hong Kong donor with travel and accommodation supported by BCH in China.

Training and development needs are assessed for all other staff on appointment and at their annual appraisal with appropriate plans and opportunities agreed for their development.

All nurses have a standard training and induction programme which includes modules of the ICPCN (International Palliative Care Network) online certificated paediatric palliative care course. All nurses have a regular (annual) performance review which includes their training and education needs recognising their personal responsibility for ongoing professional development.

#### **Medical Care**

The British paediatric doctor on the board of trustees continued to provide regular advice and visited the homes to review children and train staff. In August an application was received from a Chinese Paediatric Consultant to become the BCH Medical Consultant and supervise the care of the children in the Butterfly Home. This appointment would ensure legal compliance and secure the sustainability and development of the services there.

Until now when a child's health deteriorates, BCH staff work closely with the SWI medical team (and in future the Medical Consultant) to ensure appropriate treatment is obtained.

Diagnostic facilities are improving all the time enabling good CT or MRI scans to be done locally. Local reporting on and interpretation of the investigations can be difficult so BCH has a network of experts to assist in obtaining accurate diagnoses.

Relationships have been formed with other NGOs and medical teams working in Hong Kong and Shanghai - these teams/individuals assist in advising, diagnosis and surgery as needed.

#### **Growing National and International Influence**

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# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

### Year ended 31 August 2017

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BCH co-hosted the second Children's Palliative Care (CPC) conference with the China Care for Life Association in Shanghai, November 2016 with International speakers and experts from Malaysia, Singapore, Hong Kong and China. This event, entitled 'The Gift of Hope' included the launch of the BCH sponsored and produced, first educational video in Chinese to inform, promote and educate on the benefits of palliative care for children and their families.

Lyn Gould, CEO, was awarded an MBE, officially announced in January 2017. This led to the HRH Princess Royal visiting the Butterfly Home in July. BCH organised a third CPC (China) conference to coincide with the visit where HRH gave the keynote speech to over 100 attendees. This was a very high-profile event and attracted a lot of media attention in China plus a video produced by the BBC (Shanghai) and shown on the BBC World News channel and BBC website.

During the 3rd conference, in the presence of HRH, the charitable foundation 'the China Care for Life Association' awarded Lyn the title of Honorary Executive Member of the Council, acknowledging the significance of BCH work and the development of children's palliative care in China.

At the same event two Memoranda of Understanding (MOU) for training and education were signed between BCH and:

1. Xiangya Hospital (Changsha) - a prestigious University hospital;
2. Hunan Provincial Children's Hospital (Changsha)

In July, trustee Dr Caroline Sprinz and Childcare Manager Katie Hill presented a paper on the work of BCH at the Cardiff International CPC conference.

Requests for assistance to develop further models of children's palliative care in other cities continue to be received.

Opportunities for developing services for families are being explored through work with hospitals in Changsha and Shanghai.

The CEO continues to sit on the board of the International Children's Palliative Care Network (ICPCN) representing China until such time as a suitable, ethnically Chinese representative is found.

The first phase of translation of resources for nurse training and education into Simplified Chinese for use in mainland China was completed with all BCH guidelines now bilingual. BCH also began to develop a training package in Mandarin Chinese, translating the ICPCN course materials for their eLearning course at the same time.

BCH has also organised the translation into Chinese of a new freely available and free from copyright book entitled 'A Really Practical Handbook of Children's Palliative Care' by Dr Justin Amery. This resource is very much needed.

BCH continues to work with the Society for Promotion of Hospice Care (SPHC) in Hong Kong to promote hospice and palliative care in China, using some of their existing materials and contacts and developing new ones. BCH also makes use of their expertise in recruiting, managing and training volunteers to assist in supporting families.

Networks have also been enhanced and new connections established by the CEO speaking at various venues both in China and outside. During the period, BCH had membership of the following societies submitting articles for publication on eHospice throughout the year:

\* IAHPC (International Association for Hospice and Palliative Care)

# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

### Year ended 31 August 2017

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\* APHN - Asia Pacific Hospice Network

\* eHospice (individual memberships)

\* ICPCN (International Children's Palliative Care Network)

It is absolutely crucial to this work that the networks are sustained and strengthened through participation in conferences and submitting articles for newsletters. Chinese speaking experts in cpc from other Asian countries get to know of the initiatives in China and are able to support with lectures and teaching opportunities.

#### **Outcomes**

Total number of children cared for April 2010 to end August 2017: 191.

112 received loving end of life care.

In the year of reporting 14 new children were admitted (8 male, 6 female).

36 children (24 male, 12 female) in total were cared for during the period Sept 2016-Aug 2017 and of these:

\* 6 received loving end of life care

\* 7 were adopted

\* 5 were 'discharged' to long term foster care

\* 6 children had surgery this year

The age range of the children admitted in this year was between: 2 days and 7 years, 10 months.

The length of stay of the children cared for in the Butterfly Home ranged from: 2 days to 5.8 years.

Conditions remain very varied and are mainly congenital problems and syndromes.

#### **Community Palliative Care**

Families from all over China continue to seek help for their children; many want to leave the child to be cared for in the Butterfly Home whilst others simply want advice and support. Sadly, this is a long-term aspiration which cannot properly be met until conditions are right, i.e. appropriate supportive infrastructure plus the understanding and support of government departments locally. See reference to the national developments that BCH is participating in under 'Growing National and international Influence' p9, above).

#### **Worldwide Staffing at End of Year**

##### **China (salaried only)**

| <b>Salaried</b> | <b>Number in post</b> | <b>FTE</b> | <b>Vacancies</b> |
|-----------------|-----------------------|------------|------------------|
| Managerial      | 2                     | 2          | 1                |
| Administrative  | 4                     | 4          | 1                |
| Nursing         | 3                     | 3          | 2                |
| Ayi's           | 25                    | 25         | 1                |
| Housekeepers    | 3                     | 3          | NIL              |
| <b>Total</b>    | <b>37</b>             | <b>37</b>  | <b>5</b>         |

Regular and irregular volunteers work at the Home with tasks relating to admin, playing and nursing.

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# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

### Year ended 31 August 2017

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The total number of volunteer hours for the period 2016-17 was 613.25.

In-China staff turnover was 16.6% and the retention stability index was 94. This indicates typical turnover when broadly compared with UK figures and a high level of retention.

#### Rest of World (all groups)

| Staff Groups   | Number in Post (FTE) | Location  | Status               |
|----------------|----------------------|-----------|----------------------|
| Managerial     | 1 (1)                | UK        | Supported            |
| Finance        | 1 (0.12 max.)        | UK        | Paid (self-employed) |
| Administrative | 1 (0.68)             | UK        | Paid (employed)      |
|                | 1 (0.41)             | UK        | Paid (employed)      |
| PR/Media/Comms | 1 (NA)               | UK        | Retained & Pro Bono  |
|                | 1 (NA)               | Canada    |                      |
|                | 1 (NA)               | Australia | Voluntary            |
|                | 1 (NA)               | USA       | Voluntary            |
| Design         | 1 (NA)               | UK        | Pro Bono             |
| IT             | 1 (NA)               | USA       | Voluntary            |

#### Staffing Notes - Changsha Butterfly Home

During the year 6 staff left and 8 started at the Changsha Butterfly Home. The ratio of 3 children to one nanny has been maintained and is essential for the emotional welfare of the children.

By the end of this financial year there were:

| Length of service | Staffing Profile   | Total |
|-------------------|--|-------|
| 7 years           | 3 Ayis   | 3     |
| 6 years           | 2 Ayis   | 2     |
| 5 years           | 1 Ayi, 1 office staff, 1 housekeeper                         | 3     |
| 4 years           | 4 Ayis, 2 office staff                                       | 6     |
| 3 years           | 1 Ayi, 1 housekeeper   | 2     |
| 2 years           | 1 Ayi, 3 Philippine nurses                                   | 4     |
| 1 year            | 9 Ayis, 1 housekeeper, 1 office staff, 1 early education Ayi | 12    |
| Less than 1 year  | 3 Ayis, 1 office staff                                       | 4     |

In the period, 1 Philippine and 1 American nurse resigned and 3 Philippine nurses registered the new work permit.

All Chinese staff have contracts and terms and conditions which comply with Chinese Labour Law. All staff and volunteers are required to sign the Confidentiality Agreement and have a copy of the Child Protection Policy.

All foreign volunteers agree job terms and conditions before starting their period of service, with reviews of performance after the first month and then at 6 month intervals. Volunteer agreements are in use. The majority of foreign volunteers are able to supply a criminal record check and references - still not possible for local Chinese staff or volunteers.

All Chinese volunteers have induction training and all volunteers are supervised in their contact times with the children.

The service continued to be managed by one of the founders acting as both CEO and Director of Operations.

The Butterfly Home in Changsha is managed by a Chinese Director reporting to the Director of Operations.

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# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

Year ended 31 August 2017

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### Volunteers

BCH continue to benefit from volunteers either working from their homes or coming to China from all over the world for varying periods of time and with a wide range of skills.

The Hong Kong office benefits from the help of a professional accountant sponsored by his company.

The charity is very grateful for the continued work of those very skilled volunteers who:

- \* write and maintain social media, the blog and regular sponsorship updates;
- \* come and work in in the Butterfly Home for periods of 3 and 6 months;
- \* have helped to develop graphics for campaigns and publicity;
- \* help with publicity and fundraising in China.

Whilst the charity continues to advertise need for volunteers it has been difficult to attract long term volunteers (i.e. for periods of more than 6 months). Also, the charity's small infrastructure has necessitated a review of the periods of time for which it is 'profitable' to invest resource and accept all applicants.

Many local Chinese students give half a day a week for a term to come and play with the children building relationships and learning about children in a country where they have no brothers and sisters

### Visitors

A significant visitor to the Butterfly Home this year was HRH The Princess Royal accompanied by the British Ambassador to China and a number of high-level consular officials and Chinese leaders.

Many Chinese and western visitors continue to arrive with cash donations, gifts and offers of help.

The Butterfly Homes continue to host visits from people interested in learning about palliative care for children and discuss possibilities of widening BCH provision.

### A Model of Care

The demands in China seem to be shifting from setting up, running and funding Butterfly Homes to more demand for the roles of consultancy, advocating, training and education.

Keeping the Changsha Butterfly Home as a model of what paediatric palliative care can look like it will continue to provide care for those children there who need it as well as be a centre for training and education. There is growing interest from Chinese medical staff for education and support to start palliative care for children and families they have contact with.

One of the major strategic intentions of BCH has been to build a model of care which can be replicated elsewhere in China. Work has continued to document practice guidelines, processes, education and training, policies and procedures.

# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

### Year ended 31 August 2017

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#### Financial review

The total income for the year was £331,019. In the UK, the overall income was £65,929 but the actual amount raised in the UK itself was £51,595.

The sums received from Australia and the US to the UK amounted to £14,334. There were no transfers from HK to the UK account in the year to 31 August 2017.

The Changsha income of £264,952 has continued to grow strongly with 86.5% of the Changsha income being generated from within China. This trend is expected to continue as China's economy grows stronger and people around the world perceive the need is less pressing than previously.

Additionally, BCH continues to benefit from donations of goods and equipment significantly enhancing the quality of the service and decreasing monthly expenditure on consumables such as nappies and milk formula. The estimated value of goods donated averages at RMB 70,193 per quarter with the second quarter (Dec-Feb) showing the highest estimated value of donated goods at RMB 93,394. There is an overall increase of donated goods to the value of 81,116 on the previous year.

#### Publicity and Fundraising

Early in the year, the BCH in-China Communications & Donor Relations Manager and 2 other representatives attended a huge charity exhibition in Shenzhen, following their success in the Beijing TV 'Community Hero' event the previous year. Media interviews were given and broadcast from this event.

Having such an able and dedicated communicator has continued to enable many notable visitors (e.g. the British Vice Consul) and discussions (e.g. with corporate sponsors) to take place in a timely and culturally appropriate manner. The post holder's work has also been significant in raising BCH presence throughout China, communicating well with donors and following up contacts with corporate sponsors.

Use of social media continues to improve with committed help from a small group of dedicated volunteers. With this help the charity has benefitted from a twice weekly blog, regular updates and increased following on the BCH Facebook page and improved use of Weibo - Chinese 'Twitter'.

Chinese media continue to film documentaries for TV and do interviews for publications at regular and frequent intervals, including a documentary on CPC by Xin Hua (the Chinese version of Reuters).

The Shanghai 'Butterfly Family' group continues to grow and now exceeds 200 members. They showed their support by hosting a gala event in December 2016 which Lyn attended, plus two further events in the spring. They have also increased the number of crib sponsors, donated goods and made one off donations.

#### Crib Sponsorships

Crib sponsorship has remained stable outside China with a total of 93 units of sponsorship (£25 per unit) over 88 individual sponsorships with little fluctuation in the year. However, in-China sponsorship has increased dramatically; from Sept 2016 - August 2017 there were 22 new sponsors and while amount-per-sponsorship vary, the overall increase is: 78,400RMB per month or 940,800RMB for the year.

#### Conclusions

The work of BCH has been endorsed by a visit from HRH The Princess Anne and the British Ambassador and the CEO voted onto the Board of the Chinese national palliative care organisation -

# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

### Year ended 31 August 2017

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the China Care for Life Association.

The charity has continued to gain credibility as a leader, provider of and advocate for children's palliative care (cpc) in China.

The BCH CEO continues to serve as a Board member of the International Children's Palliative Care Network (ICPCN).

BCH organised and hosted a further 2 national conferences in China in this period (in Shanghai and in Changsha).

The charity sponsored, directed and produced the first educational video in Mandarin Chinese. The video - available internationally via social media - provides education about children's palliative care for health professionals and the general public.

BCH has sponsored and organised the translation of training and resource materials into Mandarin Chinese to be made available via the ICPCN elearning website and internally in China.

The CEO is a working member on a national committee to develop health and social care policy for children's palliative care in China.

Challenges remain to build charity infrastructure both within and outside of China.

Recruitment and retention of Chinese staff remains relatively easy and makes for a stable environment for the children.

The directors continue to lay down foundations for models of care in China aimed at helping children and families in the near future.

Internationally the charity continues to gain from committed trustees and volunteers providing their skills and expertise.

#### **Appendix: Reserves Policy**

1. It is the policy of the charity to hold sufficient reserves to maintain its core activities in the Butterfly Homes at Changsha for three months during a period of reduced income or unforeseen expenditure. This is the absolute minimum level of reserves.
2. Butterfly Children's Hospices CIO defines its core activities as maintenance of its specialist palliative and supportive care services in the Changsha Butterfly Home.
3. Where reserves exceed the minimum, a proportion will be designated a contingency reserve to meet expenditure arising from unforeseen events.
4. Butterfly Children's Hospices CIO undertakes an annual risk assessment of its income streams for the finance section of its Risk Register.
5. The actual reserves value across the charity will be reviewed at each meeting of the Finance and Governance Committee and reported to the Board. The reserves will be proportionate to the scale of operations.

# Butterfly Children's Hospices CIO

## Trustees' Annual Report *(continued)*

### Year ended 31 August 2017

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The trustees' annual report was approved on ..... and signed on behalf of the board of trustees by:

Patrick Beasley  
Trustee

# Butterfly Children's Hospices CIO

## Independent Examiner's Report to the Trustees of Butterfly Children's Hospices CIO

Year ended 31 August 2017

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I report to the trustees on my examination of the financial statements of Butterfly Children's Hospices CIO ('the charity') for the year ended 31 August 2017.

### Responsibilities and basis of report

As the trustees of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's financial statements carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

### Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales (ICAEW), which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 130 of the Act; or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

THOMAS WESTCOTT  
Chartered accountant

26-28 Southernhay East  
Exeter  
Devon  
EX1 1NS

# Butterfly Children's Hospices CIO

## Statement of Financial Activities

31 August 2017

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|   |      | 2017                    |                       |                  |
|---|------|-------------------------|-----------------------|------------------|
|   | Note | Unrestricted funds<br>£ | Restricted funds<br>£ | Total funds<br>£ |
| <b>Income and endowments</b>                        |      |                         |                       |                  |
| Donations and legacies                              | 4    | 328,060                 | 2,193                 | 330,253          |
| Investment income                                   | 5    | 68                      | –                     | 68               |
| Other income  | 6    | 698                     | –                     | 698              |
| <b>Total income</b>                                 |      | <u>328,826</u>          | <u>2,193</u>          | <u>331,019</u>   |
| <b>Expenditure</b>                                  |      |                         |                       |                  |
| Expenditure on raising funds:                       |      |                         |                       |                  |
| Costs of raising donations and legacies             | 7    | 1,236                   | –                     | 1,236            |
| Expenditure on charitable activities                | 8    | 333,042                 | 22,178                | 355,220          |
| <b>Total expenditure</b>                            |      | <u>334,278</u>          | <u>22,178</u>         | <u>356,456</u>   |
| <b>Net expenditure and net movement in funds</b>    |      | <u>(5,452)</u>          | <u>(19,985)</u>       | <u>(25,437)</u>  |
| <b>Reconciliation of funds</b>                      |      |                         |                       |                  |
| Total funds transferred from unincorporated charity |      | 14,216                  | 27,504                | 41,720           |
| <b>Total funds carried forward</b>                  |      | <u>8,764</u>            | <u>7,519</u>          | <u>16,283</u>    |

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

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The notes on pages 18 to 25 form part of these financial statements.

# Butterfly Children's Hospices CIO

## Statement of Financial Position

31 August 2017

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|   |           | <b>2017</b>   |
|---|-----------|---------------|
|   |           | <b>£</b>      |
| <b>Fixed assets</b>                                   |           |               |
| Tangible fixed assets                                 | <b>13</b> | 720           |
| <b>Current assets</b>                                 |           |               |
| Debtors   | <b>14</b> | 124           |
| Cash at bank and in hand                              |           | 15,827        |
|   |           | <u>15,951</u> |
| <b>Creditors: amounts falling due within one year</b> | <b>15</b> | <u>388</u>    |
| <b>Net current assets</b>                             |           | <u>15,563</u> |
| <b>Total assets less current liabilities</b>          |           | <u>16,283</u> |
| <b>Net assets</b>                                     |           | <u>16,283</u> |
| <b>Funds of the charity</b>                           |           |               |
| Restricted funds                                      |           | 7,519         |
| Unrestricted funds                                    |           | 8,764         |
| <b>Total charity funds</b>                            | <b>16</b> | <u>16,283</u> |

These financial statements were approved by the board of trustees and authorised for issue on ....., and are signed on behalf of the board by:

Patrick Beasley  
Trustee

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The notes on pages 18 to 25 form part of these financial statements.

# Butterfly Children's Hospices CIO

## Notes to the Financial Statements

Year ended 31 August 2017

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### 1. General information

The charity is a charitable incorporated organisation registered in England and Wales. The address of the principal office is First Floor, 11 Manor Road, St Thomas, Exeter, EX4 1EN.

### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Going concern

There are no material uncertainties about the charity's ability to continue.

#### Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Butterfly Children's Hospices CIO

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2017

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### 3. Accounting policies *(continued)*

#### Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

#### Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

# Butterfly Children's Hospices CIO

## Notes to the Financial Statements *(continued)*

### Year ended 31 August 2017

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#### 3. Accounting policies *(continued)*

##### Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

##### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

##### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings                      -     25% straight line

##### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

# Butterfly Children's Hospices CIO

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2017

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### 3. Accounting policies *(continued)*

#### Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

#### Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

### 4. Donations and legacies

|                                 | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total Funds<br>2017<br>£ |
|---------------------------------|----------------------------|--------------------------|--------------------------|
| <b>Donations</b>                |                            |                          |                          |
| Donations                       | 269,582                    | 2,193                    | 271,775                  |
| <b>Grants</b>                   |                            |                          |                          |
| SWI funding                     | 47,170                     | –                        | 47,170                   |
| Overseas Chinese Public Funding | –                          | –                        | –                        |
| <b>Sponsorship</b>              |                            |                          |                          |
| Sponsorship                     | 11,308                     | –                        | 11,308                   |
|                                 | <u>328,060</u>             | <u>2,193</u>             | <u>330,253</u>           |

# Butterfly Children's Hospices CIO

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2017

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### 5. Investment income

|                          | Unrestricted<br>Funds<br>£ | Total Funds<br>2017<br>£ |
|--------------------------|----------------------------|--------------------------|
| Bank interest receivable | 68                         | 68                       |

### 6. Other income

|              | Unrestricted<br>Funds<br>£ | Total Funds<br>2017<br>£ |
|--------------|----------------------------|--------------------------|
| Other income | 698                        | 698                      |

### 7. Costs of raising donations and legacies

|                       | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total Funds<br>2017<br>£ |
|-----------------------|----------------------------|--------------------------|--------------------------|
| Fundraising purchases | 1,236                      | –                        | 1,236                    |
|                       | <u>1,236</u>               | <u>–</u>                 | <u>1,236</u>             |

# Butterfly Children's Hospices CIO

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2017

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### 8. Expenditure on charitable activities by activity type

|                                     | Charitable costs | Governance costs | 2017<br>£      |
|-------------------------------------|------------------|------------------|----------------|
| Purchases                           | 13,302           | -                | 13,302         |
| Staff costs                         | 253,626          | -                | 253,626        |
| Rent                                | 3,454            | -                | 3,454          |
| Repairs and maintenance             | 2,840            | -                | 2,840          |
| Insurance                           | 4,757            | -                | 4,757          |
| Accountancy charges                 | -                | 4,571            | 4,571          |
| Legal and professional fees         | -                | 3,414            | 3,414          |
| Professional membership             | 446              | -                | 446            |
| Telephone, communications and IT    | 547              | -                | 547            |
| Printing, postage and stationery    | 2,088            | -                | 2,088          |
| Depreciation                        | 278              | -                | 278            |
| Bank charges                        | 297              | -                | 297            |
| Exchange rate variance              | 857              | -                | 857            |
| Conference, training and networking | 44,315           | -                | 44,315         |
| Advertising, marketing and sundry   | 20,373           | -                | 20,373         |
| Website costs                       | 55               | -                | 55             |
|                                     | <u>347,235</u>   | <u>7,985</u>     | <u>355,220</u> |

### 9. Net expenditure

Net expenditure is stated after charging/(crediting):

|                                       | 2017<br>£  |
|---------------------------------------|------------|
| Depreciation of tangible fixed assets | <u>278</u> |

### 10. Independent examination fees

|  | 2017<br>£  |
|--|------------|
| Fees payable to the independent examiner for:<br>Independent examination of the financial statements | <u>426</u> |

### 11. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

|                         | 2017<br>£      |
|-------------------------|----------------|
| Wages and salaries      | 182,680        |
| Other employee benefits | 70,946         |
|                         | <u>253,626</u> |

No employee received employee benefits of more than £60,000 during the year.

### 12. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

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# Butterfly Children's Hospices CIO

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2017

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### 13. Tangible fixed assets

|                          | Fixtures and fittings<br>£ |
|--------------------------|----------------------------|
| <b>Cost</b>              |                            |
| <b>Additions</b>         | 998                        |
| <b>At 31 August 2017</b> | <u>998</u>                 |
| <b>Depreciation</b>      |                            |
| Charge for the year      | 278                        |
| <b>At 31 August 2017</b> | <u>278</u>                 |
| <b>Carrying amount</b>   |                            |
| <b>At 31 August 2017</b> | <u>720</u>                 |

### 14. Debtors

|               | 2017<br>£  |
|---------------|------------|
| Other debtors | <u>124</u> |

### 15. Creditors: amounts falling due within one year

|                 | 2017<br>£  |
|-----------------|------------|
| Other creditors | <u>388</u> |

### 16. Analysis of charitable funds

#### Unrestricted funds

|               | Transfer from<br>BCH<br>£ | Income<br>£    | Expenditure<br>£ | At<br>31 August<br>2017<br>£ |
|---------------|---------------------------|----------------|------------------|------------------------------|
| General funds | <u>14,216</u>             | <u>328,826</u> | <u>(334,278)</u> | <u>8,764</u>                 |

#### Restricted funds

|                  | Transfer from<br>BCH<br>£ | Income<br>£  | Expenditure<br>£ | At<br>31 August 20<br>17<br>£ |
|------------------|---------------------------|--------------|------------------|-------------------------------|
| Restricted funds | <u>27,504</u>             | <u>2,193</u> | <u>(22,178)</u>  | <u>7,519</u>                  |

# Butterfly Children's Hospices CIO

## Notes to the Financial Statements *(continued)*

Year ended 31 August 2017

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### 17. Analysis of net assets between funds

|                            | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | <b>Total Funds<br/>2017<br/>£</b> |
|----------------------------|----------------------------|--------------------------|-----------------------------------|
| Tangible fixed assets      | 720                        | –                        | 720                               |
| Current assets             | 8,432                      | 7,519                    | 15,951                            |
| Creditors less than 1 year | (388)                      | –                        | (388)                             |
| <b>Net assets</b>          | <u>8,764</u>               | <u>7,519</u>             | <u>16,283</u>                     |