

**The
Healthcare
Management
Trust**

Annual Report and Accounts

31 December 2019

Company Limited by Guarantee
Registration Number
01932882 (England and Wales)

Charity Registration Number
292880

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Reference and administrative information

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Company Secretary	N Roissetter
Adviser to the Board	P Jukes
Senior management team	
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Head of Finance	Nigel Roissetter
Head of Operations Care Homes	Mair Williams
Head of Operations Hospitals	Rob Douthwaite
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Charity registration number	292880
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Reference and administrative information

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Chairman's report Year to 31 December 2019

At the time of writing, the charity, and indeed the country, remain in the grip of the Covid-19 pandemic. Operating effectively and safely in these extraordinary conditions has demanded a level of both flexibility and detailed attention from all of our management team and staff that simply could not reasonably have been predicted. Unprecedented problems and issues have arisen, and been resolved, across the entire spread of the charity's activities. The trustees are well aware of the demands this has put on everyone, and the way in which our teams have responded. For this impressive achievement they have our thanks.

It is important to keep in mind that this Annual Report and Accounts primarily covers a period, the year to 31 December 2019, that concluded before the impact of Covid-19 Pandemic on the country, or on HMT's activities. The current emergency can seem all-consuming, but we have not lost sight of our longer term purposes and strategic aims, as set out in the Trustees' Report and, while Covid-19 has inevitably affected every aspect of the charity's work, we remain set on course to fulfil these strategic targets and principles – even if over 2020 we have had to trim and adjust our sails in response to strong cross winds.

Throughout 2019, as in previous years, our hospitals provided effective, caring and safe services to our patients. We maintained our programme of continuous improvement, identifying and adopting the latest and highest standards and procedures, both medical and in the support we seek to give to our staff. We also looked closely at how we manage our relationships with consultants, and with the NHS units with which we co-operate, implementing a number of necessary changes and improvements.

In Swansea, Sancta Maria put considerable efforts into securing NHS work alongside our core private business, and into updating our consultants' practising arrangements. These efforts bore concrete results over 2019, and the team continues to work to develop the relationship with the NHS in south Wales, alongside marketing and developing our private care business. Much of this work will have its greatest impact once we emerge from the pandemic.

We have had the additional challenge of managing the construction of the new hospital being built on the SA1 site, the biggest investment HMT has ever made. While adverse weather conditions early on, and more recently Covid-19 restrictions, have had an impact on the site, it has remained operational throughout, and both timetable and budget have remained under control. The MRI scanner is due to be installed shortly and we remain confident of opening at the end of this year or early in 2021. The trustees recognise and greatly value the unwavering support that HSBC Bank has continued to give this project through construction and since the year-end.

In Grimsby, St Hughs has similarly put great efforts into improving its CQC rating, and into working more closely as a team with the regional commissioning groups and NHS units. We are working to broaden the areas and sources from which we attract NHS work, and to improve the systems whereby this work is processed and recorded. The hospital's layout and operating protocols have been fundamentally reconfigured, with some additional capital investment, to establish and maintain for the future a wholly Covid-19 free environment. This is being reflected in recovering volumes of work from a wider range of NHS sources, as well as some returning private work.

In the normal conditions prior to Covid-19, our care homes had an excellent year, reflected in resident satisfaction, high occupancy levels and a number of awards and other recognition of

Chairman's report Year to 31 December 2019

the quality of care that they provide. Over the year we continued to invest heavily in staff training, including the Admiral Nurses support, and specific training in employment for managers, nurses and other carers. This investment improves career opportunities, the quality of care of residents and staff morale and turnover rates.

We continued to provide consultancy and other support to other charities operating care homes and similar units. We are active in a range of projects and initiatives in the communities in which we operate, and so far as we are able given the cashflow pressures from Covid-19, are continuing our financial support for a number of selected research projects. All these are important to our mission, are detailed in the Trustees' Report, and are continuing through the Covid-19 pandemic, as far as conditions allow.

As described in more detail in the Trustees' Report, and as a proactive response to a general alert from the Charity Commission, we have accelerated a planned review of our governance, focusing particularly on the ability of the Board effectively to evaluate the risks to, and to protect, the charity's assets and operations, to safeguard the charity's beneficiaries, and to assess and properly supervise the performance of the charity's executive team. While we believe the present arrangements are effective, and this has been stress-tested by Covid-19, there is always scope for improvement

Since the end of 2019, Covid-19 has had an extraordinary impact on the charity. HMT and all its stakeholders are going through an experience which none of us could reasonably have predicted, few of us would have volunteered for, and all of us have had to respond to, to the best of our abilities.

Our hospitals were cleared of all non-Covid activity to provide additional resource for the local NHS, largely funded by the government. In the event, the pressures on the two local NHS general hospitals were less than feared, and only a fraction of our cleared capacity was used. Both hospitals are, in common with other independent providers, being released to allow non-Covid activity to resume in stages.

Our care homes responded to the early signs of Covid-19 more promptly than much of the sector, or the government. Our care homes were locked down a couple of weeks ahead of the country as a whole, and we sourced and used our own antigen tests and PPE equipment from the start rather than waiting on supply from the public sector. We accepted no new or returned resident admissions from hospital without a negative virus test. Despite these stringent precautions, both care homes experienced Covid-19 outbreaks, which we rapidly contained. Our responses were effective and while repeated testing has thrown up occasional positives, which we deal with, so far as it is possible to be certain, both care homes are now effectively Covid-free, and have been for some time. We are in the process of establishing a point of care testing capability, at both care homes and hospitals, which will further increase our capabilities in preventing, identifying, isolating and dealing with any further infection.

Our head office team has been remote working throughout, with no discernible reduction in efficiency or productivity. There is, of course, a distinction between the short term and the longer term impact, but this is one of a large number of unexpected features of the current crisis that we will need to consider.

Chairman's report Year to 31 December 2019

So far, all have risen to the challenge, in ways that have involved fundamental changes and reforms to the way HMT operates, many of which will remain in place after the pandemic is over. On the evidence to date, the charity will not merely survive this experience, but emerge from it in a stronger and more effective form. We hope and expect to see the new hospital fully operational early in 2021 and we are looking to increase the number of care homes we operate.

I speak for all the trustees in, again, thanking all our management, staff and other stakeholders for what they have contributed and achieved, over the year to December 2019 being reported on, but especially under the pressures and challenges experienced since the year-end. On the basis of that performance we can look forward with some confidence to the post-Covid future.

John Follitt Vaughan
Chairman

Date of approval:

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

The trustees, who are directors of The Healthcare Management Trust (the "Trust") under company law, submit their annual report and the audited financial statements for the year ended 31 December 2019.

About the Healthcare Management Trust

The Trust was established in 1985 with the aim of relieving sickness, both physical and mental, and the preservation and protection of good health.

The Trust delivers on these core objectives through:

- ◆ Diagnosis, treatment and care in its acute hospitals.
- ◆ Social and nursing care delivery at its care homes.
- ◆ Supporting other charities within the health and social care sectors with consultancy and management support services.
- ◆ Engaging with the communities within which the Trust is based to improve quality of life outcomes and life expectancy.
- ◆ The funding of pure and applied research grants in the fields of health and social care.
- ◆ The provision of community development grants for health and social care projects.

The Trust raises no voluntary income, the charity's work being funded solely through its operating income, investments and reserves.

We provide access to all, without regard to the route patients and residents take in coming to us.

The trustees have regard to the general guidance provided by the Charity Commission when they review the aims and activities of the Trust and the provision by the Trust of public benefit.

The Trust conducts its work based within the context of a set of guiding principles:

- ◆ A belief that each of our patients, residents and their families are unique individuals and we place them at the heart of everything we do and seek to achieve.
- ◆ Respect for all faiths and a belief that there is a special pastoral dimension in caring for others which involves a combination of spiritual, emotional, physical and ethical elements.
- ◆ The need to treat and care for each of our residents and patients, their families, friends and our colleagues with the respect and dignity we ourselves would expect to receive.
- ◆ An acknowledgement of the physical, mental and social vulnerabilities that our residents and patients may experience and the absolute responsibility placed upon us to safeguard them at all times.
- ◆ A recognition that the settings in which we provide care for the older person represent each resident's home and we respect this.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

About The Healthcare Management Trust (continued)

- ◆ An absolute belief in the sanctity of life and the need for dignity at its end.
- ◆ The need to involve each patient and resident, their family and carers in decision making and planning with regard to their care with the need to be open and honest.

Our Strategic Objectives

Our strategic objectives are as follows:

- ◆ To deliver high quality, evidence based and safe patient/resident centred care and treatment.
- ◆ To develop our staff's skills and competencies.
- ◆ To work with our partners for the benefit of our residents and patients.
- ◆ To value the ethos and mission of the founders of our hospitals and care homes.
- ◆ To play an active role within the fields of health and social care contributing to the development of national policy and improving local provision.
- ◆ To provide strategic, management and operational support to other charities operating within health and social care in order that they may grow and develop sustainably.
- ◆ To constantly improve the quality and range of services we provide to our users.
- ◆ To contribute to the health and wellbeing of the geographical communities we work within, fulfilling an active role in the leadership and delivery of healthy active and wellbeing programs.
- ◆ To fund research within the field of dementia and other areas of health and social care.
- ◆ To support individuals who suffer from isolation and loneliness within the geographical communities we work within.

Key Facts and Numbers

During the year:

- ◆ The Trust employed 522 staff equating to 395 whole time equivalents.
- ◆ Our hospitals saw 44,735 outpatients, a rise of 13% over the previous year.
- ◆ Admitted patient activity increased to 10,480 episodes, an increase of 7%.
- ◆ Day cases represented 69% of admitted patient activity.
- ◆ The average length of stay for patients within our hospitals was 1.19 nights.
- ◆ Our hospitals had no recorded cases of MRSA or C Dif.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Key Facts and Numbers (continued)

- ◆ 99% (response rate 55%) of patients treated at HMT Hospitals would recommend HMT to their friends and family.
- ◆ Our care homes provided 5,524 weeks of care, equating to 38,668 resident nights with an overall average occupancy of 98% across our care homes.
- ◆ Overall, 66% of patients treated at the Trust's hospitals were funded by the NHS, at the same cost to the NHS had NHS hospitals provided the diagnosis and treatment.
- ◆ 9% of residents accommodated in our care homes were funded in whole or part by the state.
- ◆ We provided financial bursaries amounting to £49,000 to residents within our care homes.
- ◆ We supported, at less than commercial cost, 14 charities in their management, governance oversight and care management within 17 care homes encompassing 346 elder/physical/neurological disability care beds. Our charitable subsidy of this work equated to £167,000.
- ◆ We continued to support research, with £123,000 of research grant funding during the year.
- ◆ We distributed £142,206 in community development grants.
- ◆ The total value of our wider charitable work listed above, equates to £486,206 for the year, representing 1.5% of income.
- ◆ Our healthy lifestyle and wellness engagement activities directly engaged at no cost to the user with some 31,000 individuals across all age ranges and genders.

COVID-19 pandemic

A major international health event occurred in the immediate post balance sheet period in 2020 which given its significant impact on health and social care within the United Kingdom requires comment within our 2019 Annual Report.

In late 2019 the first signs of the impending Covid-19 pandemic began to appear in China and in early 2020 this manifested itself internationally with outbreaks in Europe and subsequently in early February the UK.

It is clear that the pandemic will continue for some considerable time, most likely well into 2021 and therefore Covid-19 is going to be a significant feature of both everyday life and health and social care in particular.

Given the nature of the charity's work, in particular the vulnerability of the residents of our care homes, the Trust tracked the developing situation and in early March 2020 we activated our organisational wide Business Continuity Plan with the Gold Command Structure addressing the strategic implications and decisions, together with an allied Silver Command which encompassed representatives from each of our hospitals dealing with operational matters. Both groups initially met seven days per week.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Covid-19 pandemic (continued)

The groups ensured that the Trust's trustees were fully informed by daily briefing sessions from the Gold Command to the Trust's Chairman and via a detailed weekly risk management and operational report to all trustees.

A number of early strategic decisions were taken based on safeguarding risk assessments and these were implemented in early March:

- ◆ To exclude visitors from entering our care homes.
- ◆ The wearing of appropriate PPE by staff across our care homes and hospitals.
- ◆ The cohorting of residents and staff within our care homes.
- ◆ To insist that all return of residents or new admissions from the NHS had been proved Covid-19 negative by testing prior to their return/admission.
- ◆ To suspend all routine patient activity within our hospitals
- ◆ The suspension of all staff travel between hospitals/homes and by central office staff to our hospitals/homes.
- ◆ To screen all staff at the commencement of their shift based on symptom screening.
- ◆ The temporary closure of our Head Office based in Central London.
- ◆ To institute video conferencing and other remote working technology across the organisation.

During late March we sourced antigen testing from an independent laboratory who could provide a PHE approved test and from early April we blanket-tested residents and staff within our Care Homes. This initial testing program indicated that we had an outbreak in one of our care homes with every positive resident and staff member being asymptomatic. A second outbreak occurred at our other care home and again the outstanding feature was asymptomatic positive test results. Through strict infection control we eliminated each outbreak and to date have not had a further positive result in our care homes since each initial outbreak. However, we are not complacent and remain vigilant.

In late April we extended our independent testing programme to the staff at our hospitals and to date have recorded no positive results which possibly points to the relative geographic isolation of both hospital locations and the resultant lower than average positives amongst the general population.

Within both our care homes and hospitals we maintained our independent testing Covid-19 programme on a fortnightly basis which was replaced by Government provided tests in our care homes from mid-August onwards.

We sourced approved Covid-19 Point of Care Testing systems for each of our hospitals and care homes, designed to deliver a test result in 20 minutes. These are a valuable adjunct to our screening programme. We have also developed our own test and trace app for staff use across the Trust.

Covid-19 pandemic (continued)



Working in concert with the Independent Healthcare Providers Network both of our hospitals joined the respective NHS England and NHS Wales Covid-19 contracts which placed the whole of each hospital's capacity at the disposal of the NHS and being reimbursed at cost for this commitment. Given both the speed that the pandemic developed nationally and the speed at which the NHS contract was developed and entered into, both hospitals prepared to receive Covid-19 positive patients, training administrative staff as care support workers. However, given that the respective local NHS Trusts did not become overwhelmed, neither hospital received any Covid-19 positive patients nor any step-down admissions. Given the uncertainty of demand we did not furlough any of our administrative support staff until late June. Since the initial wave both hospitals have supported the NHS as super clean Covid-19 free environments by

Covid-19 pandemic (continued)

undertaking non Covid-19 urgent diagnostics and surgical interventions. Our hospital in Wales was released in early July from its NHS Wales contract and refocused on undertaking private patient activity. The additional infection control processes required as a result of Covid-19 reduced effective operational capacity and some elements of the public remain reluctant to undertake planned treatments. Our hospital in England continues to be part of the NHS England Covid-19 contract as at the date of this report.

Given the impact nationally of the pandemic within the care home sector and the subsequent press coverage, we found that families were reluctant to place relatives into a care home setting. As a result we have seen a reduction in our normal occupancy levels at each of our homes. We instituted a positive news campaign via our social media channels to mitigate the impact on the Trust and to stimulate admissions to our homes.

In July we made the decision, having undertaken an appropriate risk assessment process, to reintroduce limited family visiting in our care homes. Both residents and families were missing the social interaction element of visiting and whilst physical distancing was paramount, the psychological benefit of residents interacting with their families was significant. We also saw the reintroduction of visiting as part our safeguarding the health and wellbeing of residents.

We continued to safeguard our staff via ensuring adequate stocks of PPE and when it became clear that our BAME staff were exposed to higher Covid-19 risks we undertook an individual risk assessment with each BAME staff member. During the pandemic a number of staff fell into the shielding category and we supported these individuals with welfare calls from our Human Resources team on a weekly basis. We worked to mitigate the impact of the pandemic on our staff's mental wellbeing by providing access to additional support mechanisms including individual and group psychological therapy.

We have a plan in place to safeguard our residents and staff and staff in advance of the winter flu season which includes ensuring that we have adequate levels of vaccination for the 2020/21 influenza season and we remain vigilant to the possibilities of an upsurge in Covid-19 infections.

The impact of the pandemic with its associated reduction in revenue and increase in costs has been actively managed. However, the impact and recovery may take a number of years to return our finances to the pre Covid-19 point.

We reviewed our original strategic and operational plans for 2020 and have revised these to focus on:

- ◆ Safeguarding our residents and staff from Covid-19.
- ◆ Utilizing social and other media channels to inform prospective residents and patients about the measure we have taken to create Covid-19 safe hospitals and care homes.
- ◆ Returning our hospitals and care homes to pre Covid-19 levels of activity.
- ◆ Capitalise on the renewed interest during the pandemic on careers in Health and Social Care.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Achievements, Performance and Future Plans

In July 2020 the Charity Commission alerted the Chairmen and Chief Executives of charities to significant governance failings it had identified following investigations into serious incidents at several large charities. As a charity we had planned a review of our governance policy and systems as part of our 2020 Business Plan and we have advanced this work with the support of our specialist charity legal advisors at BDB Pitmans LLP. Part of this work will be a further review of trustee skill sets, building on the review we undertook in 2018. We are also taking a critical look at our Trustee Board Sub Committee structure to ensure it is fit for purpose and reflects the complexity of the charity. Safeguarding beneficiaries is a key responsibility of all charities

The safety and quality of diagnosis, treatment and care that the Trust provides to residents and patients across its care homes and hospitals is the trustees' priority and the Trust's ethos and philosophy reflect the core values which underpin the delivery of this care.

The Trust continues to develop its care and treatment quality and oversight systems to ensure that its performance and risk profile are appropriately managed, and that prospective residents and patients can assess the Trust's outcomes in direct comparison with other providers and the NHS. In order to ensure the delivery of these objectives, the Trust recruited a Care Quality Improvement Manager with the remit of focusing on HMT care homes. This new role joined the already in post Quality Improvement Manager for HMT Hospitals.

The Trust rolled out an Infection Prevention and Control (IPC) Framework for its Hospitals based on the Health and Social Care Act Code of Practice on the prevention and control of infections. This included HMT's engagement in a new working relationship with the United Kingdom Orthopaedic Microbiology Service (UKOMS), an independent advisory panel on IPC led by Prof Rob Townsend.

Our Medical Director led a review of the governance of medical practice at our hospitals including:

- ◆ ensuring that, where applicable, standards as outlined in the Independent Hospital Providers Network (IHPN) Medical Practitioners Assurance Framework were achieved.
- ◆ the independent review of governance of medical practice at SHH.
- ◆ reviewing how the Trust was meeting the principles outlined in the Royal College of Surgeons Position Paper on Assuring Standards in Independent Healthcare. In particular, engagement in all appropriate national audits, including the Private Healthcare Information Network (PHIN).

We created defined H&S reporting lines and conducted review of H&S training at HMT sites.

The Trust formally engaged with the national Get it Right First Time (GIRFT) programme, including adapting the GIRFT principles in Orthopaedics and participation in GIRFT national surveys of Surgical Site Infections and Thrombosis.

Working with our Consultant Partners we review and restricted the use of implant devices following national and international alerts. This included certain textured breast implants and vaginal mesh devices.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Achievements, Performance and Future Plans (continued)

The trustees recognise that the staff of the Trust are the single most important lever for delivery and change.

Our Employee Wellness Programme continues to make strides in positively affecting the health and productivity in the workplace and its culture. In 2019, we promoted a healthy work life balance by increasing staff annual leave entitlement, introducing a more supportive welfare procedure, professional support line and occupational health programme along with improved company benefits such a discounted gym membership.



Following the introduction of our People and Pay Framework Strategy along with the new enhanced training and career progression programme; 2019 saw a reduction in the number of staff that left the company by nearly half.

Through exit interviews and building a transparent and open communication with staff, we were able to establish the main reasons and trends as to why staff left the charity.

The Trust made the following changes by improving the following:

- ◆ Recruitment and selection process – ensuring all staff go through a fair and competitive process and that we are employing the right candidate for the role.
- ◆ Career development and progression – we have maximised the opportunities for employees to develop skills and careers. We have regular supervisions with staff which enable us to understand and manage staffs career expectations.
- ◆ Consult employees – we ensured that employees have a 'voice' through consultative bodies, such as the partnership forum, regular appraisals, staff surveys and robust grievance and whistleblowing systems.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Achievements, Performance and Future Plans (continued)

- ◆ Increased flexibility - accommodating, wherever possible, individual preferences on working hours and times to maintain a healthy work life balance.

The average staff turnover rates in Health and Social Care sector has risen for the sixth consecutive year to 32.2%. The Trust's staff turnover for 2019 was 11.3% compared to 20.9% in 2018.



Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Achievements, Performance and Future Plans (continued)

Following on from the introduction of the new sickness and absence procedure, along with other initiatives, such as welfare and support meetings, open HR Clinics and enhanced employee benefits, 2019 continued to see a reduction in sickness absence. The HR department along with the support of the Care Home and Hospital Leadership Teams has been able to support staff who were on long term sick leave, to return to work and manage their illness.

The average national sickness absence rate in the Health and Social Care sector is 4.19%. In 2019, the Trust's sickness absence rate was 2.4%, which saw a reduction from 2018, which was 2.8%.

The trustees recognise the importance of Information Technology (IT) in the modern health and social care world. Therefore, a full upgrade of IT infrastructure was undertaken including the installation of high-speed broadband allied to significant improvements in WIFI across our estate.

Significant workstreams continue with the goal of creating a paperless diagnostic, treatment and care environment within our hospitals. To facilitate this, a major upgrade of our Hospital Patient Administration System was planned and commenced with full completion by mid 2020.

We upgraded our finance systems with the acquisition and implementation of Focal Point which allows the electronic capture, processing and approval of invoices in order to eventually centralise this function.

During 2019, the occupancy within the Trust's care homes achieved an average of 98.1%.

The Trust's care homes continued to be rated as good or above by both local authorities and the Care Quality Commission (CQC).

The Trust held its third Dementia Conference during the year with 60 delegates including HMT sponsored researchers, staff from other charities as well as the Trust's trustees and delegates from its hospitals and care homes attending. The focus of the conference was research and the unique challenges of caring for residents suffering from dementia across a range of Health and Social Care settings.

The most recent CQC inspection of Coloma Court Care Home, West Wickham, Kent was conducted on 21 and 24 January 2019 with the final report being published on 19 February. The CQC rating of the home was one of Outstanding. These findings reflect the skills and commitment of all the Trust's workforce and the trustees thank them both individually and collectively.

Achievements, Performance and Future Plans (continued)



Coloma Court was shortlisted to participate in the Teaching Care Homes project and as part of the selection process a visit to the home was conducted on 21 February 2019. Eight homes had been initially shortlisted, and Coloma Court was successful in being selected as one of five in the UK making the final shortlist. The first workshop commenced on 9 and 10 April with three staff participating along with a representative of St Christopher's Hospice with whom the home is collaborating. The focus of the project will be the upskilling of care home nursing staff to prevent hospital admissions and to facilitate early discharge.

Coloma Court was assessed as part of the Gold Standard Framework (GSF) for end of life care on 20 June 2019. The assessment determined a total score of 69 out of a total possible 81 which qualifies the home for the highest award of Platinum status and is valid for 3 years. The home was shortlisted as a finalist by GSF as its Care Home of the Year award.



Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Achievements, Performance and Future Plans (continued)

Coloma Court embarked on a project working with The Health Innovation Network (HIN). The Academic Health Science Network for South London aims to accelerate the spread and adoption of evidence-based health innovations and best practice in resident care across South London.

HIN's Healthy Ageing Team are currently exploring methods of implementing Coordinate My Care (CMC) in care homes.

The primary aims of the CMC project are to:

- ◆ Test methods of implementing CMC in care homes
- ◆ Identify what works well and what are the challenges
- ◆ Review the implementation process and outcomes
- ◆ Spread the learning to all care homes in South London

During the year, in partnership with Dementia UK, we made an internal appointment to the role of Admiral Nurse at Maria Louise House our Care Home in Romsey, Hampshire, mirroring the role at Coloma Court. The focus of both roles is to improve and support the care of residents suffering from dementia and their families as well as supporting the knowledge of dementia and its care in the local community.

The trustees continue to seek ways to improve the care and support delivered to the Trust's residents and their families. In order to promote an engaged and holistic lifestyle for our residents, the Trust continued its work to strengthen the range and delivery of individualised and home-wide resident activities available within each of our homes.

The Trust continues to promote and support the development of its care home workforce skillsets by supporting the training of staff to achieve Registered Nurse and Associate Practitioner status. During 2019 trustees also recognised the need to develop the Care Home Manager of the future and, therefore, the charity is supporting the attainment of the Level 5 Registered Manager Award for Deputy Managers and Unit Managers within its care homes.

At all our homes, residents, families and staff are fully engaged and participating in a wide range of dementia research projects.

The Trust has continued to develop its range of community projects to impact on the increasing loneliness experienced by a significant number of the elderly who live alone, based around our care homes, with the homes reaching out to individuals referred to us by local service groups. Luncheon and activity groups continue to grow operating at no cost to participants, and staff members continue to visit referred elderly in their own homes, providing opportunities for human interaction and conversation.

During the year, a number of initiatives with schools local to our care homes have been maintained, with pupils interacting with residents around specific areas of the curriculum or projects.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Achievements, Performance and Future Plans (continued)

Our hospital in Grimsby, St Hugh's, has continued to integrate into the local NHS treatment provision, increasing direct NHS patient referrals via patient choice as well as supporting North Lincolnshire and Goole NHS Foundation Trust with its waiting list priorities.

St Hugh's presently has a Requires Improvement rating from the CQC and the Trust, its workforce and consultant partners continue to work to secure a Good CQC rating. Importantly, within the current rating, Care is judged to be Good and feedback from patients with regards to care and clinical outcomes remains extremely positive with the numbers of patients choosing St Hugh's for their diagnosis, treatment and care testament to this.

At our hospital in Swansea, Sancta Maria, the support of waiting list initiatives at the local Abertawe Bro Morgannwg University Health Board resulted in significant NHS work returning to the hospital which continued throughout 2019. Whilst this is welcomed, for the long term, the hospital continues to focus on developing private patient activity.

An MRI service established at the hospital utilising a mobile service whilst successful also added much needed additional capacity to the local healthcare provision. Whilst the Trust took every precaution when planning the service as the result of local objections, Swansea City Council determined that planning consent was required for the parking pad on which the visiting scanner parks when on site. A retrospective planning application failed as did the appeal and an enforcement notice was issued in late 2018 with the parking pad being removed in 2019 resulting in a service interruption. The Trust worked with Swansea University and since mid 2019 has been using the research scanner at the University for private patient scanning sessions.

The Trust continues to risk assess its existing accommodation and is investing to ensure that services are maintained at the highest level until the new hospital comes online in early 2021.

Our treatment outcomes and patient satisfaction ratings continued to be consistently above national comparators, indicating that patients are benefiting from, and value, the services they receive at the Trust's hospitals. These findings reflect the skills and commitment of all the Trust's workforce and its Consultant Partners. The trustees thank them both individually and collectively.

Investing in Buildings and Services

The development of a new state-of-the-art flagship hospital in Swansea is a priority for the Trust, and planning permission for the SA1 Waterfront development was approved in April 2018. A finance partnership was agreed with HSBC and formalised in early 2019. A tender process was conducted to secure a construction partner and Keir Construction Limited was appointed in late 2018, with construction commencing in March 2019.

Achievements, Performance and Future Plans (continued)

Investing in Buildings and Services (continued)



The impact of the Covid-19 pandemic and the implications of social distancing in the construction sector compounded by building materials and specialist equipment delays, again as a consequence of the pandemic, has resulted in a project delay of 17 weeks. We anticipate a revised handover of the building during mid-January 2021.

The Trust reached an agreement to purchase and extend, subject to planning, the care home it operates in Romsey. The planning process has been delayed because of nitrate levels in ground water run off polluting the Solent which is an issue affecting all planning applications in Hampshire. It is not known at the time of this report the length of this planning delay.

Planning consent was granted on appeal by Brackley Investments for a specialist Dementia Care Home to be constructed on land situated in Littlehampton, West Sussex. The Trust is in active negotiations with Brackley to lease and operate this new home with a prospective opening date in mid 2022.

The Trust further invested in St Hugh's Hospital by upgrading the quality of the air handling systems in the hospital's Endoscopy Suite as well as upgrading its processing and diagnostic equipment. A minor surgical suite was also created within the hospital's outpatient area to facilitate walk in walk out surgical treatments and procedures.

The Trust regularly monitors, and will bring forward when appropriate, opportunities to develop additional facilities on the sites of its existing care homes.

Wider Charitable Impact

In addition to the direct impact of the diagnosis, treatment and care the Trust provides in its homes and hospitals, the trustees have also considered how the impact the Trust makes within the wider field of health and social care might be extended.

Supporting other Health and Social Charities

The Trust supported the following charities during the year, delivering health and social care operational management and consultancy services. The Trust delivered some of this support on a pro bono basis and, when a charge was made to the receiving charity, this reflected a charitable subsidy supported from the Trust's operational surplus:

The Jesuits in Britain – Care Homes in Boscombe and Preston.

The Sisters of the Good Shepherd

The Sisters of Mercy of the Union of Great Britain - St Teresa's – Haverfordwest.

The Sisters of Mercy of the Union of Great Britain St Michael's Care Home and St Teresa

The Ursulines of Jesus - Stella Maris Care Home - Swansea.

The Sisters of the Cross and Passion - Cross and Passion Care Home - Lytham St Anne's.

The Daughters of the Holy Spirit - St Joseph's – Olney.

The Little Company of Mary

The Religious of the Assumption - St Catherine's – London.

The Poor Servants of the Mother of God - Francis Taylor Foundation.

The Canonesses of St Augustine

La Sainte Union - Bexleyheath

St John Ambulance

Research and Community Grant Funding

Whilst the Trust experienced a challenging year financially, the trustees felt that it was important to continue the charity's grant funding activities. Therefore, the Trust continued to fund research projects, currently focusing on projects in the field of dementia.

The following projects are currently supported:

- ◆ Alzheimer's Society/University of Sheffield – Keeping talking longer: speech therapy to help people living with dementia stay in conversation.
- ◆ Alzheimer's Society/University of Newcastle – Cognitive lifestyle & dementia: Investigating the impact of an active lifestyle on brain health over time.
- ◆ Alzheimer's Society/University of Southampton – Studying loss of connections between brain cells in the early stages of Alzheimer's disease.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Wider Charitable Impact

Research and Community Grant Funding

- ◆ Alzheimer's Society/University of Leeds – Excess iron and neurodegeneration in Alzheimer's disease: Studying a protein interaction that increases A β levels in the brain.

Community Development Grants

The Trust continued its support of the Swansea Musical Memories Choir for dementia sufferers and their carers, making an annual grant of £9,000 to support the running costs of this 60-member choir which meets 2 times per week.



The Trust renewed its grant funding of £30,000 per annum to Friendship at Home, a charity based in North East Lincolnshire befriending and supporting older people. The funding from the Trust has allowed Friendship at Home to continue to expand its services around combatting loneliness and isolation in the elderly, with a specific focus on dementia sufferers and their families.



Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Wider Charitable Impact (continued)

Community Development Grants (continued)

With financial help and services, the Trust's hospitals also support a number of homeless and other charities in their areas.

Promoting Health and Wellbeing

Promoting health and wellbeing is as important to the Trust as the funding of research and community grants. The Trust wants to contribute towards a healthier future for the geographical communities in which it works.

The Trust aims to make health and activity more accessible to all ages and abilities in the communities in which it operates through funding of health education for a healthy lifestyle, grass roots cycling, running and other sports coaching, promotion of community cycling rides and the support of the Swansea Half Marathon, plus other mass participation sports and recreational activity events.

The Trust has used its healthcare sponsorship and support of the professional women's Sarah Storey Racing Team and the HMT Hospitals Giant Junior Cycling Team in its work with adults and school children.



Wider Charitable Impact (continued)

Promoting Health and Well Being (continued)



Support of Go Ride Schemes for children aged 4-16 years in both Swansea and Lincolnshire has seen 5,000 healthy lifestyle coaching and support sessions delivered over the past year.



The establishment of positive lifestyle habits laying the foundations for a healthier older age starts with the young. The Trust's partners, including those in health and local government, acknowledge that this would not have happened without the leadership and funding that the Trust provides.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Financial Review

Headline results

- ◆ Net income/expenditure before losses/gains on investment: £0.1m (2018 – net income before losses on investment: £0.2m)
- ◆ Total income: £33.8m (2018: £32.5m)
- ◆ Total expenditure: £33.9m (2018: £32.3m)

The financial performance in 2019 whilst reporting a small deficit continues the turnaround from the disappointing results of 2017.

The trustees apply a close focus to the adequacy of the Trust's working capital and consider that its assets and available funds are adequate to fulfil its obligations.

The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) applicable to charities and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), in preparing the annual report and financial statements of the Trust. The financial statements comply with current statutory requirements and with the requirements of the Articles of Association.

Reserves

The trustees review the Trust's reserves position regularly to ensure that it has adequate funds to support its on-going work, taking into consideration the assets required to provide a high standard and quality of care for its service users, reasonable working capital and any unforeseen circumstances.

In the most recent review, in December 2019, the trustees considered it was appropriate to maintain the Trust's reserves policy of holding £3,000,000 of free reserves. As at 31 December 2019, largely for reasons of timing, the Trust had general (or free) reserves of £4,325,751. In addition, the Trust had designated reserves of £3,144 as a building and equipment reserve for Marie Louise House and £140,000 for the maintenance of the buildings at Coloma Court.

The trustees believe it appropriate for the Trust to hold free reserves in excess of the level stipulated in the reserves policy set out above given the challenges posed by Covid-19 and the higher level of intrinsic risk that exists in the period up to the opening and operation of the new hospital. Once the hospital is 'up and running', the trustees acknowledge that there will be a need to revisit the Trust's reserves policy to ensure it is still appropriate.

The trustees are confident that there is sufficient flexibility in the reserves to maintain and develop the Trust's operations.

Investments

The majority of the Trust's reserves have been invested with the support and advice of professional investment managers. The trustees have adopted an investment strategy with a "moderate" risk profile, with this risk being mitigated through diversification. The investment performance and investment strategy are monitored on a regular basis.

Financial Review (continued)

Risk management

The Board of Trustees has a responsibility to establish a risk management structure, policy and strategy for the Trust. In addition, the trustees review the high-level risks to the Trust at both strategic and operational levels.

Risks are identified and prioritised based on the likelihood of an event occurring and the impact of that event should it happen. All identified risks are recorded at either central or local level and these are reviewed informally on a continuous basis and formally biannually. Controls and mitigation strategies are identified for each risk to either reduce the impact or probability of the risk.

Key risks

The most significant risk facing the trustees is at present the implications surrounding the COVID-10 pandemic. This is covered by regular reviews of the current and predicted operating conditions between the trustees and the executive team.

Other material strategic risks include:

- ◆ Failure to follow an appropriate strategy.
- ◆ Shortage of suitably qualified staff.
- ◆ Serious clinical incident, which could have a serious negative impact on the Trust's reputation and, potentially, its finances.
- ◆ The continuing challenge of the economic climate and its impact on the Trust's patients and residents to self-fund treatment and care at its hospitals and care homes.
- ◆ Uncertainty generated by the pressures on the NHS.
- ◆ Below inflation increases in the rates reimbursed by local authorities for the care of local authority supported residents.
- ◆ Inflationary pressure on the English NHS Tariff.
- ◆ The continuity and sustainability of medicines, medical consumables and equipment sourced from the European Union.

Structure, Governance and Management

Constitution and principal aims

The Healthcare Management Trust is a registered charity, Charity Registration No 292880, established in 1985. The objects of the charitable company are detailed in the Memorandum of Association. The Trust is constituted as a company limited by guarantee. In the event of the charitable company being wound up during the period of membership or within the year following, company members, who are the trustees, are each required to contribute an amount not exceeding £5.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Structure, Governance and Management (continued)

Trustees

The trustees of the Trust, who constitute directors of the company for the purposes of company law, are appointed by resolution of the Board. The following served as members of the Board during the year:

Trustee	Appointed / Retired
J R Q Folliot Vaughan (Chairman)	
D G Jones	
N Draper	
M Gerold	
G Goldinger	
Dr L Roberts	
N E E Stephens DL	
Dr C Streater	
G Von Malachowski	

Secretary	Appointed / Retired
N Roissetter	

All trustees give their time voluntarily and receive no remuneration from the Trust in connection with their duties as trustees. J R Q Folliot Vaughan received £30,000 in respect of his services as Chairman. The financial information regarding trustees is shown on page 32.

The trustees regularly assess the skills mix within the Board. When it is considered that additional skills are required, a new appointment is made following detailed discussion. All trustees are provided with a "Trustee Manual". This is updated regularly and contains information about the governance and operations of the Trust. Trustees visit the Trust's hospitals and homes on a regular basis.

The trustees were supported during the year by Philip Jukes, who advised the Board and visited the hospitals and homes regularly.

Principal advisers

The names and addresses of the principal advisers to the Trust are listed on pages 1 and 2.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Structure, Governance and Management (continued)

Governance and key management personnel

The Trust achieves its aims through the provision of advice and management expertise to existing hospitals and care homes and, where appropriate, by the acquisition and operation of hospitals and care homes.

The trustees, who are responsible for the overall control of the Trust, meet regularly and receive detailed monthly management, clinical and other reports to retain effective control over the Trust and to supervise the Executive Management.

Senior staff manage the activities of the Trust. The following senior staff comprise the Executive Management and were in place at the date when the Annual Report and Financial Statements were approved or served during the financial year:

Mr Tony Barrett – Chief Executive

Mr Nigel Roissetter – Head of Finance

Ms Mair Williams – Director of Operations Care Homes

Mr Rob Douthwaite – Director of Clinical Services Hospitals (left our employment April 2020 – post currently vacant)

Dr Lorcan Sheppard – Medical Director

Ms Antoinette Edwards – Head of HR

The Board is supported by the Audit and Risk Committee which is chaired by Mr N E E Stephens DL and comprises Mr D Jones, Mr M Gerold and Mr G Von Malachowski.

Senior staff at the hospitals and care homes report to the Executive Management.

Control is exercised by a comprehensive system of financial planning, approvals, monitoring and reporting, backed up by accounting records which together provide the necessary level of financial control.

Key management personnel

The trustees consider that they, together with the Executive Management, the Hospital Directors and the Senior Managers at the Care Homes, comprise the key management of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis.

The remuneration of key management personnel is set and approved by the trustees. Remuneration is set in the context of market rates and industry benchmarks and is reviewed annually.

Equal opportunities

The Trust strives to be an Equal Opportunities Employer and applies objective criteria to assess merit. It aims to ensure that all job applicants and employees receive equal treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Structure, Governance and Management (continued)

Equal opportunities (continued)

Selection criteria and procedures are reviewed regularly to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees are given equal opportunity and, where appropriate and possible, special training to enable them to progress both within and outside the organisation. The Trust is also committed to providing a safe working environment for all staff.

The Trust has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting its performance. This is achieved through regular consultations with employees, including induction programmes, meetings and newsletters.

Volunteers

Pastoral care is provided, where possible, by religious Sisters and priests at the hospitals and homes, generally on a voluntary basis. Assistance is provided at some homes by "friends" organisations. There is no other dependence on voluntary help within the Trust.

Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the income and expenditure of the Trust 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard 102;
- ◆ Make judgements and estimates that are reasonable and prudent;
- ◆ State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2019

Structure, Governance and Management (continued)

Statement of trustees' responsibilities (continued)

Each of the trustees confirms that:

- ◆ So far as the trustee is aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- ◆ The trustee has taken all the steps that he or she ought to have taken as a trustee in order to make himself or herself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Signed on behalf of the trustees:

Trustee

Approved by the trustees on:

Independent auditor's report to the members of The Healthcare Management Trust

Opinion

We have audited the financial statements of The Healthcare Management Trust (the 'charitable company') for the year ended 31 December 2019, which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the 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 trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of trustees (continued)

In preparing the financial statements, the trustees are responsible for assessing the 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 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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Amanda Francis (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 31 December 2019

	Notes	Total funds 2019 £	Total funds 2018 £
INCOME AND EXPENDITURE ACCOUNT			
INCOME FROM:			
Donations and legacies		539	3,692
Investment income and interest receivable	1	279,435	542,643
Charitable activities			
. Healthcare establishment fees and related charges	2	33,526,869	31,926,486
Total income		33,806,843	32,472,821
EXPENDITURE ON:			
Raising funds			
Investment manager's fees		37,765	65,976
Financing costs	3	368	11,888
		38,133	77,864
Charitable activities			
Promotion and development of healthcare			
. Healthcare establishment expenses*	4	33,471,116	31,594,426
. Charitable grants	5	391,612	583,360
		33,862,728	32,177,786
Total expenditure		33,900,861	32,255,650
Net (expenditure) income before gains (losses) on investments	7	(94,018)	217,171
Net gains (losses) on listed investments	11	651,677	(419,496)
Net income (expenditure) for the year and net movement in funds		557,659	(202,325)
Reconciliation of funds:			
Balances brought forward at 1 January 2019		22,893,660	23,095,988
Balances carried forward at 31 December 2019	15	23,451,319	22,893,663

*Included within healthcare establishment expenses for the year to 31 December 2018 are expenses of £139,886 charged to restricted funds as shown in Note 18. No expenditure was charged to restricted funds in the year to 31 December 2019. All other income and expenditure in both of the above years was unrestricted.

All activities derived from continuing operations in each of the above two years.

Balance sheet 31 December 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible fixed assets	10	18,829,294	9,574,603
Investments	11	5,405,839	8,293,261
		<u>24,235,133</u>	<u>17,867,864</u>
Current assets			
Stocks	12	723,992	594,776
Debtors	13	3,080,238	2,428,060
Cash at bank and in hand		1,595,528	5,466,641
		<u>5,399,758</u>	<u>8,489,477</u>
Creditors: amounts falling due within one year	14	<u>(6,050,659)</u>	<u>(3,225,460)</u>
Net current (liabilities) assets		<u>(650,901)</u>	<u>5,264,017</u>
Total assets less current liabilities		23,584,232	23,131,881
Creditors: amounts falling due after one year	15	<u>(132,913)</u>	<u>(238,218)</u>
Total net assets		<u>23,451,319</u>	<u>22,893,663</u>
The funds of the Trust			
General funds		4,478,881	3,875,916
Tangible fixed assets fund	16	18,829,294	9,574,603
Designated funds	17	143,144	9,443,144
Restricted funds	18	—	—
		<u>23,451,319</u>	<u>22,893,663</u>

Approved by the trustees
and signed on their behalf by:

Trustee

Approved on:

The Healthcare Management Trust: A company limited by guarantee, Company Registration No. 01932882 (England and Wales)

Statement of cash flows Year to 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	2,901,315	(525,273)
Cash flows from investing activities:			
Investment income and interest received		279,435	493,087
Purchase of tangible fixed assets		(10,282,922)	(2,942,290)
Proceeds from the disposal of investments		3,842,689	8,245,525
Purchase of investments		(345,542)	(937,954)
Net cash (used in) provided by investing activities		(6,506,340)	4,858,268
Cash flows from financing activities:			
Interest paid		(368)	(11,888)
Repayments of borrowing		(294,000)	(166,036)
Repayments of finance leases		(44,422)	(10,028)
Net cash used in financing activities		(338,790)	(187,952)
Change in cash and cash equivalents in the year		(3,943,815)	4,145,043
Cash and cash equivalents at 1 January 2019	B	5,801,143	1,656,100
Cash and cash equivalents at 31 December 2019	B	1,857,328	5,801,143

Notes to the statement of cash flows for the year to 31 December 2019.

A Reconciliation of net movement in funds to net cash provided by (used in) operating activities

	2019 £	2018 £
Net movement in funds (as per the statement of financial activities)	557,659	(202,325)
Adjustments for:		
Depreciation charge	1,082,126	1,023,875
Gains (losses) on investments	(682,426)	413,252
Investment income and interest receivable	(279,435)	(536,399)
Interest payable	368	11,888
Loss on disposal of tangible fixed assets	32,251	8,998
(Increase) decrease in stocks	(129,216)	23,410
(Increase) decrease in debtors	(652,178)	(489,536)
Increase (decrease) in creditors	2,972,166	(778,436)
Net cash provided by (used in) operating activities	2,901,315	(525,273)

B Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,595,528	5,466,641
Cash held by investment managers	261,800	334,502
Total cash and cash equivalents	1,857,328	5,801,143

Principal accounting policies 31 December 2019

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 31 December 2019. Comparative information is provided in respect to the year to 31 December 2018.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Trust constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

The preparation of the accounts in compliance with SORP FRS 102 requires the use of certain critical accounting estimates. It requires also that management and trustees exercise judgement in applying the Trust's accounting policies.

In preparing these accounts, the trustees have made significant estimates and judgements in the following areas:

- ◆ Estimating the expected useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge;
- ◆ Estimating any provision for slow moving and/or obsolete stock;
- ◆ Estimating any provision for bad or doubtful debts;
- ◆ Estimating and recognising accrued expenditure; and
- ◆ Estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

As explained in the Trustees' Report accompanying these financial statements, subsequent to the year end, the Covid-19 pandemic has had a significant impact on health and social care within the United Kingdom and, consequently, on the charity and its work.

Assessment of going concern (continued)

In particular, it has resulted in increased expenditure in order to safeguard staff, residents and patients. At the same time, there has been a reduction in revenue due to falls in the normal occupancy levels at each of the Trust's care homes and a reduction in activity at the Trust's two hospitals due to the need prepare to receive Covid-19 positive patients. There have also been delays to the construction of the Trust's new hospital in Swansea.

The impact of the pandemic with its associated reduction in revenue and increase in costs has been actively managed. Whilst the trustees anticipate that there will be a negative impact on the Trust's reserves which may take several years to return to their pre-Covid levels, they are of the opinion that the Trust's financial position is strong and that it will be able to withstand the challenges presented by the pandemic. The trustees believe that the Trust will emerge from the pandemic in a stronger and more effective form.

In addition to the impact of Covid-19 on the Trust. Other significant factors which may affect the carrying value of the assets held by the Trust in the forthcoming year are:

- ◆ The proposed development of Sancta Maria Hospital, Swansea (as described in the Trustees' Report) will result in a significant increase in the net book value of tangible fixed assets. It is anticipated that the build will cost circa £23.5 million and will be reflected in the value of tangible fixed assets during the course of construction which, it is expected, will take more than one year;
- ◆ The above development will be financed through a bank loan with the balance of the cost being met from the Trust's own resources, including its investment portfolio; and
- ◆ The level of investment return and the performance of the investment markets (see the investment policy section of the trustees' report for more information).

The trustees of the Trust have concluded that none of the above give rise to material uncertainties that may cast significant doubt on the ability of the Trust to continue as a going concern. The trustees are of the opinion that the Trust will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above.

Scope

The accounts of the two owned hospitals and the two leased care homes are included in these accounts on a line-by-line basis.

Income recognition

Income is recognised in the period in which the Trust has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises healthcare establishment fees and related charges, donations and investment income and interest receivable.

Income from healthcare fees and related charges is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. It is measured at fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Income recognition (continued)

Consultant's fees, included within healthcare fees and related charges, are treated as income and expenditure for the Trust, except where the consultants bill the patients directly.

Donations are recognised when the Trust has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the Trust is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Trust and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the Trust is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the Trust.

Entitlement is taken as the earlier of the date on which either: the Trust is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Trust has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Trust, or the Trust is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the Trust.

Investment income is recognised once the dividend or similar payment has been declared and notification has been received of the amount due.

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

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Trust to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the Trust. This includes investment management fees and the costs associated with servicing loan finance.

Expenditure recognition (continued)

- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the Trust through the provision of its charitable activities. Such costs include the provision of healthcare in acute hospitals and care homes and the making of charitable grants and donations. Expenditure on charitable activities includes both direct costs and indirect support costs.

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued for but are disclosed as financial commitments in the notes to the accounts.

The provision of a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Trust that would permit the Trust to avoid making the future payments, settlement is probable and the effect of the discounting is material. The discount rate used is the average rate of investment yield in the year in which the grant is made. This discount rate is regarded by the trustees as providing the most current available estimate of the opportunity cost of money reflecting the time value of money to the Trust.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the Trust it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the Trust (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned to healthcare establishment expenses only.

Tangible fixed assets

Individual assets costing £1,000 or more, with an expected useful life exceeding one year, are capitalised at cost.

Certain freehold property is included in the accounts at a valuation determined during 1990 on the basis of existing use at that date. In accordance with the transitional provisions of Financial Reporting Standard 102, this valuation has not been updated and with effect from 1 January 2014 is deemed to be cost. All other freehold property and tangible fixed assets are included in the accounts at cost.

Principal accounting policies 31 December 2019

Tangible fixed assets (continued)

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

- ◆ Freehold buildings 2.5%
- ◆ Fixtures and fittings 10%
- ◆ Plant and machinery 15%
- ◆ Motor vehicles 33 $\frac{1}{3}$ %
- ◆ Other equipment 15-33%

Assets under construction are not depreciated. Once the asset has been completed, the cost thereof is reclassified under the appropriate asset category and depreciated in accordance with the rates set out above.

Plant and machinery includes hospital facilities such as operating theatres and related equipment.

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The Trust does not acquire put options, derivatives or other complex financial instruments.

As noted above, one of the main forms of financial risk faced by the Trust is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Stocks

Stocks of medical and sundry supplies comprising drugs, dressings and medical consumables are stated at the lower of cost and net realisable value. Provision is made against any slow moving or obsolete stock.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the Trust anticipates it will pay to settle the debt.

Fund structure

General funds represent income or generated for expenditure on the general objectives of the Trust.

The tangible fixed assets fund represents the net book value of the Trust's tangible fixed assets.

Designated funds represent monies or assets set aside by the trustees, out of general funds, for specific purposes.

Restricted funds represent monies to be applied for specific purposes in accordance with donors' wishes.

Leased assets

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight-line basis over the lease term.

Pension costs

Contributions in respect of both the Trust's defined contribution scheme and stakeholder pension scheme are charged to the statement of financial activities in the period in which they become payable to the scheme.

In August 2014, all eligible members of staff (not already contributing to an eligible scheme) were required to be auto-enrolled in a workplace pension scheme. Employer contributions to the scheme are charged to the statement of financial activities in the year in which they are payable.

1 Investment income and interest receivable

	Unrestricted funds	
	2019 £	2018 £
Interest receivable	—	2
Income from listed investments	279,435	542,641
	279,435	542,643

2 Healthcare establishment fees and related charges

	Unrestricted funds	
	2019 £	2018 £
Management and consultancy fees	124,759	145,515
Hospital fees and related charges	26,239,884	24,937,239
Nursing and residential home fees and related charges	7,162,226	6,843,732
	33,526,869	31,926,486

Management and consultancy fees represent moneys receivable by the Trust under agreements for the management of care homes owned by independent third parties and from consultancy studies carried out for independent hospitals and care homes.

3 Financing costs

	Unrestricted funds	
	2019 £	2018 £
Interest payable on bank loans, overdrafts and other loans	368	11,888

4 Healthcare establishment expenses

	Unrestricted funds	
	2019 £	2018 £
Staff costs (note 8)	13,939,252	13,020,826
Premises and equipment	3,847,515	3,436,825
Medical and welfare	13,048,142	12,782,930
Governance costs (note 6)	96,468	113,589
Other expenses	2,539,739	2,240,256
	33,471,116	31,594,426

5 Charitable grants

The Trust authorised the following grants payable during the year ended 31 December 2019:

	2019 £	2018 £
In support of medical/social research		
Admiral Nurses	100,402	100,964
Swansea University – enhancing person-centred care and wellbeing for older residents with dementia through intergenerational practice	—	42,791
University of Stirling – personalised physical activity for people with dementia and creating a care band	—	36,407
Alzheimer’s Society (University of Southampton) – studying loss of connections between brain cells in the early stages of Alzheimer’s disease	28,318	28,318
Alzheimer’s Society (University of Leeds) – excess iron and neurodegeneration in Alzheimer’s disease	28,278	28,278
Alzheimer’s Society (University of Sheffield) – speech therapy to help people living with dementia stay in the conversation	22,993	—
University of Stirling – researching personalised physical activity for people with dementia	—	24,866
Alzheimer’s Society (University of Newcastle) – cognitive lifestyle and dementia	23,372	23,372
Swansea University – understanding and improving emotional wellbeing of older care home residents	20,091	—
Charitable donations and share of surplus (note 19)	168,158	298,364
Total	391,612	583,360

In addition to the above grants payable, at 31 December 2019 the trustees had made grant offers totalling £140,480 (2018: £294,954). As the payment of these grants is subject to certain specific conditions, they have not been accrued for in these accounts.

6 Governance costs

	Unrestricted funds	
	2019 £	2018 £
Internal audit	20,482	20,310
External audit, committee and other costs	75,986	93,279
	96,468	113,589

7 Net (expenditure) income before gains (losses) on investment

This is stated after charging:

	Unrestricted funds	
	2019 £	2018 £
Staff costs (note 8)	13,939,252	13,020,826
External auditor's remuneration		
· Audit services – current year	33,600	33,000
· Audit services – prior year	6,953	—
· Other services – taxation and advisory services	3,300	34,020
Depreciation	1,082,126	1,023,875
Operating lease rentals	507,935	500,296
Hire of plant and machinery	547,387	243,956

8 Staff costs and trustees' remuneration

	2019 £	2018 £
Staff costs during the year were as follows:		
Wages and salaries	11,504,965	10,764,746
Social security costs	1,081,879	931,003
Other pension costs	409,210	364,620
Apprenticeship levy	42,472	30,812
Payments to employed staff	13,038,526	12,091,181
Payments to agency staff	900,726	929,645
	13,939,252	13,020,826

Payments to agency staff during the year reflect the national shortage of nursing staff seeking permanent employment.

The average number of employees, including agency staff, was:

	Full time equivalents		Headcount	
	2019	2018	2019	2018
Healthcare services	394	399	522	482

The number of employees who earned £60,000 per annum or more (including taxable benefits, but excluding employer's pension contributions) during the year was as follows:

	2019	2018
£60,001 - £70,000	4	2
£70,001 - £80,000	2	1
£80,001 - £90,000	3	2
£90,001 - £100,000	1	2
£100,001 - £110,000	2	2
£110,001 - £120,000	1	—
£130,001 - £140,000	—	1
£140,001 - £150,000	1	1
£170,001 - £180,000	2	—

8 Staff costs and trustees' remuneration (continued)

Employer contributions are made to money purchase schemes in respect to 16 (2018: 11) of those employees who earned £60,000 or more during the year. Total employer contributions to money purchase schemes in respect of such employees during the year amounted to £163,651 (2018: £80,360).

No trustee received any remuneration in respect of their services as trustees during the year (2018: none). During the year, with the approval of the Charity Commission, J R Q Folliott Vaughan received £30,000 in respect to management services provided to the Trust (2018: £30,000).

Expenses in connection with travel and subsistence were reimbursed to 5 (2018: 6) trustees during the year and amounted to £4,220 (2018: £1,539).

The Trust has purchased insurance to protect itself from any loss arising from the neglect or defaults of its trustees, employees and agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the Trust during the year totalled £10,915 (2018: £8,800) and provides cover of up to a maximum of £5 million (2018: £5 million).

The key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis comprise the trustees, the Executive Management, the Director at each of the of the Hospitals and the Senior Manager at each of the care homes. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £1,157,156 (2018: £1,202,054).

9 Taxation

The Healthcare Management Trust is a registered Trust and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

10 Tangible fixed assets

	Freehold property £	Assets under construction £	Fixtures and fittings £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2019	5,345,211	1,963,444	3,100,772	9,478,612	12,480	19,900,519
Additions	77,449	8,798,419	738,438	754,762	—	10,369,068
Disposals	—	—	—	(83,507)	—	(83,507)
At 31 December 2019	<u>5,422,660</u>	<u>10,761,863</u>	<u>3,839,210</u>	<u>10,149,867</u>	<u>12,480</u>	30,186,080
Cost	4,172,660	10,761,863	3,839,210	10,149,867	12,480	28,936,080
Deemed cost: Valuation – 1990	1,250,000	—	—	—	—	1,250,000
	<u>5,422,660</u>	<u>10,761,863</u>	<u>3,839,210</u>	<u>10,149,867</u>	<u>12,480</u>	30,186,080
Depreciation						
At 1 January 2019	1,640,746	—	1,290,394	7,390,616	4,160	10,325,916
Charge for year	92,182	—	195,573	790,211	4,160	1,082,126
On disposals	—	—	—	(51,256)	—	(51,256)
At 31 December 2019	<u>1,732,928</u>	<u>—</u>	<u>1,485,967</u>	<u>8,129,571</u>	<u>8,320</u>	11,356,786
Net book values						
At 31 December 2019	<u>3,689,732</u>	<u>10,761,863</u>	<u>2,353,243</u>	<u>2,020,296</u>	<u>4,160</u>	18,829,294
At 31 December 2018	<u>3,704,465</u>	<u>1,963,444</u>	<u>1,810,378</u>	<u>2,087,996</u>	<u>8,320</u>	9,574,603

As explained in Note 22, the Trust has a development overdraft facility with HSBC Bank plc which will convert to a loan on practical completion of the new Sancta Maria Hospital. This arrangement is secured by way of legal charges over development plots A15 and A16 Langdon Road, Swansea, SA1, Sancta Maria Hospital, Ffynone Road, Swansea SA1 6DF and St Hugh's Hospital, Peaks Lane, Grimsby, DN32 9RP, as well as fixed and floating charges over all property of the Trust.

Certain freehold property included above was revalued in 1990 at an existing use valuation of £1,250,000. Had it not been revalued, it would have been included on the historical cost basis at the following amounts:

	£
Cost	1,023,209
Accumulated depreciation	(656,822)
Net book amount at 31 December 2019	366,387
Net book value at 31 December 2018	391,967

As permitted under the transitional arrangements within Financial Reporting Standard 102, the Trust has continued to adopt a policy of not revaluing tangible fixed assets. It is likely that there are material differences between the open market values of the Trust's land and freehold properties and their book values. These arise from the specialised nature of some of the properties and the effects of inflation. The amount of such differences cannot be ascertained without incurring significant costs which, in the opinion of the trustees, is not justified in terms of the benefits to the users of the accounts.

10 Tangible fixed assets (continued)

At 31 December 2019 the Trust had capital commitments in respect to the construction of the new hospital in Swansea of £16,300,000 (2018: £nil).

11 Fixed asset investments

	2019 £	2018 £
Listed investments		
Market value at 1 January 2019	7,958,759	15,680,730
Additions at cost	345,542	937,954
Disposals at carrying value (proceeds: £3,842,689; gains: £231,980)	(3,610,709)	(8,052,278)
Net unrealised investment gains (losses)	450,447	(607,648)
Market value at 31 December 2019	5,144,039	7,958,759
Cash held by investment managers for re-investment	261,800	334,502
	5,405,839	8,293,261
Cost of listed investments at 31 December 2019	4,179,879	6,887,927

All listed investments were dealt in on a recognised stock exchange. Listed investments held at 31 December 2018 comprised the following:

	2019 £	2018 £
UK Managed funds	3,031,335	4,326,333
Overseas Managed funds	175,352	254,712
UK Bonds	467,768	986,918
Overseas Bonds	287,302	412,788
UK Equities	537,390	1,153,778
Overseas Equities	511,312	706,597
Commodities	133,580	117,633
	5,144,039	7,958,759

At 31 December 2019 the following individual investment holdings were deemed material holdings in the context of the market value of the entire listed portfolio as at that date:

Holding	Market value of holding £	% of total portfolio %
DB X-Trackers FTSE All Share	764,021	15%
Vanguard Investments FTSE All Share Index Inc	623,393	12%
Mayfair Capital Investment Management - Property Income Trust for Charities	358,182	7%
Rathbone Unit Trust Mgmt - High Quality Bond S Distribution	304,980	6%
Prusik Investment Management UCITS – Asian Eq. Inc. U Unhdg	327,184	6%
Polar Capital Fund Gbl Convertible S Inc	246,850	5%

Notes to the accounts 31 December 2019

12 Stocks

	2019 £	2018 £
Drugs, dressings and consumables	697,719	564,750
Other	26,273	30,026
	723,992	594,776

13 Debtors

	2019 £	2018 £
Fees and related charges	2,075,190	1,597,127
Other debtors	26,908	10,042
Prepayments and accrued income	978,140	820,891
	3,080,238	2,428,060

Prepayments include £210,000 being a deposit paid in respect to the prospective purchase of the freehold of Marie Lousie House Care Home. The purchase is conditional on obtaining planning permission to extend the home and requires the prior approval of HSBC Bank plc.

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Expense creditors	2,198,211	1,766,864
Social security and other taxes	279,619	253,785
Sancta Maria construction creditors	2,623,421	—
Other creditors	67,471	98,133
Accruals and deferred income	822,695	900,469
Bank loan repayable within one year (note 15)	—	166,095
Finance lease repayable within one year	59,242	40,114
	6,050,659	3,225,460

Sancta Maria construction creditors include £1,1792,324 being a retention in respect to the construction contract.

15 Creditors: amounts falling due after one year

	2019 £	2018 £
Bank loan repayable (see below)	—	127,905
Finance lease repayable (see below)	132,913	110,313
Total	132,913	238,218

Finance lease

	2019 £	2018 £
Amounts due:		
Within one year (note 14)	59,242	40,114
Between one and two years	59,242	40,114
Between two and five years	73,671	70,199
	132,913	110,313
	192,155	150,427

15 Creditors: amounts falling due after one year (continued)

Bank loan

	2019 £	2018 £
Amounts due:		
Within one year (note 14)	—	166,095
Between one and two years	—	127,905
Between two and five years	—	—
	—	127,905
	—	294,000

On 11 March 2015, the Trust signed a tailored business loan agreement with Clydesdale Bank plc for a loan of £800,000 towards the cost of the development of St Hugh's Hospital. The loan was subject to a fixed interest rate of 3.05% and for a period of 5 years from drawdown i.e. 3 August 2015. In early 2019, the loan was repaid in full ahead of the original repayment plan.

16 Tangible fixed assets fund

	Total 2019 £	Total 2018 £
At 1 January 2019	9,574,603	7,503,482
Net movement in the year	9,254,691	2,071,121
At 31 December 2019	18,829,294	9,574,603

The tangible fixed assets fund represents the net book value of the Trust's tangible fixed assets.

17 Designated funds

The unrestricted funds of the Trust include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific reasons or purposes:

	At 1 January 2019 £	New designations £	Released or utilised £	At 31 December 2019 £
Marie Louise House building and equipment reserve	3,144	—	—	3,144
Coloma Court building reserve	140,000	140,000	(140,000)	140,000
Grant making reserve	300,000	—	(300,000)	—
Sancta Maria redevelopment reserve	9,000,000	—	(9,000,000)	—
	9,443,144	140,000	(9,440,000)	143,144

	At 1 January 2018 £	New designations £	Released or utilised £	At 31 December 2018 £
Marie Louise House building and equipment reserve	243,915	—	(240,771)	3,144
Coloma Court building reserve	—	140,000	—	140,000
Grant making reserve	600,000	—	(300,000)	300,000
Sancta Maria redevelopment reserve	9,000,000	834,811	(834,811)	9,000,000
	9,843,915	974,811	(1,375,582)	9,443,144

17 Designated funds (continued)

The Marie Louise House building and equipment reserve represents moneys set aside to finance the future purchase of equipment, and the repair and maintenance of the buildings occupied by the Trust, at Marie Louise House, Romsey.

The Coloma Court building reserve represents moneys set aside to finance the repair and maintenance of the buildings occupied by the Trust at Coloma Court Care Home, West Wickham.

The grant making reserve represented funds set aside for making grant offers in future accounting periods.

The Sancta Maria redevelopment reserve represented funds set aside to part finance the building of a new hospital in Swansea. The total planned cost of the building is £22,800,000. The Trust intends to obtain loan finance to part-finance the building project (see note 23).

18 Restricted funds

During the year ended 31 December 2019, the Trust received no income restricted to a specific purpose. There were no restricted fund balances brought forward at 1 January 2019 or carried forward at 31 December 2019.

In the prior year, the Trust had brought forward restricted funds of £139,886 at 1 January 2018, which were expended in full during the year ended 31 December 2018.

18 Analysis of net assets between funds

	General funds £	Tangible fixed assets fund £	Designated funds £	Total 2019 £
Tangible fixed assets	—	18,829,294	—	18,829,294
Investments	5,405,839	—	—	5,405,839
Net current (liabilities) assets	(794,045)	—	143,144	(650,901)
Creditors: Amounts falling due after one year	(132,913)	—	—	(132,913)
	4,478,881	18,829,294	143,144	23,451,319

	General funds £	Tangible fixed assets fund £	Designated funds £	Total 2018 £
Tangible fixed assets	—	9,574,603	—	9,574,603
Investments	(1,006,739)	—	9,300,000	8,293,261
Net current assets	5,120,873	—	143,144	5,264,017
Creditors: Amounts falling due after one year	(238,218)	—	—	(238,218)
	3,875,916	9,574,603	9,443,144	22,893,663

18 Analysis of net assets between funds

The total unrealised gains as at 31 December 2019 constitute a revaluation reserve as defined by the Companies Act 2006. Movements in unrealised gains during the year were as follows:

	2019 £	2018 £
Unrealised gains included above:		
On listed investments	964,160	1,070,832
On freehold property	81,209	86,879
Total unrealised gains at 31 December 2019	1,045,369	1,157,711
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2019	1,157,711	3,259,079
Difference between historical cost realised gains/losses on listed investments and the actual realised gains/losses thereon calculated on the revalued amounts	(568,459)	(1,499,390)
Unrealised gains (losses) on listed investments arising in the year	450,447	(607,648)
Difference between the depreciation charge based on historic cost and that based on the revalued amounts	5,670	5,670
Total unrealised gains at 31 December 2019	1,045,369	1,157,711

19 Share of surplus and donations to charities

The lease agreement for Coloma Court Care Home stipulates that the Daughters of Mary and Joseph will receive a share of the surplus in respect of the nursing home operations equal to 50% of the net surplus. The 2019 share amounted to £nil (2018: £149,353).

The lease agreement for Marie Louise House stipulates that the Daughters of Wisdom will receive a share of the surplus in respect of the nursing home operations equal to 50% of the net surplus. The 2019 surplus amounted to £70,667 (2018 : £95,731).

Further donations amounting to £97,491 (2018: £372,006) were made to various other charitable organisations and beneficiaries.

20 Pensions

The Trust operates a defined contribution scheme for the benefit of the employees and contributes both to personal pension plans, stakeholder pension plans of individual employees and the NEST auto-enrolment scheme. During the year total contributions made by the Trust were £407,934 (2018: £364,620) of which £239,185 (2018: £213,970) were to the NEST auto-enrolment scheme and £168,749 (2018: £150,650) were to the defined contribution scheme.

21 Leasing commitments

Operating lease payments amounting to £413,939 (2018: £367,356) are due within one year. The leases to which these amounts relate expire as follows:

	Land and buildings		Other	
	2019 £	2018 £	2019 £	2018 £
Operating leases which expire:				
. Within one year	337,003	397,556	76,936	69,800
. Within two to five years	1,349,613	1,200,003	211,531	266,604
. In more than five years	400,313	629,063	49,091	114,546
	2,086,929	2,226,622	337,558	450,950

22 Post balance sheet events

Sancta Maria Hospital new build

As explained in the trustees' report and in note 17 to these accounts, the Trust is to build a new hospital in Swansea to replace the existing Sancta Maria Hospital. Kier Construction Ltd commenced work on site in April 2019 with practical completion due in January 2021. It is anticipated that the project will cost approximately £27.1 million. The cost will be financed through a development overdraft facility which converts to a term loan at practical completion of £11.5 million from HSBC Bank plc, an equipment financing package of £3 million, with the balance coming from the reserves of the Trust. The worldwide outbreak of the Coronavirus pandemic will have a significant impact on the Trust's trading activity and financial performance in 2020. As a consequence of this uncertainty, HSBC have waived the testing of the financial covenants on the loan until the quarter after practical completion of the new hospital is achieved.

At 31 July 2020, of the HSBC development overdraft facility of £11.5m, £4.2m had been drawdown.

23 Related party transactions

A relative of Ashley Brown, the Hospital Director at St Hugh's Hospital, Grimsby is the owner of David Brown Designs, a business specialising in joinery, carpentry and similar trades. During the year, there were no transactions with David Brown Designs (2018: services provided with a value of £35,597). At 31 December 2019, there were no outstanding balances with David Brown Designs (2018: David Brown Designs owed the Trust £1,853).

Details of transactions between the Trust and its trustees in respect to the reimbursement of expenses and the remuneration of the Chairman are given in note 8 to these accounts.

There were no further related party transactions during the year (2018: none).