

**Company Registration Number 03052242**

**Charity Number 1046624**

**HORDER HEALTHCARE**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2020**

# HORDER HEALTHCARE

## LEGAL AND ADMINISTRATIVE INFORMATION

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### **Board of directors**

The directors who served during the period were:

Dr C E Bell  
Mrs S E Brown (retired 28 November 2019)  
Mrs R Cunningham Thomas  
Mr S L Dance (Chair)  
Mr P A Flamank  
Dr S J Grieve (Chair) (retired 28 November 2019)  
Mrs J Grover (nee Ebert)  
Mrs A L Parker  
Mr P J Soer  
Mr J W Turner  
Dr R J Tyler (Chief Executive)  
Dr D W Yates

### **Company secretary**

Mr H I Hatfield

### **Chief executive**

Dr R J Tyler

### **Honorary President**

Mr S C Gallannaugh

### **Registered office**

The Horder Centre  
St John's Road  
Crowborough  
East Sussex  
TN6 1XP

### **Professional advisor**

The charity's principal professional advisors include the following:

#### **Bankers**

Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

#### **Independent auditor**

RSM UK Audit LLP  
25 Farringdon Street  
London  
EC4A 4AB

#### **Solicitor:**

Cripps Pemberton Greenish  
Number 22  
Mount Ephraim  
Tunbridge Wells  
Kent  
TN4 8AS

# HORDER HEALTHCARE

## BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

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The Directors (who are also trustees of the charity for the purposes of the Charities Act) present their annual report together with the audited consolidated financial statements of Horder Healthcare (the Company) for the year ended 30 June 2020. The Board of Directors confirm that the Annual Report and financial statements of the Company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", (as amended for accounting periods commencing from 1 January 2019). The report and statements also comply with the Companies Act 2006 as Horder Healthcare is a company limited by guarantee.

### Status

Horder Healthcare is a charity, founded in 1954, and operates two acute hospitals – The Horder Centre in East Sussex, a renowned provider of orthopaedic and musculoskeletal (MSK) services, and The McIndoe Centre in West Sussex, which focuses on plastic reconstructive and maxillo-facial surgery and ophthalmology services and also undertakes orthopaedic and pain management work. Services at The Horder Centre are supported by clinics located in Seaford and Eastbourne.

Horder Healthcare is a charitable company limited by guarantee established under a Memorandum of Association and governed by its Articles of Association. Horder Healthcare has two wholly owned subsidiary companies:

#### McIndoe Healthcare Services Limited

Prior to the acquisition of The McIndoe Centre in 2015, the previous owners of The McIndoe Centre had registered a number of companies in order to protect the McIndoe name – McIndoe BVI Limited, McIndoe Consultants Limited, McIndoe Cosmetic Limited, McIndoe Eyes Limited, McIndoe Hospital Limited, McIndoe International Limited and McIndoe TV Limited. Horder Healthcare brought these together under the umbrella of McIndoe Healthcare Services Limited (Company Registration Number 09846138), which was incorporated on 28 October 2015. The intermediate holding company and the seven subsidiary companies remain dormant and non-trading.

#### Horder MSK Limited

Horder MSK Limited (Company Registration No. 09182301) was incorporated on 19 August 2014. Horder MSK Limited participates in a not for profit consortium comprised of Sussex Community NHS Foundation Trust, Care Unbound Limited (trading as Here) and Sussex Partnership NHS Foundation Trust. The consortium (Sussex MSK Partnership) was formed to provide musculoskeletal services to the Clinical Commissioning Groups of Central and East Sussex.

Horder MSK Limited holds a 50% share in a joint venture, SMSKP2 Limited that holds the head contract to provide MSK services to the East Sussex CCGs of High Weald Lewes Havens and Eastbourne Hailsham & Seaford. Horder MSK Limited also held a 50% share in a joint venture, SMSKP1 Limited, however this dormant company was formally dissolved on 1 October 2019.

Based on this, these financial statements consolidate the results of the charitable company and of its wholly owned subsidiary Horder MSK Limited on a line by line basis together with its joint venture SMSKP2 Limited using the Equity method.

### Objective

Horder Healthcare's charitable purpose is to advance health, and the relief of patients suffering from ill health. Its mission is to be a leading provider of high quality healthcare services, demonstrably improving patients' health and striving to make a positive difference to people's lives. The Charity's vision is to demonstrate its purpose through the provision of outstanding healthcare, and support to the wider community through investment in training, research and community wellbeing.

The Directors have referred to the Charity Commission's general guidance on public benefit when reviewing the Company's vision and objectives and in planning future activities. In particular, the Directors consider how planned activities and the management of resources will provide maximum 'benefit'.

# HORDER HEALTHCARE

## BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

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### Board of Directors

Under the Articles of Association, the Board of Directors (the Board) is elected by a vote of the current members.

The members of the Board who served during the year are set out on the Legal and Administrative Information page at the front of these financial statements.

In accordance with the Articles of Association, at the General Meeting on 28 November 2019 Dr C E Bell and Mr S L Dance retired from the Board and being eligible were re-elected. Mrs S E Brown OBE and Dr S J Grieve also retired from the Board.

As a result of the retirement of Dr S J Grieve, a process was undertaken for the appointment of a new Chairman. Mr S L Dance was subsequently appointed as Chairman.

Dr R J Tyler, Mr P J Soer and Mrs R Cunningham-Thomas will retire by rotation at the next General Meeting and being eligible offer themselves for re-election.

### Directors and governance

#### Appointment, training and induction

The Board may appoint replacement or additional directors at any time. There is a detailed Recruitment Policy in place, which describes the process for publishing the vacancy, the interview and selection process, and the steps taken prior to the new Director taking up their role. These include the completion of a Disclosure and Barring Service (DBS) check; completion of a 'Fit and Proper Person' Self-Declaration; and checks of the Bankruptcy Register, the Disqualified Directors' Register and the Register of Removed Trustees. Satisfactory references are also sought.

New Directors undergo a comprehensive induction, which includes time spent at each Horder Healthcare site, meetings with members of the Executive Team and the provision of an induction 'pack' of background and guidance documents, including those relevant to a registered charity.

Training to enhance skills and knowledge is encouraged for all Directors. Details of trustee training courses (new and refresher) are circulated together with other topics of interest.

The Board meets formally usually up to nine times a year in addition to the General Meeting, a strategy/planning day and any ad-hoc workshops and meetings. The Board is responsible for setting strategy and ensuring resources to achieve those strategic aims; monitoring the performance of the Executive Team; and overseeing and ensuring that robust governance and risk management systems are in place.

#### Board Committees

In addition to the Board meeting there are Remuneration, Finance and Resource, Audit and Clinical Governance committees in place which meet up to four times a year, each working within a constitution agreed by the main body.

#### Executive Management

The Board has appointed a senior Executive Team to manage the activities of the Charity and to ensure that the Charity's operational plans are implemented. The Board has established a framework of delegated authority levels for these officers.

# HORDER HEALTHCARE

## BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

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### Directors' Insurance

Horder Healthcare maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the charitable Company based on the indemnity limit of £10,000,000. The total premium paid during the year in relation to this policy was £5,600.

### **Our Performance**

The Charity continues to offer a wide range of services benefiting a significant number of people. At the end of the financial year 2020, 6,099 procedures had been performed, 20,856 outpatient consultations undertaken, and 45,224 physiotherapist and extended scope practitioner appointments held (including attendances at health and fitness classes) across Horder Healthcare's four locations in Crowborough, East Grinstead, Eastbourne and Seaford. (It should be noted that the figures are for the nine months to 31 March 2020. Routine elective activity ceased on 20<sup>th</sup> March 2020 in response to the Covid-19 crisis).

From 23<sup>rd</sup> March 2020, the organisation was commissioned by NHS England to provide additional capacity to support the NHS during the Covid-19 crisis. The Horder Centre supported Maidstone and Tunbridge Wells NHS Trust by treating orthopaedic trauma patients. The McIndoe Centre supported the Queen Victoria NHS Foundation Trust by treating all of their trauma patients. More widely, the organisation supported Crowborough Town Council by hosting a helpline for residents.

Horder Healthcare continues to hold a number of NHS acute contracts with commissioners, providing a broad range of MSK services, through contractual arrangements and the Patient Choice mechanism. Horder Healthcare also holds contracts with Private Medical Insurance (PMI) companies in addition to providing services to self-paying patients.

Horder Healthcare has continued to deliver a high quality of service throughout 2019/20 with some of its key achievements including:

- Maintaining an "Outstanding" Care Quality Commission (CQC) rating for The Horder Centre, and a "Good" rating for The McIndoe Centre.
- Continuing to report higher than national average post-surgery outcome scores for Patient Related Outcome Measures (PROMS) for both hip and knee replacements.
- The development, in conjunction with Sussex MSK Partnership East, of highly specialised physiotherapist roles to assist with Physiotherapy Improvement Projects (PIPs), bridging the career gap between senior physiotherapists and Advanced Practitioners (APs).
- Maintaining VTE (venous thromboembolism) exemplar status at The Horder Centre.
- Almost 100% (99.6%) compliance with reporting to the National Joint Registry (NJR)\*.
- Over 97% of patients rated their experience with Horder Healthcare as excellent or very good\*.
- Over 98% of all patients were likely or very likely to recommend Horder Healthcare to friends and family\*.
- Funding valuable research into blood and plasma titanium levels associated with hip implants.

*\*The results above marked \* relate to the period 1 April 2019 to 31 March 2020 and have been extracted from Horder Healthcare's Quality Account for 2020, with the percentages based on responses received. This document is published annually and describes Horder Healthcare's non-financial performance under the Care Quality Commission (CQC) domains of safe, caring, responsive, effective and well-led. A copy of this report, which contains more information about all of the above achievements, can be obtained from our website, at <https://www.horderhealthcare.co.uk/media/3502/horder-healthcare-quality-account-2020-final.pdf>*

# HORDER HEALTHCARE

## BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

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### Key Performance Indicators

Horder Healthcare monitors its performance using a wide range of indicators from across the business. As a healthcare provider, these include quality and outcome measures, as well as financial indicators. An example of these is shown below, with detailed quality indicators included in the previous section of this report.

The cessation of routine activity during March 2020 makes a year-on-year comparison difficult. However, Horder Healthcare continues to be a significant provider of both elective surgery and physiotherapy and maintains an excellent patient satisfaction rate.

	2019/20	2018/19
<b>Activity*</b>		
Number of Procedures	6,099	6,874
Outpatient Consultations	20,856	23,512
Physiotherapy Appointments	27,411	28,116
Health & Fitness Class Attendances	17,813	18,027
<b>Quality*</b>		
Patient Satisfaction Rate	100%	99%
Friends & Family Recommendation Rate	99%	99%
<b>Financial</b>		
Total Income	£29,171,000	£29,159,000

*\*For the 9m to 31 March 2020*

### Principal Risks and Uncertainties

Horder Healthcare recognises that risk management is an integral part of good management practice and is part of the organisation's culture. The Board has overall responsibility for ensuring systems and controls are in place, sufficient to mitigate any significant risks which may threaten the achievement of Horder Healthcare's organisational objectives.

In addition, the Board has appointed Crowe (UK) LLP to fulfil the internal audit function and undertake periodic reviews in line with a programme of internal audits determined by the Audit Committee. Reports are issued to and reviewed by the Audit Committee.

Assurance is the bedrock of evidence that gives confidence that risk is being controlled effectively, or conversely, highlights that certain controls are ineffective or there are gaps that need to be addressed. It is important therefore that the scope of the assurances is set in the context of the organisation's strategic objectives:

1. Safe
2. Solvent
3. Sustainable

All staff have a responsibility for identifying actual or potential hazards and risks and reporting/escalating issues in accordance with the Risk Management Policy and Horder Healthcare's Incident Reporting Policy. Within Horder Healthcare, strategic risks are identified by the Board and Executive through horizon scanning.

Operational risks are identified from incidents or near misses reported on the Datix risk management system or from internal audits (e.g. health and safety, infection control), external audits (e.g. CQC, BSI, CCG, PLACE etc.) or risk assessments.

All risks have 'controls' and 'assurances' recorded against them, or have plans to put them in place. These are reviewed by the Executive team weekly, and by the Senior Management team on a monthly basis and also the Board.

# HORDER HEALTHCARE

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Horder Healthcare has identified a number of key risks this year both internally and from the external environment. Internally we have seen an increase in risk to business interruption due to the potential loss of IT systems and cyber security. A significant piece of work has started, and will continue into the new financial year, to ensure that IT systems and infrastructure are robust, fit for purpose and future proofed, to mitigate this risk as far as possible.

The other key risk internally is lack of availability of clinical staff for recruitment. Although this has been well managed and safe staffing levels maintained, it remains a significant risk for the future.

The most significant risk to have impacted the organisation, towards the end of this reporting period is, of course, that resulting from the Covid-19 pandemic. There were, and continue to be, a number of risks in respect of the immediate operational delivery of services; the longer-term impact clinically, financially and operationally will continue to be monitored and addressed over the coming months (see 'Future Developments' below).

Despite the disruption caused to the organisation as a result of the pandemic, focus has been maintained on risk management processes and controls.

### Financial review

The original five year recovery plan presented to the Board in July 2018 forecast a return to surplus for Horder Healthcare by 2022/23 (Year 5). 2019/20 represented year 2 and assumed a £2m deficit prior to any mitigation. The robust action taken during 2018/19 enabled the 2019/20 budget to be set with an opening deficit of £423k, an improvement of nearly £1,600k on the initial trajectory.

The aim, therefore, was to achieve a balanced budget for 2019/20 through the delivery of a Financial Recovery Plan (FRP) to "bridge" the £432k financial gap. The 2019/20 FRP was set with a stretch target of £1,030k, over 80% of which related to growth in private patient income, with the balance being expenditure saving schemes.

Throughout 2019/20 regular financial reviews were undertaken between Finance and Budget Managers, to ensure expenditure control and FRP delivery. This approach was successful and by February 2020 Horder Healthcare had delivered a £317k surplus, Year to Date, which was £640k better than budget. This was driven largely by a 9% annual increase in group income.

As noted above, the main focus in 2019/20 was the continued growth in private income. Strategic investments were made in an enhanced sales and marketing team, supported by an upgraded Customer Relationship Management system. We renegotiated key contracts with our major private medical insurers, and reviewed our self-pay offering. As a result of this continued focus, by the end of February 2020 private orthopaedic income had increased by 23% on the same period in the previous year.

It was also pleasing to note that, after two years of significant reductions, 2019/20 saw an increase in NHS income. As at the end of February 2020, NHS income had increased by 10% on the same period in the previous year. Referral activity increased across all main commissioners and this, coupled with an ongoing focus on internal efficiencies, drove increased activity throughout the period.

In March 2020 Horder Healthcare entered into a block contract with the NHS to provide additional capacity to support the wider national response to the Covid-19 pandemic. The contract was initially for 14 weeks, running beyond the end of the Horder Healthcare financial year in June 2020.

The nature of the contract was to block book 100% of our capacity, subject to a small number of exclusions and adjustments. Most significantly, all elective activity ceased as the contract entered the 'surge' phase. The financial effect of these adjustments was significant, having an impact on income and our ability to deliver the Financial Recovery Plan in the last quarter.

However, as a result of the delivery of the Plan in the first three quarters of 2019/20, Horder Healthcare has delivered a break-even position for the financial year (£3k deficit). This is a positive achievement given the challenges faced, most notably the inability to build on the growth in private income seen during Q1-Q2.

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Horder Healthcare has a wholly owned subsidiary, Horder MSK Limited. Horder MSK Limited has a 50% share in two joint ventures, SMSKP1 Limited and SMSKP2 Limited. SMSKP2 Limited holds the head contract to provide MSK services to the East Sussex CCGs of High Weald Lewes Havens and Eastbourne Hailsham & Seaford. Horder Healthcare, through Horder MSK Limited, shares the risk and reward in this contract with its Joint Venture partner.

The East Sussex MSK contract was awarded for five years with effect from April 2015. Under the terms of the contract, commissioners retained the option to extend the contract for a further two years from April 2020. In March 2019, commissioners offered SMSKP2 Limited a two year contract extension which was subsequently accepted. The contract will therefore run until March 2022.

With regard to the 50% share Horder MSK Limited holds in SMSKP1 Limited, this does not hold a head contract with any CCGs for service provision. SMSKP1 Limited was formally dissolved on 1 October 2019.

The aggregate amount of capital and reserves and the results of the joint venture for the last relevant financial year were as follows:

	Capital and reserves 2020	Profit for the year 2020
	£	£
SMSKP2 Limited	28,030	14,542

The results of Horder MSK Limited have been consolidated into the Horder Healthcare financial statements on a line by line basis and those of the joint ventures accounted for using the Equity method.

### Future Developments

2020/21 will be dominated by the post Covid-19 restore and recovery programme.

Clinically, there will be a significant focus on the provision of a safe, Covid-19 free environment for both patients and staff, and this will be reflected in changes to both working practices and the physical environment.

Financially, the existing NHS contract is likely to be extended into the autumn of 2020, subject to revised terms. NHS England (NHSE) has indicated that it will aim to procure some form of framework agreement to run until March 2021, the end of the NHS 2020/21 financial year. This reflects growing concern at the rise in NHS waiting lists following the cessation of all elective surgery during the Covid-19 surge period.

Operationally, we remain focused on financial improvements and longer-term sustainability. Capital investments will continue to reflect a balanced approach to maintenance, improvement and service transformation. Investment in IT & the estate will ensure that key elements of our infrastructure remain fit for purpose, whilst investment in a virtual clinic system ensures we are able to benefit from the growth in remote working that has taken place during the Covid-19 crisis.

### Pay policy

The Remuneration Committee determines remuneration policy and practices with the aim of attracting, recruiting, motivating and retaining high calibre people. The Remuneration Committee makes reference to the external market ensuring that it is working within a framework which is legal, transparent, competitive, fair, affordable and providing value for money for the charity. The Remuneration Committee ensures that there is a clear link with performance. The Charity considers its key management personnel to be its Board of Directors and Senior Executive team. The remuneration for key management personnel is set annually in accordance with the pay policy, with any changes taking effect from 1 July each year.



# HORDER HEALTHCARE

## BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

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### Reserves policy

Horder Healthcare's consolidated funds at June 2020 amounted to £63.9m of which £55.4m is represented by buildings, other fixed assets and restricted funds, leaving unrestricted funds of £8.5m of which £1.6m has been designated for capital expenditure. Horder Healthcare's consolidated free reserves were therefore £6.9m, which is equivalent to just over four months of fixed costs. This level is considered to fall within a range acceptable to the Board. The charity's own funds as set out in the financial statements amount to £64.1m.

Horder Healthcare needs reserves to provide resilience if faced with a significant downturn in income or other adverse events. In considering the level of free reserves it should hold, it has regard to the future operating results adjusted for downside risk. It models the effect of possible reductions in income on gross contribution, particularly having in mind the continuing challenges facing the NHS on which Horder Healthcare depends for 70% of its income. In the longer term, it also needs to have free reserves to enable it to invest in its infrastructure and the development of its business.

Horder Healthcare reviews its reserves policy at least once a year.

### Investment policy

Horder Healthcare's Finance and Resource Committee (FRC) has responsibility for the development of an investment policy and the management of Horder Healthcare's investments, within the investment policy framework set by the Board. In discharging these responsibilities, the FRC will consider:

- The charity's attitude toward risk, investment returns and volatility
- Types of investments, including ethical considerations
- The management of investments e.g. setting benchmarks and targets by which investment performance will be judged
- The authorisation of investment decisions.

As a result of the Board's cautious appetite towards financial risk, at the end of the 2018/19 the decision was taken to withdraw investments held by investment managers. These funds have been held throughout 2019/20 in a bank deposit account and are subject to a Board-level agreed protocol for the use of the funds.

Horder Healthcare's Investment Policy was last updated in November 2018. The FRC will continue to monitor the organisation's investment requirements, in accordance with the Investment Policy, reviewing if (and when) the Board may wish to consider re-investing.

### Financial instruments

The Charity operates on normal commercial terms with its suppliers and patients who are all in the UK.

The Charity operates in credit in its transactions with the Bank and thus is not exposed to interest rate risk with any borrowings from that source.

# HORDER HEALTHCARE

## BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

### Stakeholder Engagement (Section 172(1) statement)

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way that they consider, in good faith, would be most likely to promote the success of the Charity to achieve its charitable purpose, which includes having regard to all stakeholders.

We identified the most important stakeholders based on past stakeholder communications. The table below sets out our approach to stakeholder engagement during 2019/20:

Stakeholders	Why are they important to Horder Healthcare	What is Horder Healthcare's approach to engage with them
Employees	Employees are our most valuable asset. Our people's commitment is essential for us to deliver on our vision and mission as an organisation.	<ul style="list-style-type: none"><li>• Monthly 'breakfast with the boss' sessions, an opportunity for staff at all levels within the organisation to meet informally with the CEO and discuss all aspects of the business;</li><li>• Monthly formal 'all staff' CEO briefing sessions;</li><li>• Structured annual appraisal programme;</li><li>• Structured statutory and mandatory 'all staff' training programme;</li><li>• See also 'employee involvement' section of this report, below.</li></ul>
Patients	Delivering the highest possible standards of care to our patients is central to our vision and mission as an organisation.	<ul style="list-style-type: none"><li>• Bi-annual patient forum;</li><li>• Regular patient surveys;</li><li>• Utilisation of PROMs data to drive service improvement;</li><li>• Utilisation of clinical audit data to drive service improvement.</li></ul>
NHS Commissioners	The NHS accounts for over 70% of our income. Maintaining good relationships is key to securing this income stream.	<ul style="list-style-type: none"><li>• Regular formal contract meetings;</li><li>• Informal meetings with key commissioners;</li><li>• Membership of the NHS 'getting it right first time' (GIRFT) initiative.</li></ul>
Private health insurers (PMI)	PMI constitute a growing income stream which is increasingly important to the business.	<ul style="list-style-type: none"><li>• Quarterly contract meetings with top three PMI providers.</li></ul>
NHS Providers	Working closely with NHS providers reaffirms Horder Healthcare's position within the local health economies in which it operates.	<ul style="list-style-type: none"><li>• Ongoing informal contacts at CEO and Executive level.</li></ul>
Independent Sector (IS) Providers	Working closely with IS providers at an industry level helps to shape the industry response to national health initiatives and ensure Horder Healthcare issues are fully represented.	<ul style="list-style-type: none"><li>• CEO is an elected member of the Independent Healthcare Providers Network (IHPN) strategic council;</li><li>• Horder Healthcare executives sit on various IHPN working groups.</li></ul>
Regulators	Horder Healthcare is regulated by the Charity Commission and the Care Quality Commission (CQC).	<ul style="list-style-type: none"><li>• Annual regulatory review and gap analysis by Board of Trustees;</li><li>• Regular formal and informal contact with CQC inspectorate.</li></ul>

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Stakeholders	Why are they important to Horder Healthcare	What is Horder Healthcare's approach to engage with them
Consultants	Having good working relationships with our consultant body allows us to deliver the best patient care.	<ul style="list-style-type: none"><li>• Quarterly Medical Advisory Committee meetings</li><li>• Annual review meetings with each consultant</li></ul>
Key Suppliers/Contractors	Building and developing good relationships with our key suppliers supports the delivery of our services.	<ul style="list-style-type: none"><li>• Regular Joint Service Review meetings</li></ul>

### Employee involvement

During the year, Horder Healthcare conducted its annual staff survey, which produced the following highlights:

- 92% of staff understood how their role can contribute to the success of Horder Healthcare
- 89% understood the Charity's mission and charitable purpose
- 85% felt they were treated fairly and with respect
- 84% of staff felt they had received the necessary training to do their job
- 96% would recommend the services of Horder Healthcare
- 92% felt they were encouraged to focus on customer and patient needs.

In light of the Covid-19 pandemic, surveys will take place more frequently in 2020/21.

2019-20 saw a significant focus on staff engagement. In July 2019, we introduced a new appraisal system and ensured 100% coverage across all staff groups. In parallel, we introduced a number of new engagement initiatives, including 'breakfast with the boss'. This gives staff across all areas of the organisation a chance to meet the CEO and members of the executive Team in small groups within an informal setting.

### Disabled persons

Horder Healthcare employs disabled persons when they are suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. Managers work closely with the organisation's Occupational Health provider so that if an employee becomes ill or disabled while working at Horder Healthcare they can, where possible and with reasonable adjustment, continue in employment.

During employment, Horder Healthcare seeks to work with all employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

The number of disabled persons employed by the Company during the year was eight (2019: five).

### Fundraising

Although a charity, Horder Healthcare is not reliant on fundraising activities to raise money to fund its services. There are only a small number of fundraising activities undertaken each year, which account for less than 1% of total income. However, all donations the Charity receives are always greatly appreciated and sincere thanks go to all those who have supported Horder Healthcare in this way.

Our fundraising focus for 2018/19 had been our pain management pathway for knee replacement patients, and we have been able to put the funds raised to good effect. We explored ways in which non-medical interventions may be used to complement drug-based therapies and in 2019/20 introduced cryotherapy treatments (cold compression packs). These allow users to continue with other activities such as exercises and daily living tasks whilst receiving a trouble-free and comfortable healing therapy.

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We have also continued to fund three travelling surgical bursaries, introduced in 2018 for trainees in orthopaedic higher specialist training. The Training Programme Directors of Health Education Kent, Surrey and Sussex (HEKSS) are responsible for awarding the bursaries, which are open to trainees from London and Kent, Surrey and Sussex.

The three bursaries include the 'Horder Healthcare Gallannaugh Bursary' for £9,000 per annum supporting international travel for training opportunities.

Fundraising activities in 2019/20 included the following:

- Sale of merchandise
- Charitable Trust applications
- Donations received
- Receipt of legacies and bequests
- Gift Aid
- Unity Lottery

The Charitable Funds Committee, chaired by the Chief Executive, oversees the collection and distribution of funds received from the above activities.

Fundraising activities are managed by the Marketing Team and overseen by the Associate Director, Commercial and Business Development, who reports directly to the Chief Executive.

Occasionally, individuals (e.g. ex-patients) will raise funds for Horder Healthcare by undertaking activities such as a sponsored walk, although this is not at the request of the organisation. No other third parties are involved in raising funds for, or on behalf of, the Charity (e.g. a professional fundraiser or commercial participator).

Regardless of the level of fundraising, Horder Healthcare still has an obligation to ensure its fundraising activities are conducted lawfully, ethically and with due regard to best practice. Fundraising activities are conducted in accordance with the Horder Healthcare's Fundraising Policy, which is aligned closely to the Fundraising Regulator's Code of Fundraising Practice.

Horder Healthcare has received no complaints regarding its fundraising activities or practices during the year.

Horder Healthcare is aware of its responsibility to protect vulnerable people and other members of the public from inappropriate behaviour with regard to fundraising activities. This is an extension of the organisation's obligations as a healthcare provider, which are described in Horder Healthcare's safeguarding policies.

### **Energy and Carbon Usage**

As a large, unquoted organisation, Horder Healthcare is required to report its energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 because it meets the thresholds for reporting.

#### Energy Efficiency Actions

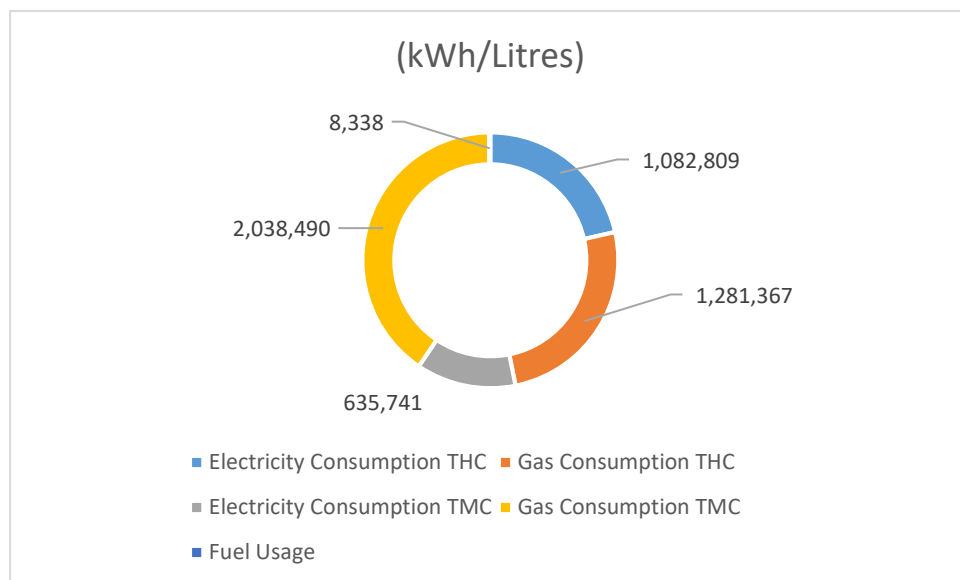
Horder Healthcare employs the services of an energy usage consultant to review the contracts that are in place for the supply of energy and recommend the most efficient alternatives. During the financial year 2019/20, Horder Healthcare has changed its energy suppliers for both sites in this regard. The heating boilers at The Horder Centre have been replaced with state of the art machines. Equipment used for the generation of steam for the sterilisation of equipment at both sites have been upgraded. All planned preventative maintenance of equipment is up to date.

The data below shows energy usage at Horder Healthcare's hospitals – The Horder Centre (THC) and The McIndoe Centre (TMC).

# HORDER HEALTHCARE

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### Breakdown of Carbon Footprint



### Energy Usage Tables 2019/20

Volume (kWh/Litres)	THC	TMC	Total
Electricity Consumption	1,082,809	635,741	1,718,550
Gas Consumption	1,281,367	2,038,490	3,319,857
Fuel Usage	3,913	4,426	8,338
<b>Total Energy Usage per Site</b>	<b>2,368,089</b>	<b>2,678,656</b>	<b>5,046,745</b>

2019/20	THC	TMC	Total
Greenhouse Gas (GHG) Emissions and energy usage data for the Financial Year 2019/20 KWh	2,368,089	2,678,656	5,046,745
Total Energy Usage to calculate consumptions tCO <sub>2</sub> e	530.81	600.43	1,131.24
Emissions from Combustion of Gas tCO <sub>2</sub> e (Scope 1)	287.22	456.93	744.15
Emissions from purchased Electricity Tco2E (Scope 2)	242.71	142.26	385.22
Emissions from purchased Fuel in tCO <sub>2</sub> e (Scope 2)	0.88	0.99	1.87
<b>Energy Emissions Ratios:</b>			
Intensity Ratio tCO <sub>2</sub> e/WTE (351)			3.22
Intensity Ratio tCO <sub>2</sub> e/57,538 M2			0.02

### Methodology

The data detailed in the tables above represent energy use and emissions for which Horder Healthcare is responsible for the financial year 2019/20. We have used the main requirements of the GHG Protocol Corporate Accounting and Reporting Standard as our emissions calculation methodology. This methodology recommends that emissions are calculated by multiplying activity data (for example energy use in kWh) by an appropriate conversion factor. We have used the UK government GHG conversion factors for company reporting 2019 to calculate our emissions.

# **HORDER HEALTHCARE**

## **BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT**

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### **Provision of information to auditors**

Each of the persons who are Directors at the time when this Board of Directors' Report is approved has confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditors are unaware, and
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Group's auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information.

### **Auditor**

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report and incorporated strategic report was approved by the Board of Directors on 29 October 2020 and signed on their behalf, by:

**Mr H I Hatfield**

**Secretary**

# HORDER HEALTHCARE

## BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

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### Statement of Directors' responsibilities

The Directors (who are also trustees of the charity for the purposes of charity law) are responsible for preparing the Board of Directors' and Strategic reports and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORDER HEALTHCARE

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## Opinion on financial statements

We have audited the financial statements of Horder Healthcare Limited (the 'parent charitable Company') and its subsidiaries (the 'Group') for the year ended 30 June 2020 which comprise the Consolidated Statement of Financial Activities (including an income and expenditure account), the Consolidated and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

## In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent charitable Company's affairs as at 30 June 2020 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

- 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 Group's or parent 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 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.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORDER HEALTHCARE

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## **Opinion 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 Board of Directors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Board of Directors' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Board of Directors' and the incorporated Strategic Report.

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

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

## **Responsibilities of trustees**

As explained more fully in the Statement of Directors' responsibilities set out on page 14, 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.

In preparing the financial statements, the trustees are responsible for assessing the Group's and parent charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Group or parent charitable Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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 provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORDER HEALTHCARE

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### 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.

Nicholas Sladden (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom

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# HORDER HEALTHCARE

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 30 JUNE 2020

		Unrestricted Funds 2020 £000	Restricted Funds 2020 £000	Total Funds 2020 £000	Total Funds 2019 £000
	Notes				
<b>Income from:</b>					
Donations and legacies	3	127	-	127	96
Charitable activities	5	27,432	-	27,432	27,355
Other trading activities	6	1,463	-	1,463	1,517
Investments	4	102	-	102	191
Share of surplus in joint venture	16	47	-	47	-
<b>Total</b>		<u>29,171</u>	<u>-</u>	<u>29,171</u>	<u>29,159</u>
<b>Expenditure on:</b>					
Charitable activities: Continuing activities	7	29,115	12	29,127	30,355
Share of deficit in joint venture		-	-	-	2
<b>Total</b>		<u>29,115</u>	<u>12</u>	<u>29,127</u>	<u>30,357</u>
Loss on investments	15	-	-	-	(133)
<b>Net expenditure and Net movement in funds</b>		<u>56</u>	<u>(12)</u>	<u>44</u>	<u>(1,331)</u>
<b>Total funds at 1 July</b>		<u>63,850</u>	<u>69</u>	<u>63,919</u>	<u>65,250</u>
<b>Total funds at 30 June</b>		<u><u>63,906</u></u>	<u><u>57</u></u>	<u><u>63,963</u></u>	<u><u>63,919</u></u>

# HORDER HEALTHCARE

## CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2020

Company No 03052242

	Notes	2020 £000	2019 £000
<b>Fixed assets</b>			
Intangible assets	13	59	120
Tangible assets	14	55,337	55,570
Programme related investments:			
Investment in joint venture	16	47	-
		<u>55,443</u>	<u>55,690</u>
<b>Current assets</b>			
Stock	17	690	679
Debtors	18	2,922	3,630
Investments	19	-	1,111
Cash at bank and in hand		8,346	7,360
		<u>11,958</u>	<u>12,780</u>
<b>Creditors:</b> amounts falling due within one year	20	<u>(3,438)</u>	<u>(4,551)</u>
<b>Net current assets</b>		8,520	8,229
<b>Net assets</b>		<u>63,963</u>	<u>63,919</u>
<b>Funds of the group</b>			
General		44,961	44,905
Revaluation reserve		18,945	18,945
Restricted by bequest		57	69
<b>Total funds</b>	25	<u>63,963</u>	<u>63,919</u>
Of which designated are:			
Fixed assets		55,396	55,690
CAPEX near and medium term		1,651	1,393
<b>Total designated funds</b>		<u>57,047</u>	<u>57,083</u>
Other funds		6,916	6,836
<b>Total funds</b>		<u>63,963</u>	<u>63,919</u>

These financial statements were approved and authorised for issue by the Board of Directors on 29 October 2020.

Dr RJ Tyler  
Director

# HORDER HEALTHCARE

## CHARITY BALANCE SHEET

AS AT 30 JUNE 2020

Company No 03052242

	Notes	2020 £000	2019 £000
<b>Fixed assets</b>			
Intangible assets	13	59	120
Tangible assets	14	55,337	55,570
		<u>55,396</u>	<u>55,690</u>
<b>Current assets</b>			
Stock	17	690	679
Debtors	18	2,922	3,630
Investments	19	-	1,111
Cash at bank and in hand		8,346	7,360
		<u>11,958</u>	<u>12,780</u>
<b>Creditors:</b> amounts falling due within one year	21	(3,188)	(4,301)
		<u>8,770</u>	<u>8,479</u>
<b>Net current assets</b>			
		<u>8,770</u>	<u>8,479</u>
<b>Total assets less current liabilities</b>		<u>64,166</u>	<u>64,169</u>
<b>Funds of the charity</b>			
General		45,164	45,155
Revaluation reserve		18,945	18,945
Restricted by bequest		57	69
		<u>64,166</u>	<u>64,169</u>
<b>Total funds</b>	25	<u>64,166</u>	<u>64,169</u>
Of which designated are:			
Fixed assets		55,396	55,690
CAPEX near and medium term		1,651	1,393
		<u>57,047</u>	<u>57,083</u>
<b>Total designated funds</b>		<u>57,047</u>	<u>57,083</u>
Other funds		7,119	7,086
		<u>64,166</u>	<u>64,169</u>
<b>Total funds</b>		<u>64,166</u>	<u>64,169</u>

The consolidated net deficit for the year includes a net deficit of £3,000 (2019: £1,329,000) which is dealt within the accounts of the parent Company. The parent has taken advantage of section 408 of Companies Act 2006 not to present its unconsolidated Statement of Financial Activities.

These financial statements were approved and authorised for issue by the Board of Directors on 29 October 2020.

Dr RJ Tyler  
Director

# HORDER HEALTHCARE

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £000	2019 £000
<b>Cash inflow from operating activities:</b>			
Net cash provided by operating activities	29	1,073	834
		<u>1,073</u>	<u>834</u>
<b>Cash flows from investing activities:</b>			
Interest received		33	48
Dividend received		-	25
Purchase of tangible fixed assets		(1,231)	(614)
Purchase of fixed asset investments		-	(1,055)
Proceeds from sale of fixed asset investments		-	4,918
		<u>(1,198)</u>	<u>3,322</u>
<b>Net cash used in/(generated from) investing activities</b>		(1,198)	3,322
<b>Net (decrease)/increase in cash and cash equivalents</b>		(125)	4,156
Cash and cash equivalents brought forward		8,471	4,315
		<u>8,471</u>	<u>4,315</u>
Cash and cash equivalents carried forward		8,346	8,471
		<u><u>8,346</u></u>	<u><u>8,471</u></u>
<b>Relating to:</b>			
Cash at bank and in hand		8,346	7,360
Investments		-	1,111
		<u>8,346</u>	<u>8,471</u>
		<u><u>8,346</u></u>	<u><u>8,471</u></u>

# HORDER HEALTHCARE

## CHARITY STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £000	2019 £000
<b>Cash inflow from operating activities:</b>			
Net cash provided by operating activities	30	1,073	834
		<u>1,073</u>	<u>834</u>
<b>Cash flows from investing activities:</b>			
Interest received		33	48
Dividend received		-	25
Purchase of tangible fixed assets		(1,231)	(614)
Purchase of fixed asset investments		-	(1,055)
Proceeds from sale of fixed asset investments		-	4,918
		<u>(1,198)</u>	<u>3,322</u>
<b>Net cash used in/(generated from) investing activities</b>		(1,198)	3,322
<b>Net (decrease)/increase in cash and cash equivalents</b>		(125)	4,156
Cash and cash equivalents brought forward		8,471	4,315
		<u>8,471</u>	<u>4,315</u>
Cash and cash equivalents carried forward		8,346	8,471
		<u><u>8,346</u></u>	<u><u>8,471</u></u>
<b>Relating to:</b>			
Cash at bank and in hand		8,346	7,360
Investments		-	1,111
		<u>8,346</u>	<u>8,471</u>
		<u><u>8,346</u></u>	<u><u>8,471</u></u>

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

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#### 1 Accounting policies

##### **Legal status**

The charity is a private Company limited by guarantee and incorporated in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per voting member of the Charity.

The charity's objectives and aims are disclosed in the Board of Directors and Strategic Report.

##### **Accounting Convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the requirements of the Companies Act 2006 and under the historical cost convention, modified to include the revaluation of freehold land and buildings and to include certain financial instruments at fair value. The financial statements have also been prepared in accordance with the accounting policies set out in more detail below, to comply with the charity's governing document and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland (as amended for accounting periods commencing from 1 January 2019) (the FRS 102 Charities SORP 2019).

The financial statements are prepared in sterling, which is the functional currency of the charitable Company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The charity constitutes a public benefit entity as defined by FRS102.

##### **Going concern**

The Directors have reviewed the Group and Charity's financial forecasts and projections covering a period that exceeds twelve months from the date of signing these financial statements. These forecasts cover scenarios which predicate on the cessation of the Covid-19 NHS contract early within the financial year 2020/21. Although this is likely to be extended further, the Directors believe at this stage, that it is prudent to plan on the basis of a return to pre-Covid-19 conditions which requires a reduction in expenditure balanced with the need to retain clinical capacity.

In all scenarios forecast, the forecasts show that the Group and Charity would have sufficient resources to meet their liabilities as they fall due within 12 months from the date of the signing of the financial statements. Accordingly, the going concern basis has been used in preparing these financial statements.

##### **Consolidation**

These financial statements consolidate the results of the charity and its wholly owned subsidiary Horder MSK Limited on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

A joint venture that is not held as part of an investment portfolio is consolidated using the equity method of accounting in accordance with FRS 102 section 15 "Investments in joint ventures". The Group's share of any deficit or surplus in joint ventures is included in the consolidated statement of financial activities, and the Group's share of their net assets or liabilities is included in the consolidated balance sheet. If the Group's share of net assets is reduced to zero, any additional losses leading to a net liability will not be recognised as the Group does not have a legal or constructive obligation or made payments on behalf of the joint venture. Details of the Group's joint ventures can be found in note 16.



# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

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#### **Income**

Fees are included on an accrual basis once each stage of treatment has been completed.

Bequests are recognised in the accounts when the charity is entitled to receipt and the amount can be measured with reasonable certainty.

Donations, investment income and other income are included on an accruals basis.

#### **Expenditure**

Expenses include any attributable VAT which cannot be recovered and are recognised in the period in which they are incurred.

*Raising funds* are those costs associated with generating voluntary income.

*Charitable activities* include expenditure on patients.

*Support costs*, which include governance costs, are allocated to patients' expenditure.

*Governance costs* include those costs incurred in the governance of the charitable Group and are primarily associated with constitutional and statutory requirements.

#### **Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Board of Directors in furtherance of the general objectives of the charitable Group and which have not been designated for other purposes. The revaluation reserve relates to the revaluation of certain tangible fixed assets. Restricted funds represent income contributions which are restricted to a particular purpose, in accordance with the donor's wishes. Designated funds comprise unrestricted funds that have been set aside by the Directors for a particular purpose.

#### **Intangible fixed assets - goodwill**

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of separable net assets acquired) is capitalised and amortised over 10 years. The goodwill has been generated through the purchase of The McIndoe Centre. When purchasing this centre the directors' paid careful attention to the useful life they considered the centre to have before agreeing on a purchase price. It was agreed the centre would carry a useful life of 10 years and therefore the directors deem that to be an appropriate method for amortising the goodwill.

#### **Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	-	Straight line over 5 years
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#### **Tangible fixed assets**

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

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#### Depreciation

Depreciation is provided at rates calculated to write off the cost of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Freehold land	-	Nil
Freehold buildings	-	Over 50 - 60 years
Equipment	-	4 - 10 years
Motor vehicles	-	25% reducing balance

Assets under construction are not depreciated until brought into use. Assets under £1,000 are not capitalised and are charged directly to the statement of financial activities. A full year of depreciation is charged in the year of acquisition.

#### Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### Stock

Stock is stated at the lower of cost and net realisable value. Cost is computed on a first in, first out basis. Net realisable value is based on estimated selling price after allowing for all further costs of completion and disposal.

#### Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

#### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received where deemed material by the Directors.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

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#### **Operating leases**

Rentals under operating leases are charged on a straight-line basis over the lease term.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **Financial instruments**

The charitable Group and Company applies the provisions of Section 11 “Basic Financial Instruments” of FRS102 to all of its financial instruments. Financial instruments are recognised when the Group and Company becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognised when the charitable Group and Company becomes a party to the contractual provisions of the instrument, and are offset only when the charitable Group and Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Financial assets**

Fee debtors, amounts owed by joint ventures and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

#### **Financial liabilities**

Basic financial liabilities, including trade and other payables and amounts owed to joint ventures, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### **Investments**

Listed investments are stated at market value by reference to their bid value at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

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#### Accounting estimates and areas of judgment

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

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

The directors do not consider any of these judgements or estimations to have any significant effect on the financial statements.

#### 2 Change in accounting policy

Due to the differences in how the two sets of land and buildings are valued within the financial statements, the Trustees have made the decision that to present a more accurate representation of the value of the land and buildings within the financial statements, that all land and buildings will be stated at cost less accumulated depreciation.

#### 3 Donations and legacies

	Unrestricted	
	Total 2020 £000	Total 2019 £000
Donations and covenants receivable	25	26
Bequests	102	70
	<hr/>	<hr/>
	127	96
	<hr/>	<hr/>

#### 4 Investments

	Unrestricted	
	Total 2020 £000	Total 2019 £000
Interest receivable	33	48
Income from UK listed investments	-	25
Hire of facilities	69	118
	<hr/>	<hr/>
	102	191
	<hr/>	<hr/>

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

#### 5 Income from Charitable activities

	Unrestricted	
	Total 2020 £000	Total 2019 £000
Fees from NHS and other sources	27,432	27,355

#### 6 Other trading activities

	Unrestricted	
	Total 2020 £000	Total 2019 £000
Other income	558	616
Expense recharges to SMSKP2 Limited	905	901
	1,463	1,517

#### 7 Expenditure on Charitable activities

Patient services	Unrestricted 2020 £000	Restricted 2020 £000	Total 2020 £000	Total 2019 £000
Theatre and medical costs	9,833	-	9,833	11,474
Wages, salaries and national insurance	8,880	-	8,880	8,673
Pension cost	651	-	651	473
Depreciation	1,452	12	1,464	1,420
Amortisation	61	-	61	100
Support costs (note 8)	8,238	-	8,238	8,215
	29,115	12	29,127	30,355

Of the total charitable expenditure for the year to 30 June 2019 £12,967 is attributable to restricted funds and £30,343,295 to unrestricted funds.

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

#### 8 Support costs

	Unrestricted	
	Total 2020 £000	Total 2019 £000
Catering, laundry and office costs	1,816	1,683
Legal and professional fees	405	353
Building and equipment maintenance	1,398	1,112
Staff costs	2,670	3,135
Finance costs	46	59
Clinical governance	11	25
Other direct costs	1,836	1,781
Governance	56	67
	<u>8,238</u>	<u>8,215</u>

#### 9 Auditor's remuneration

	2020 £000	2019 £000
Auditor's remuneration	34	32
Auditor's non audit services:		
VAT advice	3	-
Other services	8	7
	<u>45</u>	<u>39</u>

#### 10 Taxation

Horder Healthcare is a registered charity and as such its income and gains falling within Sections 471 to 489 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives.

#### 11 Staff costs and remuneration of key management personnel Charity and Group

	2020 £000	2019 £000
Wages and salaries	10,891	10,481
Social security costs	950	919
Pension costs	652	469
	<u>12,493</u>	<u>11,869</u>
Termination payments	<u>-</u>	<u>155</u>

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

#### 11 Staff costs and remuneration of key management personnel (continued)

##### Charity and Group

##### Employees

The number of higher paid employees, including clinicians, was:

	2020 No.	2019 No.
In the band £60,001 - £70,000	7	4
In the band £70,001 - £80,000	3	1
In the band £80,001 - £90,000	-	2
In the band £90,001 - £100,000	1	1
In the band £100,001 - £110,000	1	-
In the band £110,001 - £120,000	1	1
In the band £150,001 - £160,000	1	1
In the band £170,001 - £180,000	1	1
	<u>15</u>	<u>11</u>

Dr R Tyler the Chief Executive, a member of the Senior Executive team was also a member of the Board of Directors and received remuneration and benefits for his services in that office, through an employment contract with the charity, of £177,945 (2019: £170,340); in addition, pension contributions for the year were £23,350 (2019: £16,237). The number of directors to whom retirement benefits are accruing is 1 (2019: 1).

The Charity considers its Board of Directors and Senior Executive team as their key management personnel. The total employment benefits including employer contribution of the key management personnel was £384,359 (2019: £346,731). Board member details can be found on page 1. Other Senior Executive team members were Mrs R Dixon, Operations Director.

No other members of the Board of Directors received any emoluments during either year. During the year 2 trustees (2019: 2) received reimbursement of travel expenses totalling £724 (2019: £662).

The average number of employees during the year was made up as follows:

	2020 No.	2019 No.
Clinical	179	175
Clinical support	86	78
Non-clinical	117	107
	<u>382</u>	<u>360</u>

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

#### 12 Net expenditure/income

	2020 £000	2019 £000
This is stated after charging:		
Depreciation	1,464	1,420
Amortisation	61	100
Stock recognised as an expense	4,594	5,417
Operating lease rentals	11	16

#### 13 Intangible fixed assets – Group and Charity

	Goodwill £000	Software £000	Total £000
<b>Cost or valuation</b>			
At 1 July 2019	1,903	2,346	4,249
Additions	-	-	-
At 30 June 2020	1,903	2,346	4,249
<b>Amortisation</b>			
At 1 July 2019	1,783	2,346	4,129
Charge for year	61	-	61
At 30 June 2020	1,844	2,346	4,190
<b>Net book value</b>			
At 30 June 2020	59	-	59
At 30 June 2019	120	-	120



# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

#### 14 Tangible fixed assets – Group and Charity

	Freehold Land and Buildings £000	Equipment £000	Motor Vehicles £000	Total £000
<b>Cost or valuation</b>				
At 1 July 2019	55,317	11,527	99	66,943
Additions	448	783	-	1,231
Disposals	-	-	-	-
Transferred	-	-	-	-
	<u>55,765</u>	<u>12,310</u>	<u>99</u>	<u>68,174</u>
<b>Depreciation</b>				
At 1 July 2019	3,539	7,777	57	11,373
Charge for the year	833	621	10	1,464
Eliminated on disposal	-	-	-	-
Impairment	-	-	-	-
	<u>4,372</u>	<u>8,398</u>	<u>67</u>	<u>12,837</u>
<b>Net book value</b>				
At 30 June 2020	<u>51,393</u>	<u>3,912</u>	<u>32</u>	<u>55,337</u>
At 30 June 2019	<u>51,778</u>	<u>3,750</u>	<u>42</u>	<u>55,570</u>

Included within freehold land and buildings is £10,003,809 (2019: £10,003,809) of freehold land.

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

#### 15 Fixed asset investments – Group

	2020 £000	2019 £000
<b>Listed investments</b>		
At 1 July	-	3,882
Additions	-	1,055
Disposals at market value	-	(4,804)
Net loss	-	(133)
	<hr/>	<hr/>
At 30 June 2020	-	-
	<hr/>	<hr/>

Listed investments are stated at market value at the balance sheet date. All such investments were disposed of in the prior year so that the carried forward value was nil.

In addition to the above listed investments, the Group also has interests in the following unlisted investments:

The Group holds more than 20% of the share capital of the following companies:

Associated undertakings	Country of incorporation	Class	% held directly
SMSKP2 Limited	England & Wales	Ordinary	50

The Group also held 50% of the ordinary shares of SMSKP1 Limited which was incorporated in England and Wales on 28 August 2014. The Company was dormant and had never traded and was formally dissolved on 1 October 2019.

SMSKP2 Limited was incorporated on 3 October 2014 and its principal activity is the support of an integrated musculoskeletal service for the NHS. Further details are given in note 16. The joint venture shareholders' agreement held for SMSKP2 Limited states the Group shall make a working capital cash contribution of £250,000 to SMSKP2 Limited. This provision was recognised in the accounts in the 2018 Financial Statements and is carried forward in this year's Financial Statements.

The total cost of the shares held in these undertakings is £1 (2019: £3). The shares are held by Horder MSK Limited.

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

#### 15 Fixed asset investments - Charity

	2020 £000	2019 £000
<b>Listed investments</b>		
At 1 July	-	3,882
Additions	-	1,055
Disposals at market value	-	(4,804)
Net loss	-	(133)
	<hr/>	<hr/>
At 30 June 2020	-	-
	<hr/>	<hr/>

In addition to the above listed investments, the charity also has the following unlisted investments:

The charity holds more than 20% of the share capital of the following companies all of which have been incorporated in England & Wales:

<b>Subsidiary undertakings:</b>	<b>Company registration number</b>	<b>Class</b>	<b>% held directly</b>	<b>% held indirectly</b>
Horder MSK Limited	09182301	Ordinary	100	-
McIndoe Healthcare Services Limited*	09846138	Ordinary	100	-
McIndoe BVI Limited*	05838281	Ordinary	-	100
McIndoe Consultants Limited*	06525232	Ordinary	-	100
McIndoe Cosmetic Limited*	06525182	Ordinary	-	100
McIndoe Eyes Limited*	09473797	Ordinary	-	100
McIndoe International Limited*	05839223	Ordinary	-	100
McIndoe TV Limited*	06584599	Ordinary	-	100
McIndoe Hospital Limited*	08749830	Ordinary	-	100

Horder MSK Limited, was incorporated on 19 August 2014. The Company made no profit or loss in the year ended 30 June 2020.

The total cost of the shares held in Horder MSK Limited is £2 (2019: £2). The aggregate capital and reserves of Horder MSK Limited at 30 June 2020 was (£249,998) (2019: (£249,998)), the total assets were £3 and total liabilities were £250,001.

\*These companies are dormant and are exempt from audit by virtue of s479 of the Companies Act 2006 and have not been included in the consolidated accounts.

The registered office for all subsidiary undertakings is The Horder Centre, St Johns Road, Crowborough, East Sussex, TN6 1XP.

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

#### 16 Programme Related Investments

##### Joint venture - Group

Organisation name	Country of registration	Class of ownership	Joint venture interest	Nature of business	Group share of net assets
					£000
SMSKP2 Limited	England	Ordinary	50%	Integrated Musculoskeletal Service for the NHS	47
<b>Share of Joint venture assets and liabilities:</b>					<b>£000</b>
Share of current assets					2,302
Liabilities due within one year					(2,255)
Share of net assets					47
<b>Share of Joint venture income and expenditure:</b>					<b>£000</b>
Share of turnover					16,592
Share of expenses					(16,545)
Share of surplus					47

The financial year end for SMSKP2 Limited is 31 March 2020. Therefore the share of net assets and share in surplus for the year have been taken from the Company's management accounts for the period to 30 June 2020. These management accounts were approved by the board of SMSKP2 Limited.

The joint venture shareholders' agreement held for SMSKP2 Limited states the Group shall make a working capital cash contribution of £250,000 to SMSKP2 Limited. This was provided for in the 2018 Financial Statements.

The registered office of SMSKP2 Limited is Swandean, Arundel Road, Worthing, West Sussex, BN13 3EP.

#### 17 Stock – Group and Charity

	2020 £000	2019 £000
Theatre, medical and surgical consumables and drugs	404	381
Prosthesis	286	298
	690	679

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

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#### 18 Debtors – Group and Charity

	2020 £000	2019 £000
Fee debtors	1,440	1,976
Amounts owed by jointly controlled entity	-	24
Other debtors	570	229
Prepayments and accrued income	912	1,401
	<u>2,922</u>	<u>3,630</u>

Included in Fee debtors is £436,697 (2019: £447,628) owed from SMSKP2 Limited.

#### 19 Current asset investments – Group and Charity

	2020 £000	2019 £000
Bank deposits	-	1,111
	<u>-</u>	<u>1,111</u>

#### 20 Creditors: Amounts falling due within one year – Group

	2020 £000	2019 £000
Trade creditors	561	1,054
Social security and other taxes	253	213
Other creditors	25	29
Accruals	1,519	1,863
Deferred income (note 22)	1,080	1,392
	<u>3,438</u>	<u>4,551</u>

#### 21 Creditors: Amounts falling due within one year – Charity

	2020 £000	2019 £000
Trade creditors	561	1,054
Social security and other taxes	253	213
Other creditors	25	29
Accruals	1,269	1,613
Deferred income (note 22)	1,080	1,392
	<u>3,188</u>	<u>4,301</u>

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

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#### 22 Deferred income – Group and Charity

	2020 £000	2019 £000
Deferred income as at 1 July	1,392	1,714
Incoming resources received requiring deferment	1,080	1,392
Release of incoming resources during the year	(1,392)	(1,714)
	<hr/>	<hr/>
Deferred income as at 30 June	1,080	1,392
	<hr/>	<hr/>

Deferred income represents income received from the NHS, private medical insurance companies, and self paying patients in advance for healthcare services.

#### 23 Pension – Group and Charity

The charity operates a defined contribution scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £651,502 (2019: £468,915). The amount outstanding at the balance sheet date was £21,601 (2019: £14,814) and is shown within other creditors.

#### 24 Related party transactions

During the year the charity recharged SMSKP2 Limited, a company in which 50% of the share capital is owned by Horder MSK Limited, £905,647 (2019: £900,845) for costs incurred on their behalf. Income of £9,669,490 (2019: £9,586,156) was received through contract activity. At the balance sheet date £380,337 (2019: £471,628) was outstanding by Horder MSK Limited and is included in fee debtors.

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

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#### 25 Funds

<b>Group</b>	<b>General fund £000</b>
Balance at 1 July 2019	44,905
Movement in funds for the year	56
Transfer between funds	-
	<hr/>
Balance at 30 June 2020	44,961
	<hr/>

General Fund – this relates to unrestricted and undesignated funds which are available for expending in line with the charity's objects.

<b>Charity</b>	<b>General fund £000</b>
Balance at 1 July 2019	45,155
Movement in funds for the year	9
Transfer between funds	-
	<hr/>
Balance at 30 June 2020	45,164
	<hr/>

General Fund – this relates to unrestricted and undesignated funds which are available for expending in line with the charity's objects.

<b>Group and Charity</b>	<b>Revaluation Reserve £000</b>
Balance at 30 June 2019 & 30 June 2020	18,945
	<hr/>

The revaluation reserve relates to the revaluation of freehold property.

Prior to the charity's conversion to FRS102 in June 2014, the accounting policy for freehold property was to include it in the financial statements at its revalued amount. Since that point, the accounting policy has been revised to include the property at deemed cost, adopting the revalued amounts as the cost.

<b>Group and Charity</b>	<b>Restricted fund £000</b>
Balance at 1 July 2019	69
Movement in funds for the year	(12)
Transfer between funds	-
	<hr/>
Balance at 30 June 2020	57
	<hr/>

Restricted Fund – relates to the purchase of medical equipment and motor vehicles.

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

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#### 26 Analysis of Group net assets between funds - 2020

	<b>Tangible &amp; Intangible fixed assets £000</b>	<b>Net current assets £000</b>	<b>Total 2020 £000</b>
General fund	36,441	8,520	44,961
Revaluation reserve	18,945	-	18,945
Restricted fund	57	-	57
	<u>55,443</u>	<u>8,520</u>	<u>63,963</u>

#### Analysis of Group net assets between funds - 2019

	<b>Tangible &amp; Intangible fixed assets £000</b>	<b>Net current assets £000</b>	<b>Total 2019 £000</b>
General fund	36,676	8,229	44,905
Revaluation reserve	18,945	-	18,945
Restricted fund	69	-	69
	<u>55,690</u>	<u>8,229</u>	<u>63,919</u>

#### Analysis of charity net assets between funds - 2020

	<b>Tangible &amp; Intangible fixed assets £000</b>	<b>Net current assets £000</b>	<b>Total 2019 £000</b>
General fund	36,394	8,770	45,164
Revaluation reserve	18,945	-	18,945
Restricted fund	57	-	57
	<u>55,396</u>	<u>8,770</u>	<u>64,166</u>



# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

#### 26 Analysis of charity net assets between funds - 2019

	<b>Tangible &amp; Intangible fixed assets £000</b>	<b>Net current assets £000</b>	<b>Total 2019 £000</b>
General fund	36,676	8,479	45,155
Revaluation reserve	18,945	-	18,945
Restricted fund	69	-	69
	<u>55,690</u>	<u>8,479</u>	<u>64,169</u>

#### 27 Commitments under operating leases – Group and Charity

The charity leases a number of assets and properties under normal commercial terms.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2020 £000</b>	<b>2019 £000</b>
Less than one year	21	11
Between 2 and 5 years	17	10
	<u>38</u>	<u>21</u>

#### 28 Capital commitments – Group and Charity

	<b>2020 £000</b>	<b>2019 £000</b>
Contracted for but not provided in these financial statements	<u>1,651</u>	<u>1,393</u>

Capital commitments at 30 June 2020 include investment in IT systems, property maintenance, medical equipment and transport. Capital commitments at 30 June 2019 include investment in IT systems, property maintenance and medical equipment.

# HORDER HEALTHCARE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2020

#### 29 Net cash flow from operations - Group

	2020 £000	2019 £000
Net surplus/(deficit) for the year	44	(1,331)
Share of joint venture (surplus)/deficit	(47)	2
Fair value losses on investments	-	133
Depreciation	1,464	1,420
Amortisation	61	100
Investment income	(33)	(73)
(Increase)/decrease in stocks	(11)	92
Decrease/(increase) in debtors	708	1,085
Increase/(decrease) in creditors	(1,113)	(594)
Net cash inflow from operating activities	1,073	834

#### 30 Net cash flow from operations – Charity

	2020 £000	2019 £000
Net deficit for the year	(3)	(1,329)
Fair value losses on investments	-	133
Depreciation	1,464	1,420
Amortisation	61	100
Investment income	(33)	(73)
(Increase)/decrease in stocks	(11)	92
Decrease/(increase) in debtors	708	1,085
Increase/(decrease) in creditors	(1,113)	(594)
Net cash inflow from operating activities	1,073	834

#### 31 Reconciliation of changes in net debt – Group and charity

	1 July 2019 £000	Cash flows £000	30 June 2020 £000
Cash and cash equivalents	8,471	(125)	8,346
Total net debt	8,471	(125)	8,346