

Company Registration Number 03052242

Charity Number 1046624

HORDER HEALTHCARE
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2016

HORDER HEALTHCARE

LEGAL AND ADMINISTRATIVE INFORMATION

Board of directors	The directors who served during the period were: Mrs S E Brown Prof. J M Forsythe Mr S C Gallannaugh Mrs R L Leigh Mr J R Parry (<i>deceased 23 January 2016</i>) Dr S J Grieve (<i>Chair</i>) Sir A D T Chessells Mr P A Flamank Mr P C Allen
Company secretary	Mr H I Hatfield
Chief executive	Mr R Tyler (<i>appointed from November 2016</i>) Mrs D Thomas (<i>resigned 31 July 2016</i>)
Registered office and operation address	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 Harries Hall LLP 12 Mount Ephraim Road Tunbridge Wells Kent TN1 1EG
Investment managers:	Ruffer 80 Victoria Street London SW1E 5JL

HORDER HEALTHCARE

BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

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 2016. The Board of Directors (BoD) 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". 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 charitable company limited by guarantee established under a Memorandum of Association and governed by its Articles of Association and has a wholly owned subsidiary, Horder MSK Limited. Horder MSK Limited (Company Registration No. 09182301) was incorporated on 19 August 2014 and did not trade throughout the period to 30 June 2016. Horder MSK Limited is a member of a not for profit consortium that also includes Sussex Community NHS Trust, Brighton and Hove Integrated Care Service Limited and Sussex Partnership NHS Foundation Trust that was formed to provide musculoskeletal services (MSK) to the Clinical Commissioning Groups in West 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 holds a 50% share in a joint venture, SMSKP1 Limited, however this does not hold a head contract with any CCGs for service provision and does not trade. 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.

Horder Healthcare is a charity and healthcare organisation, originally founded in 1954 with a view to providing care and support to those suffering from arthritis. Horder Healthcare has broadened its focus and is now very much concerned with promoting, improving and maintaining good health, preventing ill health and where this is not possible to provide high quality treatment programmes.

Objective

Horder Healthcare's charitable purpose is the advancement of health, being a leading provider of high quality healthcare services, demonstrably improving patient's health and striving to make a positive difference to people's lives.

Horder Healthcare's vision is to provide excellent healthcare services, within a therapeutic atmosphere, providing great places to work, practice medicine and receive care. In summary: To meet and exceed customer expectation and delight patients, to extend our reach and benefit more people, enhancing the quality of their lives. Providing value for money to individual beneficiaries, commissioners, the wider community is a key focus of the charity, in order to provide maximum benefit.

The Directors have referred to the guidance contained in 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'.

Board of Directors

Under the Articles of Association, the BoD is elected by a vote of the members.

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

In accordance with the Articles of Association, Professor J M Forsythe and Mrs R L Leigh will retire at the next General Meeting and do not offer themselves for re-election. Mr P C Allen, Mrs S E Brown

HORDER HEALTHCARE

BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

OBE, Mr P A Flamank and Dr S J Grieve retire by rotation and being eligible offer themselves for re-election.

Directors and governance

Appointment, training and induction

The BoD may appoint replacement or additional directors at any time. Prior to taking up their position, each Director undergoes a Disclosure and Barring Service (DBS) check; following receipt of a satisfactory DBS report the Director receives an Induction Pack and undertakes a formal induction of the key activities of the organisation.

Training, to enhance skills and knowledge, is encouraged for all staff and Directors.

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

BoD Committees

In addition to the BoD meeting there are Remuneration, Audit and Clinical Governance committees in place which meet usually two or three times a year and each working within a constitution agreed by the main body.

Investment Board

An Investment Board commenced operation and will usually meet twice a year, working autonomously under a constitution agreed by the main body.

Executive management

The BoD 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 BoD has established a framework of delegated authority levels for these officers.

Our Performance

On the 1 July 2015 Horder Healthcare acquired The McIndoe Centre, a centre that is famous for its plastic and reconstructive surgery. In doing so it achieved a key strategic aim of expanding Horder Healthcare's geographical reach and the specialities it offers to patients. Throughout the year, significant investment has been made in The McIndoe Centre, with the installation of a new X-ray facility and the building of an improved theatre suite with state-of-the-art facilities. These are the first steps in an ambitious investment project which includes improvement to the Centre's infrastructure and treatment rooms, refurbishing all ward bedrooms and providing a new outpatient area.

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. Contracts are also held with Private Medical Insurance (PMI) companies in addition to providing services to self-paying patients.

The charity has extended its reach, benefiting significant numbers of people. At the end of the financial year it increased its activity compared to the same period in 2015: Outpatient episodes rose by 18% to well over 30,000 and Physiotherapy grew by 85% to over 44,600 treatment episodes, with the level of elective orthopaedic surgery continuing at 5,700 operations.

Horder Healthcare has maintained its quality of service throughout 2015 with some of its key achievements including:

- Higher than national average post surgery outcome scores for Patient Related Outcome Measures (PROMS) for both hip and knee replacements
- VTE (venous thromboembolism) exemplar status achieved at The Horder Centre, 1 of only 4 independent hospitals in England and Wales
- Winning two Business of the Year awards

HORDER HEALTHCARE

BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

- Winning two Business of the Year awards
- Increasing our position in the Friends and Family top scoring Trusts for in-patients – from joint 5th to joint 1st
- 99% of patients rating their experience as very good or excellent
- 98% of patients likely or very likely to recommend The Horder Centre to family and friends
- 89% of patients experiencing a significant improvement in their condition following physiotherapy

Principal risks and uncertainties

Horder Healthcare has a wide-ranging approach to managing risk, from internal review and audit through to external audit and accreditation. Continuous improvement and risk prevention forms an important part of risk management, which is managed under the umbrella of the Integrated Governance programme, including Clinical Governance.

There are potential reputational risks associated with the development of new models of care and mitigating these is at the forefront of leadership activities. The key risks for Horder Healthcare are felt to be associated with the power of purchasers - PMI, self funding and the NHS - and the downward pressure on remuneration for the healthcare activities the Charity provides. The key source of Horder Healthcare's funding comes from its healthcare activities. This year, this downward pressure has been particularly pertinent to the NHS tariff and early indications are that this will continue into next year and beyond. One of the key mitigations for this is to drive effective, high quality, safe care and treatment through the Charity.

There is a national shortage of clinical staff within the system and so competition for high quality professional personnel is high and increasing. This is an important focus for leaders within Horder Healthcare.

Financial review

2015/16 has been a year of unprecedented change to the structure and complexity of Horder Healthcare. The acquisition of the McIndoe Centre in July, and the mobilisation of the SMSKP joint venture have required a significant increase in management resource, operational manpower and additional fixed costs.

The acquisition of the McIndoe Centre and resulting growth in procedures performed was a significant contributor to the £4.1m (17%) increase in the organisation's income generated from charitable activities. However the additional costs to support the enlarged organisation has meant that the surplus generated from the company's charitable activities (excluding the results of the joint venture and fair value movement of investments) reduced to £814k.

During the year £10.45m (excluding pre acquisition costs of £615k) was spent on purchasing the McIndoe Centre, and a further £3.77m has been invested to improve the Information Management and Technology systems across the business, enlarge the size of the ward at the Horder Centre, and to build an X-ray facility and fully refurbish one of the three theatres at the McIndoe Centre, thereby improving the internal systems and increasing the capacity of the organisation for the future. A further £10.2m of capital investment has been planned for 2016/17 primarily to continue the refurbishment of the McIndoe Centre, and to implement a new patient administration system.

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 JV partner. Horder MSK Limited also holds a 50% share in a joint venture, SMSKP1 Limited, however this does not hold a head contract with any CCGs for service provision.

HORDER HEALTHCARE

BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

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

	Capital and reserves 2016	Profit for the year 2016
SMSKP2 Limited	456,954	456,952
SMSKP1 Limited	4	-

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.

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 the 1 July each year.

Reserves policy

Horder Healthcare requires investment in equipment and facilities of £10.2m to achieve its charitable aims and deliver its vision for the future; to create a therapeutic centre of excellence in the heart of the Ashdown Forest, develop a network of strategically placed Musculoskeletal Centres around the South East catchment area, and for the redevelopment of the recently acquired McIndoe Centre in East Grinstead.

Horder Healthcare is subject to fluctuations in its income and expenditure, which would impact on service quality and funding if the effects were not equalised over a period of time.

Of the £70.7m currently held in reserves by the company, approximately £52.6m is represented by buildings and other fixed assets, £10.2m for CAPEX, resulting in £7.9m of unrestricted reserves which is equivalent to six months of fixed costs for 2017.

The value of the restricted, unrestricted and designated reserves are monitored by the company and reviewed annually when the statutory accounts are presented for approval.

Investment policy

The Investment Board consider the most appropriate policy for investing funds is to use both specialised funds designed for the charity sector which meet their requirements to generate both income and capital growth, and government issued treasury stock for security. In consequence the charity is advised by two external investment advisors. The BoD considers the return on investments to be satisfactory in the current economic climate.

Financial Instruments

The charity operates on normal commercial terms with its suppliers and patients whom 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

Disabled persons

Horder Healthcare will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. We work closely with our 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 with us.

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 1 (2015: 1).

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

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 limited of £10,000,000. The total premium paid during the year in relation to this policy is £7,204.

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 27 ~~26~~ October..... 2016 and signed on their behalf, by:



Mr H I Hatfield

Secretary

HORDER HEALTHCARE

BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

Statement of Board 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 BoD 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 BoD are required to:

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

The BoD 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.

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 that Director is aware, there is no relevant audit information of which the group's auditors are unaware, and
- that 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORDER HEALTHCARE

We have audited the group and parent charity financial statements of Horder Healthcare ("the financial statements") for the year ended 30 June 2016 on pages 9 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 7 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

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 2016 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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:

- the parent charitable company has not kept adequate and sufficient accounting records, 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

RSM UK Audit LLP

NICHOLAS SLADDEN FCA DChA (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
25 Farringdon Street
London
EC4A 4AB

2 November 2016

HORDER HEALTHCARE

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

FOR THE YEAR ENDED 30 JUNE 2016

		Unrestricted Funds 2016 £000	Restricted Funds 2016 £000	Total Funds 2016 £000	Total Funds 2015 £000
	Notes				
Income from:					
Donations and legacies	2	215	-	215	125
Charitable activities	4	28,305	-	28,305	24,156
Other trading activities	5	886	-	886	119
Investments	3	211	-	211	490
Share of surplus in joint venture		352	-	352	367
Total		<u>29,969</u>	<u>-</u>	<u>29,969</u>	<u>25,257</u>
Expenditure on:					
Raising funds	6	20	-	20	28
Charitable activities	7	28,783	4	28,787	20,480
Total		<u>28,803</u>	<u>4</u>	<u>28,807</u>	<u>20,508</u>
(Loss) / gain on investments	15	(243)	-	(243)	333
Net income / movement in funds		<u>923</u>	<u>(4)</u>	<u>919</u>	<u>5,082</u>
Total funds at 1 July		<u>70,319</u>	<u>82</u>	<u>70,401</u>	<u>65,319</u>
Total funds at 30 June		<u><u>71,242</u></u>	<u><u>78</u></u>	<u><u>71,320</u></u>	<u><u>70,401</u></u>

HORDER HEALTHCARE

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2016

Company No 03052242

	Notes	2016 £000	2015 £000
Fixed assets			
Intangible assets	13	1,712	-
Tangible assets	14	50,879	39,287
Listed investments	15	5,751	5,994
Programme related investments:			
Investment in joint venture	16	589	238
		<u>58,931</u>	<u>45,519</u>
Current assets			
Stock	17	769	508
Debtors	18	5,550	8,383
Investments	19	1,091	1,085
Cash at bank and in hand		9,891	22,758
		<u>17,301</u>	<u>32,734</u>
Creditors: amounts falling due within one year	20	<u>(4,912)</u>	<u>(7,852)</u>
Net current assets		<u>12,389</u>	<u>24,882</u>
Total assets less current liabilities		<u>71,320</u>	<u>70,401</u>
Funds of the group			
General		52,297	51,374
Revaluation reserve		18,945	18,945
Restricted by bequest		78	82
Total funds	25	<u>71,320</u>	<u>70,401</u>
Of which designated are:			
Fixed assets		52,591	39,287
CAPEX near and medium term		10,161	11,884
McIndoe acquisition		-	10,454
Total designated funds		<u>62,752</u>	<u>61,625</u>
Other funds		<u>8,568</u>	<u>8,776</u>

These financial statements were approved and authorised for issue by the Board of Directors on
27 October 2016.

Dr S J Grieve
Chair



HORDER HEALTHCARE

CHARITY BALANCE SHEET

AS AT 30 JUNE 2016

Company No 03052242

	Notes	2016 £000	2015 £000
Fixed assets			
Intangible assets	13	1,712	-
Tangible assets	14	50,879	39,287
Investments	15	5,751	5,994
		<u>58,342</u>	<u>45,281</u>
Current assets			
Stock	17	769	508
Debtors	18	5,550	8,383
Investments	19	1,091	1,085
Cash at bank and in hand		9,891	22,758
		<u>17,301</u>	<u>32,734</u>
Creditors: amounts falling due within one year	20	<u>(4,912)</u>	<u>(7,852)</u>
Net current assets		<u>12,389</u>	<u>24,882</u>
Total assets less current liabilities		<u>70,731</u>	<u>70,163</u>
Funds of the charity			
General		51,708	51,136
Revaluation reserve		18,945	18,945
Restricted by bequest		78	82
		<u>70,731</u>	<u>70,163</u>
Total funds	25	<u>70,731</u>	<u>70,163</u>
Of which designated are:			
Fixed assets		52,591	39,287
CAPEX near and medium term		10,161	11,884
McIndoe acquisition		-	10,453
		<u>62,752</u>	<u>61,624</u>
Total designated funds		<u>62,752</u>	<u>61,624</u>
Other funds		<u>7,979</u>	<u>8,539</u>

These financial statements were approved and authorised for issue by the Board of Directors on
27 October 2016.

Dr S J Grieve
Chair



HORDER HEALTHCARE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £000	2015 £000
Cash inflow from operating activities:			
Net cash provided by operating activities	30	2,385	4,448
Interest received		122	490
		<u>2,507</u>	<u>4,938</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(3,770)	(2,872)
Purchase of fixed asset investments		(2,088)	(2,249)
Proceeds from sale of fixed asset investments		1,353	11,915
Proceeds from sale of tangible fixed assets		20	-
Cost of business combinations	31	(11,070)	-
		<u>(15,555)</u>	<u>6,794</u>
Net cash (used in) / from investing activities		(15,555)	6,794
Net (decrease) / increase in cash and cash equivalents		(13,048)	11,732
Cash and cash equivalents brought forward		23,843	12,111
Cash and cash equivalents carried forward		<u>10,795</u>	<u>23,843</u>
Relating to:			
Cash at bank and in hand		9,891	22,758
Investments		1,091	1,085
Bank overdraft	20	(187)	-
		<u>10,795</u>	<u>23,843</u>

HORDER HEALTHCARE

CHARITY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £000	2015 £000
Cash inflow from operating activities:			
Net cash provided by operating activities	30	2,385	4,448
Interest received		122	490
		<u>2,507</u>	<u>4,938</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(3,770)	(2,872)
Purchase of fixed asset investments		(2,088)	(2,249)
Proceeds from sale of fixed asset investments		1,353	11,915
Proceeds from sale of tangible fixed assets		20	-
Cost of business combinations	31	(11,070)	-
		<u>(15,555)</u>	<u>6,794</u>
Net cash (used in) / from investing activities		(15,555)	6,794
Net (decrease) / increase in cash and cash equivalents		(13,048)	11,732
Cash and cash equivalents brought forward		23,843	12,111
Cash and cash equivalents carried forward		<u>10,795</u>	<u>23,843</u>
Relating to:			
Cash at bank and in hand		9,891	22,758
Investments		1,091	1,085
Bank overdraft	20	(187)	-
		<u>10,795</u>	<u>23,843</u>

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. Accounting policies

Legal status

The charity is a 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 Trustees' and 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 published on 16 July 2014 (the FRS 102 Charities SORP 2015).

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.

Restatement of comparatives

The charity has adopted FRS 102 and the applicable Charities SORP for the first time in this set of financial statements. In doing so, the comparative figures have been re-analysed. The date of transition to this new financial reporting framework was 1 July 2014, and the financial statements for the year ended 30 June 2015 were the last prepared under the previous financial reporting framework. Therefore the date of transition was 1 July 2014.

Reconciliation with previous generally accepted accounting practice

In preparing the financial statements, the directors have considered whether, in applying the accounting policies required by the Charities SORP FRS 102, a restatement of comparative items was needed. Restatements required were of a reclassification or presentational nature and are set out in note 32.

Going concern

The Directors have reviewed the charity's forecasts and projections covering a period that exceeds twelve months from the date of signing these financial statements, and based on the level of existing cash and estimated levels of Income and expenditure, the Directors are satisfied that the charity has adequate resources to continue in operation for the foreseeable future. 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.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Joint ventures that are not held as part of an investment portfolio are consolidated using the Equity method of accounting in accordance with FRS 102 section 15 "Investments in joint ventures". The group's share of surplus in joint ventures is included in the consolidated statement of financial activities, and the group's share of their net assets is included in the consolidated balance sheet. Details of the group's joint ventures can be found in note 16.

Income

Fees are included on an accrual basis once 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 and other income are included on a receipts 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.

Intangible fixed assets - goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value 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.

Tangible fixed assets

Tangible fixed assets other than freehold land and buildings and assets under construction are stated at cost less depreciation. Freehold land and buildings and assets under construction are included at their revalued amount.

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 60 years
Equipment	4 – 10 years
Motor vehicles	25% reducing balance

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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.

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.

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 company applies the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS102 to all of its financial instruments. Financial instruments are recognised when the charity becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognised when the charitable company becomes a party to the contractual provisions of the instrument, and are offset only when the charitable 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.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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.

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 Donations and legacies

	Unrestricted	
	Total 2016 £000	Total 2015 £000
Donations and covenants receivable	52	49
General trusts	5	5
Bequests	158	71
	<u>215</u>	<u>125</u>

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3 Investments

	Unrestricted	
	Total 2016 £000	Total 2015 £000
Interest receivable	7	44
Income from UK listed investments	115	446
Hire of facilities	89	-
	<u>211</u>	<u>490</u>

4 Charitable activities

	Unrestricted	
	Total 2016 £000	Total 2015 £000
Fees from NHS and other sources	<u>28,305</u>	<u>24,156</u>

5 Other trading activities

	Unrestricted	
	Total 2016 £000	Total 2015 £000
Other income	183	119
Recharged to Sussex MSK Partnership East	703	-
	<u>886</u>	<u>119</u>

6 Raising funds

	Unrestricted	
	Total 2016 £000	Total 2015 £000
Fundraising and publicity		
Staff costs	20	28
	<u>20</u>	<u>28</u>

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

7 Charitable activities

Patient services	Unrestricted 2016 £000	Restricted 2016 £000	Total 2016 £000	Total 2015 £000
Theatre and medical costs	9,846	-	9,846	6,257
Wages, salaries and national insurance	10,469	-	10,469	9,028
Pension cost	352	-	352	272
Depreciation	1,107	4	1,111	854
Amortisation	191	-	191	-
Loss on disposal of fixed assets	46	-	46	-
Support costs (note 8)	6,772	-	6,772	4,069
	<u>28,783</u>	<u>4</u>	<u>28,787</u>	<u>20,480</u>

Of the total charitable expenditure for the year to 30 June 2015 £4,223 is attributable to restricted funds and £20,475,842 to unrestricted funds.

8 Support costs

	Unrestricted	
	Total 2016 £000	Total 2015 £000
Catering, laundry and office costs	1,550	981
Legal and professional fees	1,063	246
Building and equipment maintenance	633	397
Staff costs	1,521	947
Finance costs	77	22
Clinical governance	78	69
Other direct costs	1,738	1,368
Governance	112	39
	<u>6,772</u>	<u>4,069</u>

9 Auditor's remuneration

	2016 £000	2015 £000
Auditor's remuneration	25	23
Auditor's non audit services:		
VAT advisory	2	-
Other services	7	10
	<u>34</u>	<u>33</u>

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

	2016 £000	2015 £000
Wages and salaries	11,196	9,538
Social security costs	814	465
Pension costs	352	272
	<u>12,362</u>	<u>10,274</u>
Termination payments	<u>173</u>	<u>-</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	-
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	2	-
In the band £90,001 - £100,000	1	2
In the band £120,001 - £130,000	2	-
In the band £130,001 - £140,000	2	-
In the band £160,001 - £170,000	1	1
In the band £180,001 - £190,000	-	1
	<u>10</u>	<u>5</u>

The Chief Executive, Mrs D Thomas, was also a member of the Board of Directors until 31 July 2016 and received remuneration and benefits for her services in that office, through an employment contract with the charity, of £169,701 (2015: £189,732); pension contributions for the year were £18,519 (2015: £18,309)

Mrs K L Planterose, was a member of the Board of Directors and the Commercial Director until 21 May 2015. She received remuneration and benefits for her services in that office, through an employment contract with the charity, of £nil as a director (2015: £119,573); pension contributions for the period were £nil (2015: £10,999).

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 £756,614 (2015 - £501,603).

No other members of the Board of Directors received any emoluments during either year.

No members of the Board of Directors were reimbursed expenses during either year.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

Employees

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

	2016 No.	2015 No.
Clinical	149	99
Clinical support	67	39
Non-clinical	103	66
	<u>319</u>	<u>204</u>

12 Net income

	2016 £000	2015 £000
This is stated after charging:		
Depreciation	1,111	854
Amortisation	191	-
Loss on disposal of fixed assets	46	-
Stock recognised as an expense	5,271	4,819
Operating lease rentals	65	65
	<u>6,684</u>	<u>5,738</u>

13 Intangible fixed assets – Group & Company

	Goodwill £000
Cost or valuation	
Additions – upon acquisition	1,903
At 30 June 2016	<u>1,903</u>
Amortisation	
Charge for year	191
At 30 June 2016	<u>191</u>
Net book value	
At 30 June 2016	<u>1,712</u>
At 30 June 2015	<u>-</u>

On 1 July 2015 Horder Healthcare purchased The McIndoe Centre and transferred all its trade, assets and liabilities to the charity. The remaining amortisation period is 9 years.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

14 Tangible fixed assets – Group and Charity

	Assets under construction £000	Freehold Land and Buildings £000	Equipment £000	Motor Vehicles £000	Total £000
Cost or valuation					
At 1 July 2015	-	39,001	6,541	80	45,622
Additions through acquisitions	-	8,645	353	-	8,998
Additions	2,172	432	1,133	34	3,771
Disposal	-	-	(58)	(33)	(91)
At 30 June 2016	<u>2,172</u>	<u>48,078</u>	<u>7,969</u>	<u>81</u>	<u>58,300</u>
Depreciation					
At 1 July 2015	-	515	5,760	60	6,335
Charge for the year	-	662	446	3	1,111
Disposals	-	-	(11)	(14)	(25)
At 30 June 2016	<u>-</u>	<u>1,177</u>	<u>6,195</u>	<u>49</u>	<u>7,421</u>
Net book value					
At 30 June 2016	<u>2,172</u>	<u>46,901</u>	<u>1,774</u>	<u>32</u>	<u>50,879</u>
At 30 June 2015	<u>-</u>	<u>38,486</u>	<u>781</u>	<u>20</u>	<u>39,287</u>

All freehold land and buildings at St John's Road, Crowborough, East Sussex and Sutton Road, Seaford, East Sussex were valued as at 30 June 2014 by Mr A Burchell, MRICS and Mr D Cooney, MRICS, on a depreciated replacement cost basis.

During the year the charity acquired land and buildings at The McIndoe Centre, Holtye Road, East Grinstead (including assets under construction).

On an historical cost basis the historical cost of freehold land and buildings stated at valuation is £28,772,698 (2015: £20,127,378), and accumulated depreciation would be £1,177,468 (2015: £515,136). The historic cost of assets under construction was £2,171,596 (2015 - £nil).

Included within freehold land and buildings is £10,003,809 (2015: £8,093,011) of freehold land.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

15 Fixed asset investments - Charity

	2016 £000	2015 £000
Listed investments		
At 1 July	5,097	14,430
Additions	2,088	2,249
Disposals at market value	(1,353)	(11,915)
Net unrealised gain	(243)	333
	<u>5,589</u>	<u>5,097</u>
Cash held with investment managers	162	897
At 30 June 2016	<u>5,751</u>	<u>5,994</u>
Historical cost at 30 June 2016	<u>5,507</u>	<u>5,589</u>

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:

Subsidiary undertakings:	Company registration number	Class	% held directly	% held indirectly
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 and did not trade throughout the year to 30 June 2016.

The total cost of the shares held in Horder MSK Limited is £2 (2015 - £2). The aggregate capital and reserves of Horder MSK Limited at 30 June 2016 was £2, the total assets were £5 and total liabilities were £3.

*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.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

15 Fixed asset investments - Charity

	2016	2015
	£000	£000
Listed investments		
At 1 July	5,097	14,430
Additions	2,088	2,249
Disposals at market value	(1,353)	(11,915)
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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 and did not trade throughout the year to 30 June 2016.

The total cost of the shares held in Horder MSK Limited is £2 (2015 - £2). The aggregate capital and reserves of Horder MSK Limited at 30 June 2016 was £2, the total assets were £5 and total liabilities were £3.

*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.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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	589

Share of Joint venture assets and liabilities:

	£000
Share of current assets	3,363
Liabilities due within one year	(2,774)
Share of net assets	589

Share of Joint venture income and expenditure:

	£000
Share of turnover	18,656
Share of expenses	(18,304)
Share of surplus	352

The financial year end for SMSKP2 Limited is 31 March 2016. Therefore share of net assets and share in profit for the year have been taken from the company's management accounts for the period to 30 June 2016. 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. SMSKP2 Limited has confirmed this contribution will not be requested as that entity has sufficient working capital. Based on this no provision has been made in these financial statements for this contribution.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

17 Stock – Group and Charity

	2016 £000	2015 £000
Theatre, medical and surgical consumables and drugs	407	233
Prosthesis	362	275
	<u>769</u>	<u>508</u>

18 Debtors – Group and Charity

	2016 £000	2015 £000
Fee debtors	4,110	4,900
Amounts owed by jointly controlled entity	272	379
Other debtors	645	527
Prepayments and accrued income	523	2,577
	<u>5,550</u>	<u>8,383</u>

19 Current asset investments – Group and Charity

	2016 £000	2015 £000
Bank deposits	<u>1,091</u>	<u>1,085</u>

20 Creditors: Amounts falling due within one year – Group and Charity

	2016 £000	2015 £000
Bank overdraft	187	-
Trade creditors	1,299	1,436
Amounts owed to jointly controlled entity	-	250
Social security and other taxes	232	136
Other creditors	20	13
Accruals	2,137	1,849
Deferred income (note 21)	1,037	4,168
	<u>4,912</u>	<u>7,852</u>

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

21 Deferred income – Group and Charity

	2016 £000	2015 £000
Deferred income as at 1 July	4,168	1,547
Incoming resources received requiring deferment	1,037	4,168
Release of incoming resources during the year	(4,168)	(1,547)
Deferred income as at 30 June	<u>1,037</u>	<u>4,168</u>

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

22 Financial instruments

Group & Charity	2016 £000	2015 £000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	5,277	5,951
Instruments measured at fair value through surplus/deficit	5,751	5,994
Carrying amount of financial liabilities		
Measured at amortised cost	3,802	3,548

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 £352,394 (2015 - £271,729).

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, £702,859 (2015 - £129,341) for costs incurred on their behalf. At the balance sheet date £272,448 (2015 - £129,341) was outstanding.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

25 Funds

Group	General fund £000
Balance at 1 July 2015	51,374
Movement in funds for the year	923
Balance at 30 June 2016	<u>52,297</u>

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

Charity	General fund £000
Balance at 1 July 2015	51,136
Movement in funds for the year	572
Balance at 30 June 2016	<u>51,708</u>

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

Group and Charity	Revaluation Reserve £000
Balance at 30 June 2015 & 30 June 2016	<u>18,945</u>

The revaluation reserve relates to the revaluation of freehold property.

Group and Charity	Restricted fund £000
Balance at 1 July 2015	82
Movement in funds for the year	(4)
Balance at 30 June 2016	<u>78</u>

Restricted Fund – relates to the purchase of medical equipment.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

26 Results of parent company

The consolidated net income for the year includes net income of £571,780 (2015: £4,844,259) 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 Activity.

27 Analysis of group net assets between funds

	Tangible & Intangible fixed assets £000	Investments £000	Net current assets £000	Total 2016 £000	Total 2015 £000
General fund	33,568	6,340	12,389	52,297	51,374
Revaluation reserve	18,945	-	-	18,945	18,945
Restricted fund	78	-	-	78	82
	<u>52,591</u>	<u>6,340</u>	<u>12,389</u>	<u>71,320</u>	<u>70,401</u>

Analysis of charity net assets between funds

	Tangible & Intangible fixed assets £000	Investments £000	Net current assets £000	Total 2016 £000	Total 2015 £000
General fund	33,568	5,751	12,389	51,708	51,136
Revaluation reserve	18,945	-	-	18,945	18,945
Restricted fund	78	-	-	78	82
	<u>52,591</u>	<u>5,751</u>	<u>12,389</u>	<u>70,731</u>	<u>70,163</u>

28 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:

	2016 £000	2015 £000
Less than one year	38	38
Between 2 and 5 years	32	70
	<u>70</u>	<u>108</u>

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

29 Capital commitments – Group and Charity

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	3,250	95

The increase in capital commitment year on year relates to the contracted refurbishment spend on the McIndoe Centre.

30 Net cash flow from operations

	2016 £000	2015 £000
Net income for the year	919	5,082
Share of joint venture surplus	(352)	(367)
Share of joint venture costs	-	129
Fair value losses / (gains) on investments	243	(333)
Loss on disposal of fixed assets	46	-
Depreciation	1,111	854
Amortisation	191	-
Interest received	(122)	(490)
(Increase) in stocks	(92)	(59)
Decrease/(increase) in debtors	3,570	(4,632)
(Decrease)/increase in creditors	(3,129)	4,264
Net cash inflow from operating activities	2,385	4,448

31 Acquisitions

Business combinations:

On 1 July 2015 Horder Healthcare purchased The McIndoe Centre and transferred all its trade, assets and liabilities to the charity. The fair value of the assets acquired were as follows:

	Fair value £000
Property, plant and equipment	8,998
Stock	169
Total assets	9,167
Goodwill	1,903
Total consideration - cash	11,070

Included within the Consolidated Statement of Financial Activities is £4,178,849 income from The McIndoe Centre and a deficit of £1,047,652.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

32 Transition to FRS102

The charity has adopted FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 published on 16 July 2014 for the first time in this set of financial statements. The date of transition to this new financial reporting framework was 1 June 2014, and the financial statements for the year ended 30 June 2015 were the last prepared under the previous financial reporting framework. Certain reclassification adjustments were made on transition as set out below.

Reconciliation of general funds:

Group	Notes	30 June 2015 £000
Funds as reported under previous Charity SORP General fund		51,168
Adjustments arising from transition to FRS 102: Fair value movement on investments	a	206
Funds reported under Charity SORP FRS 102		<u>51,374</u>

No consolidated accounts were prepared for the year to 30 June 2014.

Reconciliation of general funds:

Charity	Notes	1 July 2014 £000	30 June 2015 £000
Funds as reported under previous Charity SORP General fund		46,414	50,930
Adjustments arising from transition to FRS 102: Fair value movement on investments	a	(127)	206
Funds reported under Charity SORP FRS 102		<u>46,287</u>	<u>51,136</u>

Reconciliation of revaluation reserve:

Group	Notes	30 June 2015 £000
Funds as reported under previous Charity SORP Revaluation reserve		19,151
Adjustments arising from transition to FRS 102: Fair value movement on investments	a	(206)
Funds reported under Charity SORP FRS 102		<u>18,945</u>

No consolidated accounts were prepared for the year to 30 June 2014.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

32 Transition to FRS102 (continued)

Reconciliation of revaluation reserve: Charity	Notes	1 July 2014 £000	30 June 2015 £000
Funds as reported under previous Charity SORP Revaluation reserve		18,818	19,151
Adjustments arising from transition to FRS 102: Fair value movement on investments	a	127	(206)
Funds reported under Charity SORP FRS 102		<u>18,945</u>	<u>18,945</u>

a) Fair value movement

Under the new Charity SORP FRS102 fair value movements on investments are treated as a component of net income and therefore any movement on investments is now included within the charity's general reserve.

Reconciliation of reported net income	£000
Net income as previously stated	4,382
Adjustment for gains on investments now treated as a component of net income	333
Adjustment for share of joint venture surplus now treated as component of net income	367
2015 net income as restated	<u>5,082</u>