

Company Registration Number 03052242

Charity Number 1046624

HORDER HEALTHCARE
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2017

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 (<i>resigned 24 November 2016</i>) Mr S C Gallannaugh Mrs R L Leigh (<i>resigned 24 November 2016</i>) Dr S J Grieve (<i>Chair</i>) Sir A D T Chessells Mr P A Flamank Mr P C Allen Dr C E Bell (<i>appointed 27 October 2016</i>) Mr S L Dance (<i>appointed 27 September 2016</i>) Mr R Tyler (Chief executive) (<i>appointed 7 March 2017</i>)
Company secretary	Mr H I Hatfield
Chief executive	Mr R Tyler (<i>appointed 14 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 LLP 22 Mount Ephraim Road Tunbridge Wells Kent TN4 8AS
Investment managers:	Ruffer LLP 80 Victoria Street London SW1E 5JL CCLA Senator House 85 Queen Victoria Street London EC4V 4ET

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 2017. 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. Horder MSK Limited participates in 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 providing high quality treatment programmes.

Objective

Horder Healthcare's charitable purpose is to advance health, and the relief of patients suffering from ill health. Our 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. Our vision is to demonstrate our 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 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 current 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 retired from the Board on 24 November 2016. Two additional members have joined the Board during the year, Mr S L Dance (appointed 27 September 2016) and Dr C E Bell (appointed 27 October 2016). Mrs S E Brown OBE and Mr S C Gallannaugh will retire by rotation at the next General Meeting and being eligible offer themselves for re-election. Sir A D T Chessells will retire.

HORDER HEALTHCARE

BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

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 meets usually 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

Both of Horder Healthcare's hospitals were inspected by the Care Quality Commission (CQC) during the year and received positive feedback. The Horder Centre received 'Outstanding' rating, one of only seven independent hospitals in England to be given this accolade, and The McIndoe Centre received a 'Good' rating.

During the past year Horder Healthcare has made considerable progress in refurbishing the McIndoe Centre that it acquired in July 2015. An extensive programme of investment has been instigated that has delivered three state of the art operating theatres, and a new recovery area and ophthalmic suite. The theatres now feature the latest technology including new screen-less ultra-clean ventilation canopies that has enabled the McIndoe Centre to continue to safeguard its proud history of plastic, reconstructive and cosmetic surgery whilst at the same time also introduce an increased range of general surgical procedures with a particular emphasis on orthopaedic surgery. Further investment at the McIndoe Centre is planned in 2017/18, with the development of a fast turnaround area for day case procedures, along with improvements to its Outpatient facilities.

In November 2016 Horder Healthcare launched the Butterfly Scheme across all its locations. The scheme provides a system for effective care for those with dementia or experiencing memory problems, and means that staff are correctly trained so that they can offer dementia care to patients who need it.

The charity continues to offer a wide range of services benefiting a significant number of people. At the end of the financial year 11,007 procedures had been performed, 24,563 outpatient consultations made, and 40,729 physiotherapist and extended scope practitioner appointments held across Horder's five locations in Crowborough, East Grinstead, Eastbourne, Tunbridge Wells and Seaford.

HORDER HEALTHCARE

BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

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.

Horder Healthcare has continued its quality of service throughout 2016 with some of its key achievements including:

- Achieving an outstanding Care Quality Commission (CQC) rating for the Horder Centre, and a good rating for The McIndoe Centre
- Higher than national average post surgery outcome scores for Patient Related Outcome Measures (PROMS) for both hip and knee replacements
- Maintaining its VTE (venous thromboembolism) exemplar status achieved at The Horder Centre.
- 99% of patients rating their experience as very good or excellent at The Horder Centre
- 92% of patients rating their experience as very good or excellent at The McIndoe Centre
- 99% of patients likely or very likely to recommend The Horder Centre to family and friends
- 100% of patients likely or very likely to recommend The McIndoe Centre to family and friends

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 continues to be an important focus for leaders within Horder Healthcare.

Financial review

2016/17 has been a year of relative consolidation for Horder Healthcare after its previous year's expansion through the acquisition of the McIndoe Centre and the increased mobilisation of its SMSKP joint venture contract.

Income (excluding the share of joint venture) grew in the year by 6.8% from £29.6m to £31.6m, with the introduction of orthopaedic pathways for knee and hand surgery at the McIndoe Centre, and the expansion of MSK services at the Horder outreach locations being the main contributors to the improvement. However, the additional costs to support the enlarged organisation and the extension of the services provided 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 £11k.

HORDER HEALTHCARE

BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

During the year £6.4m of capital expenditure has been made with the majority (£4.68m) invested into the refurbishment, and improvements at the McIndoe Centre. The upgrading of the theatres here has been beneficial, allowing orthopaedic surgery to commence on site that has helped the facility's income to grow by 28% during the year. A further £5.26m of capital expenditure has been budgeted for the financial year 2017/18. A significant proportion of the planned investment is focused on upgrading the charity's IT infrastructure and cross site connectivity, with the remainder used to upgrade the buildings at the Horder and McIndoe Centres to deliver increased capacity and improvements in service provision efficiency.

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.

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 2017	Loss for the year 2017
SMSKP2 Limited	(100,261)	(557,215)
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 £5.3m 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 £71.0m currently held in reserves by the company (£71.0m held by the group), approximately £57.5m is represented by buildings and other fixed assets (£57.5m in the group), £5.2m for CAPEX (£5.2m in the group), resulting in £8.2m of unrestricted reserves which is equivalent to approximately six months of fixed costs for 2017 (£8.2m of unrestricted reserves in the group).

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

HORDER HEALTHCARE

BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

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 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 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.

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 2 (2016: 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.

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.

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 28 September 2017 and signed on their behalf, by:

Mr H I Hatfield
Secretary



HORDER HEALTHCARE

BOARD OF DIRECTORS' REPORT AND STRATEGIC REPORT

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 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 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

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 2017 which comprise the Group Statement of Financial Activities (including an income and expenditure account), the Group and Company Balance Sheets, the Group and Company 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 2017 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

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 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 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 Directors' Report 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 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, 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.

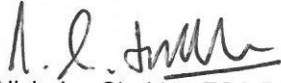
Auditor's responsibilities for the audit of the financial statements

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

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

6 October 2017

HORDER HEALTHCARE

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

FOR THE YEAR ENDED 30 JUNE 2017

		Unrestricted Funds 2017 £000	Restricted Funds 2017 £000	Total Funds 2017 £000	Total Funds 2016 £000
	Notes				
Income from:					
Donations and legacies	2	108	21	129	215
Charitable activities	4	30,042	-	30,042	28,305
Other trading activities	5	1,297	-	1,297	886
Investments	3	170	-	170	211
Share of surplus in joint venture		-	-	-	352
Total		31,617	21	31,638	29,969
Expenditure on:					
Raising funds	6	22	-	22	20
Charitable activities	7	31,597	8	31,605	28,787
Share of deficit in joint venture	16	590	-	590	-
Total		32,209	8	32,217	28,807
Gain/(Loss) on investments	15	259	-	259	(243)
Net (expenditure)/income		(333)	13	(320)	919
Gross transfer between funds	25	(5)	5	-	-
Net movement in funds		(338)	18	(320)	919
Total funds at 1 July		71,242	78	71,320	70,401
Total funds at 30 June		70,904	96	71,000	71,320

HORDER HEALTHCARE

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2017

Company No 03052242

	Notes	2017 £000	2016 £000
Fixed assets			
Intangible assets	13	2,290	1,712
Tangible assets	14	55,250	50,879
Listed investments	15	6,010	5,751
Programme related investments:			
Investment in joint venture	16	-	589
		<u>63,550</u>	<u>58,931</u>
Current assets			
Stock	17	715	769
Debtors	18	6,160	5,550
Investments	19	1,096	1,091
Cash at bank and in hand		3,056	9,891
		<u>11,027</u>	<u>17,301</u>
Creditors: amounts falling due within one year	20	(3,577)	(4,912)
Net current assets		<u>7,450</u>	<u>12,389</u>
Net assets		<u><u>71,000</u></u>	<u><u>71,320</u></u>
Funds of the group			
General		51,959	52,297
Revaluation reserve		18,945	18,945
Restricted by bequest		96	78
Total funds	25	<u><u>71,000</u></u>	<u><u>71,320</u></u>
Of which designated are:			
Fixed assets		57,540	52,591
CAPEX near and medium term		5,264	10,161
Total designated funds		<u>62,804</u>	<u>62,752</u>
Other funds		<u>8,196</u>	<u>8,568</u>

These financial statements were approved and authorised for issue by the Board of Directors on 28 September 2017.



Dr S J Grieve
Chair

HORDER HEALTHCARE

CHARITY BALANCE SHEET

AS AT 30 JUNE 2017

Company No 03052242

	Notes	2017 £000	2016 £000
Fixed assets			
Intangible assets	13	2,290	1,712
Tangible assets	14	55,250	50,879
Investments	15	6,010	5,751
		<u>63,550</u>	<u>58,342</u>
Current assets			
Stock	17	715	769
Debtors	18	6,160	5,550
Investments	19	1,096	1,091
Cash at bank and in hand		3,056	9,891
		<u>11,027</u>	<u>17,301</u>
Creditors: amounts falling due within one year	20	<u>(3,577)</u>	<u>(4,912)</u>
Net current assets		<u>7,450</u>	<u>12,389</u>
Total assets less current liabilities		<u><u>71,000</u></u>	<u><u>70,731</u></u>
Funds of the charity			
General		51,959	51,708
Revaluation reserve		18,945	18,945
Restricted by bequest		96	78
Total funds	25	<u><u>71,000</u></u>	<u><u>70,731</u></u>
Of which designated are:			
Fixed assets		57,540	52,591
CAPEX near and medium term		5,264	10,161
Total designated funds		<u>62,804</u>	<u>62,752</u>
Other funds		<u>8,196</u>	<u>7,979</u>

The consolidated net income for the year includes net income of £270,403 (2016: £571,780) 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 28 September 2017.



Dr S J Grieve
Chair

HORDER HEALTHCARE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £000	2016 £000
Cash inflow from operating activities:			
Net cash provided by operating activities	29	(341)	2,385
		<u>(341)</u>	<u>2,385</u>
Cash flows from investing activities:			
Interest received		113	122
Purchase of intangible fixed assets		(769)	-
Purchase of tangible fixed assets		(5,588)	(3,770)
Purchase of fixed asset investments		(2,615)	(2,088)
Proceeds from sale of fixed asset investments		2,557	1,353
Proceeds from sale of tangible fixed assets		-	20
Cost of business combinations		-	(11,070)
Net cash used in investing activities		<u>(6,302)</u>	<u>(15,433)</u>
Net decrease in cash and cash equivalents		<u>(6,643)</u>	<u>(13,048)</u>
Cash and cash equivalents brought forward		10,795	23,843
Cash and cash equivalents carried forward		<u>4,152</u>	<u>10,795</u>
Relating to:			
Cash at bank and in hand		3,056	9,891
Investments		1,096	1,091
Bank overdraft	20	-	(187)
		<u>4,152</u>	<u>10,795</u>

HORDER HEALTHCARE

CHARITY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £000	2016 £000
Cash inflow from operating activities:			
Net cash provided by operating activities	29	(341)	2,385
		<u>(341)</u>	<u>2,385</u>
Cash flows from investing activities:			
Interest received		113	122
Purchase of intangible fixed assets		(769)	-
Purchase of tangible fixed assets		(5,588)	(3,770)
Purchase of fixed asset investments		(2,615)	(2,088)
Proceeds from sale of fixed asset investments		2,557	1,353
Proceeds from sale of tangible fixed assets		-	20
Cost of business combinations		-	(11,070)
		<u>(6,302)</u>	<u>(15,433)</u>
Net cash used in investing activities		(6,302)	(15,433)
Net decrease in cash and cash equivalents		(6,643)	(13,048)
Cash and cash equivalents brought forward		10,795	23,843
Cash and cash equivalents carried forward		<u>4,152</u>	<u>10,795</u>
Relating to:			
Cash at bank and in hand		3,056	9,891
Investments		1,096	1,091
Bank overdraft	20	-	(187)
		<u>4,152</u>	<u>10,795</u>

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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 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.

Going concern

The Directors have reviewed the group and 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 group and charity have 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.

A Joint venture that is 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 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 obligations 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 2017

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 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. 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 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

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.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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 in charge in the year of acquisition.

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 group and 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 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.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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.

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.

Valuation of freehold

The freehold land and buildings are carried in the financial statements at their revalued amount. Each year the Board of Directors' review the carrying value of these assets and using market values to determine if an amendment is required.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

2 Donations and legacies

	Unrestricted 2017 £000	Restricted 2017 £000	Total 2017 £000	Total 2016 £000
Donations and covenants receivable	19	21	40	52
General trusts	14	-	14	5
Bequests	75	-	75	158
	<u>108</u>	<u>21</u>	<u>129</u>	<u>215</u>

All the donations and legacies income for the year to 30 June 2016 is attributable to unrestricted funds.

3 Investments

	Unrestricted	
	Total 2017 £000	Total 2016 £000
Interest receivable	5	7
Income from UK listed investments	108	115
Hire of facilities	57	89
	<u>170</u>	<u>211</u>

4 Charitable activities

	Unrestricted	
	Total 2017 £000	Total 2016 £000
Fees from NHS and other sources	30,042	28,305

5 Other trading activities

	Unrestricted	
	Total 2017 £000	Total 2016 £000
Other income	527	183
Expense recharges to Sussex MSK Partnership East	770	703
	<u>1,297</u>	<u>886</u>

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

6 Raising funds

	Unrestricted	
	Total 2017 £000	Total 2016 £000
Fundraising and publicity		
Staff costs	22	20
	<u>22</u>	<u>20</u>

7 Charitable activities

Patient services	Unrestricted 2017 £000	Restricted 2017 £000	Total 2017 £000	Total 2016 As restated £000
Theatre and medical costs	13,557	-	13,557	12,089
Wages, salaries and national insurance	8,897	-	8,897	8,226
Pension cost	358	-	358	352
Depreciation	1,209	8	1,217	1,111
Amortisation	191	-	191	191
Loss on disposal of fixed assets	-	-	-	46
Support costs (note 8)	7,385	-	7,385	6,772
	<u>31,597</u>	<u>8</u>	<u>31,605</u>	<u>28,787</u>

Of the total charitable expenditure for the year to 30 June 2016 £4,223 is attributable to restricted funds and £28,782,441 to unrestricted funds.

For the prior year, the inclusion of agency fees within patient services cost categories was reviewed and it was determined to reclassify allocations as previously reported. As a result, wages, salaries and national insurance costs have decreased by £2,242,800 and theatre and medical costs have increased by the same amount. This adjustment has had no impact of the surplus for the prior year or the charity's reserves at 30 June 2016.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

8 Support costs

	Unrestricted	
	Total 2017 £000	Total 2016 £000
Catering, laundry and office costs	1,285	1,550
Legal and professional fees	955	1,063
Building and equipment maintenance	826	633
Staff costs	2,364	1,521
Finance costs	25	77
Clinical governance	18	78
Other direct costs	1,852	1,738
Governance	60	112
	<u>7,385</u>	<u>6,772</u>

9 Auditor's remuneration

	2017 £000	2016 £000
Auditor's remuneration	25	25
Auditor's non audit services:		
VAT advisory	-	2
Other services	10	7
	<u>35</u>	<u>34</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

	2017 £000	2016 £000
Wages and salaries	10,364	9,207
Social security costs	919	814
Pension costs	358	352
	<u>11,641</u>	<u>10,373</u>
Termination payments	<u>61</u>	<u>173</u>

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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

Employees

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	2	1
In the band £80,001 - £90,000	2	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	-
In the band £120,001 - £130,000	-	2
In the band £130,001 - £140,000	-	2
In the band £140,001 - £150,000	1	-
In the band £160,001 - £170,000	-	1
In the band £180,001 - £190,000	1	-
	<u>10</u>	<u>10</u>

Mrs D Thomas, the former Chief Executive 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 £13,334 (2016: £169,701); pension contributions for the year were £nil (2016: £18,519).

The new Chief Executive, Dr R Tyler, 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 £99,833 (2016: £nil); pension contributions for the year were £7,054 (2016: £nil).

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 £690,431 (2016: £710,780). Board member details can be found on page 1. Other Senior Executive team members included Mrs R Dixon, Director of Clinical Services, Mr R Bentley, Operations Director, and Mr J Hiley, Director of Finance.

No other members of the Board of Directors received any emoluments during either year. During the year 2 trustees (2016: 1) received reimbursement of travel expenses totalling £1,491 (2016: £622).

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

	2017 No.	2016 No.
Clinical	182	175
Clinical support	83	76
Non-clinical	126	122
	<u>391</u>	<u>373</u>

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

12 Net income

	2017	2016
	£000	£000
This is stated after charging:		
Depreciation	1,217	1,111
Amortisation	191	191
Loss on disposal of fixed assets	-	46
Stock recognised as an expense	5,950	5,271
Operating lease rentals	38	65
	<u> </u>	<u> </u>

13 Intangible fixed assets – Group & Company

	Goodwill	Software	Total
	£000	£000	£000
Cost or valuation			
At 1 July 2016	1,903	-	1,903
Additions	-	769	769
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2017	1,903	769	2,672
	<u> </u>	<u> </u>	<u> </u>
Amortisation			
At 1 July 2016	191	-	191
Charge for year	191	-	191
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2017	382	-	382
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 30 June 2017	1,521	769	2,290
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2016	1,712	-	1,712
	<u> </u>	<u> </u>	<u> </u>

On 1 July 2015 Horder Healthcare purchased the assets of the McIndoe Centre, and transferred all of its trade and assets to the charity. The remaining amortisation period is 8 years.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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 2016	2,172	48,078	7,969	81	58,300
Additions	3,073	217	2,272	26	5,588
Transfer	(5,245)	5,245	-	-	-
	<u>-</u>	<u>53,540</u>	<u>10,241</u>	<u>107</u>	<u>63,888</u>
Depreciation					
At 1 July 2016	-	1,177	6,195	49	7,421
Charge for the year	-	747	464	6	1,217
	<u>-</u>	<u>1,924</u>	<u>6,659</u>	<u>55</u>	<u>8,638</u>
Net book value					
At 30 June 2017	-	51,616	3,582	52	55,250
	<u>-</u>	<u>51,616</u>	<u>3,582</u>	<u>52</u>	<u>55,250</u>
At 30 June 2016	2,172	46,901	1,774	32	50,879
	<u>2,172</u>	<u>46,901</u>	<u>1,774</u>	<u>32</u>	<u>50,879</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.

On an historical cost basis the historical cost of freehold land and buildings stated at valuation is £34,595,862 (2016: £28,772,698), and accumulated depreciation would be £1,924,325 (2016: £1,177,468). The historic cost of assets under construction was £nil (2016: £2,171,596).

Included within freehold land and buildings is £10,003,809 (2016: £10,003,809) of freehold land.

The McIndoe Centre is held at original cost; its land and buildings were acquired on 1 July 2015 for £8,645,320.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

15 Fixed asset investments – group

	2017 £000	2016 £000
Listed investments		
At 1 July	5,589	5,097
Additions	2,615	2,088
Disposals at market value	(2,557)	(1,353)
Net unrealised (loss) / gain	259	(243)
	<hr/>	<hr/>
Cash held with investment managers	5,906 104	5,589 162
	<hr/>	<hr/>
At 30 June 2017	<u>6,010</u>	<u>5,751</u>
	<hr/>	<hr/>
Historical cost at 30 June 2017	<u>5,599</u>	<u>5,507</u>

Listed investments are stated at market value at the balance sheet date.

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
SMSKP1 Limited	England & Wales	Ordinary	50
SMSKP2 Limited	England & Wales	Ordinary	50

SMSKP1 Limited was incorporated on 28 August 2014. The company is dormant and has never traded. The joint venture shareholders' agreement held for SMSKP1 Limited states the group shall make a working capital cash contribution of £250,000 to SMSKP1 Limited. As the company has remained dormant since incorporation and there are no plans for it to trade in the foreseeable future, it is considered unlikely this contribution will be requested. Based on this no provision has been made in these financial statements for this contribution.

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 total cost of the shares held in these undertakings is £3 (2016: £3). The shares are held by Horder MSK Limited.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

15 Fixed asset investments - Charity

	2017 £000	2016 £000
Listed investments		
At 1 July	5,589	5,097
Additions	2,615	2,088
Disposals at market value	(2,557)	(1,353)
Net unrealised gain	259	(243)
	<hr/>	<hr/>
	5,906	5,589
Cash held with investment managers	104	162
	<hr/>	<hr/>
At 30 June 2017	<u>6,010</u>	<u>5,751</u>
	<hr/>	<hr/>
Historical cost at 30 June 2017	<u>5,599</u>	<u>5,507</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 made a profit or loss during the year to 30 June 2017.

The total cost of the shares held in Horder MSK Limited is £2 (2016 - £2). The aggregate capital and reserves of Horder MSK Limited at 30 June 2017 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 2017

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 liabilities
					£000
SMSKP2 Limited	England	Ordinary	50%	Integrated Musculoskeletal Service for the NHS	-
Share of Joint venture assets and liabilities:					£000
Share of current assets					4,677
Liabilities due within one year					(4,677)
Share of net assets					-
Share of Joint venture income and expenditure:					£000
Share of turnover					19,027
Share of expenses					(19,617)
Share of deficit					(590)

The financial year end for SMSKP2 Limited is 31 March 2017. Therefore share of net assets and share in deficit for the year have been taken from the company's management accounts for the period to 30 June 2017. 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. At the balance sheet date SMSKP2 Limited had not requested this contribution and based on this no provision has been made in these financial statements for this.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

17 Stock – Group and Charity

	2017 £000	2016 £000
Theatre, medical and surgical consumables and drugs	417	407
Prosthesis	298	362
	<u>715</u>	<u>769</u>

18 Debtors – Group and Charity

	2017 £000	2016 £000
Fee debtors	4,794	4,110
Amounts owed by jointly controlled entity	159	272
Other debtors	450	645
Prepayments and accrued income	757	523
	<u>6,160</u>	<u>5,550</u>

Included in Fee debtors is £1,089,541 (2016: £1,402,670) owed from SMSKP2 Limited.

19 Current asset investments – Group and Charity

	2017 £000	2016 £000
Bank deposits	<u>1,096</u>	<u>1,091</u>

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

	2017 £000	2016 £000
Bank overdraft	-	187
Trade creditors	1,692	1,299
Social security and other taxes	263	232
Other creditors	8	20
Accruals	1,132	2,137
Deferred income (note 21)	482	1,037
	<u>3,577</u>	<u>4,912</u>

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

21 Deferred income – Group and Charity

	2017 £000	2016 £000
Deferred income as at 1 July	1,037	4,168
Incoming resources received requiring deferment	482	1,037
Release of incoming resources during the year	(1,037)	(4,168)
Deferred income as at 30 June	<u>482</u>	<u>1,037</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	2017 £000	2016 £000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	5,595	5,277
Instruments measured at fair value through surplus/deficit	6,010	5,751
Carrying amount of financial liabilities		
Measured at amortised cost	2,832	3,633

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 £358,064 (2016: £352,394). The amount outstanding at the balance sheet date was £8,728 (2016: £6,958) 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, £770,300 (2016: £702,859) for costs incurred on their behalf. Income of £11,625,855 (2016: £11,289,796) was received through contract activity. At the balance sheet date £1,248,135 (2016: £1,675,118) was outstanding.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

25 Funds

Group	General fund £000
Balance at 1 July 2016	52,297
Movement in funds for the year	(333)
Transfer between funds	(5)
	<u>51,959</u>
Balance at 30 June 2017	<u>51,959</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 2016	51,708
Movement in funds for the year	256
Transfer between funds	(5)
	<u>51,959</u>
Balance at 30 June 2017	<u>51,959</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 2016 & 30 June 2017	<u>18,945</u>

The revaluation reserve relates to the revaluation of freehold property.

Group and Charity	Restricted fund £000
Balance at 1 July 2016	78
Movement in funds for the year	13
Transfer between funds	5
	<u>96</u>
Balance at 30 June 2017	<u>96</u>

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

The transfer represents the amounts paid out of the general reserve for the purchase of the restricted vehicle as not enough income was raised.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

26 Analysis of group net assets between funds - 2017

	Tangible & Intangible fixed assets £000	Investments £000	Net current assets £000	Total 2017 £000
General fund	38,499	6,010	7,450	51,959
Revaluation reserve	18,945	-	-	18,945
Restricted fund	96	-	-	96
	<u>57,540</u>	<u>6,010</u>	<u>7,450</u>	<u>71,000</u>

Analysis of group net assets between funds - 2016

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

Analysis of charity net assets between funds - 2017

	Tangible & Intangible fixed assets £000	Investments £000	Net current assets £000	Total 2017 £000
General fund	38,499	6,010	7,450	51,959
Revaluation reserve	18,945	-	-	18,945
Restricted fund	96	-	-	96
	<u>57,540</u>	<u>6,010</u>	<u>7,450</u>	<u>71,000</u>

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

26 Analysis of charity net assets between funds - 2016

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

	2017 £000	2016 £000
Less than one year	28	38
Between 2 and 5 years	4	32
	<u>32</u>	<u>70</u>

28 Capital commitments – Group and Charity

	2017 £000	2016 £000
Contracted for but not provided in these financial statements	<u>1,830</u>	<u>3,250</u>

Capital commitments at 30 June 2017 include contracted investment in new IT systems across all sites and refurbishment spend on the McIndoe Centre. Capital commitments at 30 June 2016 related primarily to refurbishment spend on the McIndoe Centre.

HORDER HEALTHCARE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

29 Net cash flow from operations

	2017 £000	2016 £000
Net income for the year	(320)	919
Share of joint venture deficit / (surplus)	590	(352)
Share of joint venture costs	-	-
Fair value losses / (gains) on investments	(259)	243
Loss on disposal of fixed assets	-	46
Depreciation	1,217	1,111
Amortisation	191	191
Investment income	(113)	(122)
(Increase) in stocks	54	(92)
Decrease/(increase) in debtors	(870)	3,570
(Decrease)/increase in creditors	(831)	(3,129)
Net cash inflow from operating activities	<u>(341)</u>	<u>2,385</u>

