

**The
Healthcare
Management
Trust**

Annual Report and Accounts

31 December 2018

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

Charity Registration Number
292880

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Reference and administrative information

Trustees	J R Q Folliott Vaughan (Chairman) D G Jones (Vice Chairman) N Draper M Gerold G Goldinger Dr Lynne Roberts N E E Stephens DL Dr C Streather G von Malachowski
Company Secretary	N Roissetter
Adviser to the Board	P Jukes
Senior management team	
Chief Executive	Tony Barrett
Head of Finance	Nigel Roissetter
Head of Operations Care Homes	Mair Williams
Head of Operations Hospitals	Rob Douthwaite
Medical Director	Dr Lorcan Sheppard
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Charity registration number	292880
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Chairman's report Year to 31 December 2018

I am pleased to be able to say that, over the last year, HMT has made good progress, reflecting a considerable effort put in by those involved or responsible at all levels.

Sancta Maria Hospital has crossed a watershed, with the ground breaking ceremony for the new hospital taking place in March, attended by an encouraging number of local residents and community leaders, as well as our staff, the contractors and the press. After so many years in preparation, it is good to be able to see at last a clear path through construction to operations, expected to start in late 2020. This is a further delay from the expected timing when I wrote last year, but not a concerning one, and we are now, so far as we can tell, on track to achieve this timeline – and even, at the time of writing, ahead of schedule in a couple of areas.

In the meantime, Sancta Maria has returned a strong year's performance on the existing site, and seen several major changes to the team, including the appointment of a new Hospital Director, Geoff Bailey and Deputy Hospital Director, Sarah Jones. Both are very welcome and have made positive starts.

St Hugh's Hospital had a year of mixed fortunes. The hospital was extraordinarily busy, which resulted from a high volume of NHS-originated work and, together with some further investment, gave rise to improved trading results. We have also seen strengthening team morale and great strides in further improving the efficiency and safety with which the hospital operates, while enhancing its status as a key member of the local care network and wider local community. While we have not yet managed to reverse the disappointing Care Quality Commission (CQC) rating of 2017, this is no reflection on the team's efforts. The trustees and I are well aware of, and appreciative of, the work that has gone into this and are confident that St Hugh's will soon recover the CQC rating that it deserves.

The two care homes that we operate, Coloma Court and Marie Louise House, delivered another strong year. Both homes are effectively full, with a waiting list attracted by the quality of care that we provide and stable, motivated team. The quality, caring ethos and professionalism of our care homes has been recognised by the CQC, with Marie Louise House rated Good, and, in February this year, Coloma Court being rated Outstanding. This is a rating achieved by very few care homes and represents, as the award says, an outstanding achievement and a credit to everybody involved. We have made further progress in our plans to expand Marie Louise House to 73 rooms (presently 46) which will require planning consent for which we believe we have a strong case.

Last year, I had to report that both hospitals had experienced a difficult year financially and, despite the good performance of the care homes, this was reflected in the Trust's overall results. This makes it particularly pleasing to be able to report that both hospitals achieved a strong turnaround against the 2017 results – and that the care homes also achieved another strong performance. Our operating surplus improved from £726,000 to £2,193,000, a substantial recovery in the direction of the sort of results we ought to be expecting.

Chairman's report Year to 31 December 2018

As a charity, operating surplus has less obvious importance than for a commercial operator. After all we have no shareholders expecting dividends. Instead we look to meet the legitimate expectations of our various stakeholders – patients, residents, staff and NHS partners – that we provide the right level of service at a fair price, while preserving and growing the charity for the future. But the operating surplus is the source of funds for a lot of the public good we seek to do, and enables the charity to grow, as well as serving as an indicator of our performance as custodians of the Trust's assets.

We operate in an environment where there is increasing focus on whether charities provide genuine benefit to justify their status. We are confident that we do, and regularly review our core activities to ensure that we are operating them in a way that is consistent with our charitable purpose, as well as looking to see where we can sensibly apply our resources in ways that provide a charitable benefit more generally. This is reflected in a considerable and detailed disclosure in the Trustees' report, but I would like to highlight three particular points.

Firstly, our head office team, which is exceptional for an operation of our size, enables us to provide consultancy advice and support to a large number of other charities operating hospitals and care homes - at the last count, to 11 religious orders covering a total of 2 hospitals and 340 care home beds. Much of this support is provided at reduced rates or pro bono, some at commercial rates – overall, we estimate that we provide this support at around 40% of the market rate, a very substantial subsidy.

Second, in recent years, HMT has been able to generate a surplus from operations at a level that has allowed us to make a meaningful funding contribution to research. We look for projects that are of a size where we can have a significant impact, in fields that have some relevance to our main care home and hospital activities. We are presently supporting 10 projects with total value of over £950,000.

Third, we have made increasing efforts to provide wider support to the communities in which we operate. This includes a number of engagements, lifestyle, sports and fitness initiatives, and a large investment in supporting Admiral nurses. We now have Admiral nurses funded by HMT in every community where we operate – Swansea, Grimsby, West Wickham and Romsey.

HMT operates in a complex, highly regulated and uncertain environment, with to name just three examples, the funding and capacity issues in the NHS, the crisis in the care home sector and, of course, Brexit. While we cannot predict or influence every cross-current that will buffet us, we need to put ourselves in a position to respond as promptly and effectively as possible to their impact. Over the year, we have further strengthened our head office team, in recognition of this need, and also in response to the pressure created by an expanding operation, with major capital investment underway.

We have also continued to review and strengthen the composition of the Board. During the year, we appointed two new trustees, Gerda Goldinger and Dr Chris Streather. Gerda is a qualified solicitor, and Legal and Regulatory Director of the Association of Optometrists. Chris is a consultant in nephrology and Chief Medical Officer of the Royal Free Group of hospitals. They have already made a significant contribution since their appointment and are valuable additions to the Board.

Chairman's report Year to 31 December 2018

We rely directly on the dedication, morale and professionalism of all the people working in HMT in the operating units. We are seeking to recognise this with initiatives in their pay, conditions and working environment. Some of these initiatives are already implemented, some imminent, and together they are intended to make HMT a best in class employer. In the meantime, I would like, as in previous years, to thank all the dedicated people working in, and with, the charity at all levels. Without your collective efforts this charity would not exist, but with them we have an organisation of which – with scope still for further improvement - we can all be proud.

John Folliott Vaughan
Chairman

25 July 2019

Trustees' report (incorporating a Strategic Report) Year to 31 December 2018

The trustees, who are directors of The Healthcare Management Trust (the "Trust") under company law, submit their annual report and the audited financial statements for the year ended 31 December 2018.

ABOUT THE HEALTHCARE MANAGEMENT TRUST

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

The Trust delivers on these core objectives through:

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

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

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

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

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

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

Trustees' report (incorporating a Strategic Report) Year to 31 December 2018

About The Healthcare Management Trust (continued)

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

OUR STRATEGIC OBJECTIVES

Our strategic objectives are as follows:

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

KEY FACTS

During the year:

- ◆ The Trust employed 482 staff.
- ◆ Our hospitals saw 39,559 outpatients, a rise of 6% over the previous year.
- ◆ Admitted patient activity increased to 9,804 episodes, an increase of 7%.
- ◆ Day cases represented 72% of admitted patient activity.
- ◆ The average length of stay for patients within our hospitals was 1.23 nights.
- ◆ Our hospitals had no recorded cases of MRSA or C Dif.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2018

Key Facts (continued)

- ◆ 99.3% (response rate 56%) of patients treated at HMT Hospitals would recommend HMT to their friends and family.
- ◆ Our care homes provided 5,727 weeks of care, equating to 40,089 resident nights with an overall average occupancy of 98% across our care homes.
- ◆ In the 2018 Your Care Rating Survey, HMT Care Homes scored above the national average benchmark across all metrics.

KEY NUMBERS

- ◆ Overall, 62% of patients treated at the Trust's hospitals were funded by the NHS, at the same cost to the NHS had NHS hospitals provided the diagnosis and treatment.
- ◆ 7% of residents accommodated in our care homes were funded by the state.
- ◆ We provided financial bursaries amounting to £48,000 to residents within our care homes.
- ◆ We supported, at less than commercial cost, 13 charities in their management, governance oversight and care provision within 17 care homes encompassing 346 elder/physical/neurological disability care beds. Our charitable subsidy of this work equated to £143,000.
- ◆ We continued to support research, with £209,000 of research grant funding during the year.
- ◆ We distributed £144,752 in community development grants.
- ◆ The total value of our wider charitable work listed above, equates to £544,752 for the year, representing 2% of income.
- ◆ Our healthy lifestyle and wellness engagement activities directly engaged at no cost to the user with some 30,000 individuals across age ranges and gender.

ACHIEVEMENTS, PERFORMANCE AND FUTURE PLANS

A review of trustee skillsets was undertaken in relation to the delivery of the Trust's current and future plans and activities. The outcome of the review was that the Trust undertook a public recruitment process supported by advertising for trustees with legal and medical skillsets in the national press. As a result of this activity, two additional trustees were recruited with expertise in the fields of medicine/clinical governance and governance/legal support. Half of trustees have now been recruited via an open nationally advertised recruitment process.

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

Achievements, Performance And Future Plans (continued)

The Trust continues to further develop its clinical quality and oversight systems to ensure that its performance and risk profile are appropriately managed, and that prospective residents and patients can assess the Trust's outcomes in direct comparison with other providers and the NHS. In order to ensure the delivery of these objectives the Trust recruited a Clinical Risk Manager to join its Quality Improvement Team.

During 2019, the Trust will fully implement the National Safety Standards for Invasive procedures, update its AfPP Accreditation for its operating theatres and fully implement the Get It Right First Time (GiFT) program for orthopaedics.

In order to consistently support and deliver its wider people agenda, the Trust fully brought its Human Resources in-house with the creation of an internal HR function lead by an experienced Head of HR centrally supported by a professional team of HR Officers who are based at our hospitals and care homes.

The trustees recognise that the staff of the Trust are the single most important lever for delivery and change. Therefore, a Staff Consultative Forum was created with two elected staff representatives for each hospital and home in order to both inform and consult with the Trust's workforce on direction, operational and HR matters.



During 2018 a review of the charities job roles, salaries, terms and benefits commenced, the outcome of which is that, by the end of 2019, the Trust will have in place a structure and employment offer which mirrors the NHS. In tandem with this work, the Trust is conducting a full review of its HR policies, one outcome of which is a new approach to staff development and appraisal which will be fully implemented in 2019.

The Trust further reviewed the professional nurse leadership structure at its hospitals and care homes, strengthening local professional leadership and accountability. The Trust has recognised that a range of issues currently face professional nurses. Therefore, it has engaged with an experienced Consultant Nurse Advisor to support it in addressing these challenges. A Pan Trust Professional Nurse Practice Committee has been established to further support this work.

Achievements, Performance And Future Plans (continued)



The Trust has trained and appointed an in-house Health and Safety Advisor to support the work of its Pan Trust Health and Safety Committee. The Trust has also established a Pan Trust Safeguarding Committee supported by a Level 7 qualified in-house safeguarding lead.

A review of the Trust's professional finance was conducted, and a subsequent reorganisation resulted in the accounting function for the individual care homes being undertaken at a central level, supported by the employment of a qualified accountant. The Trust also strengthened its financial analysis function for its hospitals via the recruitment of a financial and statistical analyst.

The trustees recognise the importance of Information Technology (IT) in the modern health and social care world. Therefore, the Trust brought its IT function in-house in order to achieve security of access and uptime, but also to develop functions and solutions to the Trust's requirements. An IT Manager was appointed with a supporting team of staff and engineers. A review of the Trust's hardware needs was undertaken and it is anticipated that the resultant upgrading project will be completed by the end of 2019.

Significant work is ongoing to create a paperless diagnostic, treatment and care environment. This work is largely complete within the Trust's care homes with care needs assessment and

planning, outcome recording, prescribing and medication administration all paperless. The hospitals have commenced a project to achieve a paperless environment by 2021.

The trustees recognise that the Trust is the guardian of a vast range of data relating to its patients, residents and staff. The General Data Protection Rules (GDPR) which came fully into force in 2018 have provided a further framework and impetus to this responsibility.

During 2018, the occupancy within the Trust's care homes achieved an average of 98%.

The Trust's care homes continued to be rated as good or above by both local authorities and the Care Quality Commission (CQC). The trustees are proud that its care home in West Wickham, Coloma Court, was awarded an Outstanding Rating by the CQC. These findings reflect the skills and commitment of all the Trust's workforce and the trustees thank them both individually and collectively.

Achievements, Performance And Future Plans (continued)

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

Our Coloma Court Care Home has been selected to be one of the five pilot participants in the Teaching Care Home Project, which is being led by Care England and funded by the Department of Health.

The aims of this project are:

- ◆ To empower and embolden the workforce in the care home nursing, with a desire to harness and promote care, knowledge and skills development.
- ◆ Change and challenge the prevailing perceptions of the sector.
- ◆ Delivering workforce sustainability through training and development.
- ◆ Improving health and care outcomes for residents.

The Trust, working with Dementia UK, has trained and appointed Admiral Nurses at each of its care homes with the aim of improving care to residents suffering from dementia and support to their families. Our Admiral Nurses also provide education and support to the geographic communities the respective care home is based within.

Both of the Trust's care homes are participating in a project to reduce inappropriate admissions of residents to hospital and to prevent early discharges resulting in readmissions. Whilst the incidence of resident falls and development of pressure sores within the Trust's care homes is below the national average, the trustees wished to further improve quality of care for residents. Therefore, the Trust has trained and appointed lead practitioners in falls prevention and tissue viability in each of its homes.

The Trust continues to promote and support the development of its care home workforce skillsets by supporting the training of staff to achieve Registered Nurse and Associate Practitioner status. Trustees also recognised the need to develop the Care Home Manager of

the future and, therefore, the charity is supporting the attainment of the Level 5 Registered Manager Award for Deputy Managers and Unit Managers within its care homes.

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

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

Achievements, Performance And Future Plans (continued)

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

Bucking the national trend, both of our hospitals experienced increases in NHS patient workload which resulted in the Trust significantly improving its financial performance in comparison to the previous year.

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

The impact of referral management strategies and restrictions around procedures of limited clinical value have continued to increase the hospital's administrative burden and, in response, further focus and reorganisation of the hospital's administrative functions will be implemented in 2019. The realignment of NHS National Tariff in 2019 will have a beneficial effect on income for the hospital, whilst the treatment delays resulting from NHS referral strategies open up opportunities for increasing self-pay episodes.

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

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

An MRI service has been established at the hospital utilising a mobile service which has not only been successful but has added much needed additional capacity to the local healthcare

provision. Whilst the Trust took every precaution when planning the service as the result of local objections, Swansea City Council determined that planning consent was required for the parking pad on which the visiting scanner parks when on site. A retrospective planning application failed as did the appeal and an enforcement notice was issued in late 2018. The Trust will continue to

work with the Local Council to maintain this much needed service until its new Swansea Hospital with its static scanner opens in late 2020.

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

Achievements, Performance And Future Plans (continued)

As the result of resignations and retirements at the end of 2018, the hospital welcomed a new Hospital Director, Director of Clinical Services and Financial Controller, with these new appointees taking up their roles in early 2019. The Executive Team supported the hospital throughout this period of change and staff morale remains positive. The trustees believe that the calibre of the individuals appointed to these key roles at the hospital will result in the maintenance of clinical values and standards, commercial development and a successful move to the new hospital building.

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

Investing in Buildings and Services

The development of a new state-of-the-art flagship hospital in Swansea is a priority for the Trust, and planning permission for the SA1 Waterfront development was approved in April 2018. A finance partnership was agreed with HSBC and formalised in early 2019. A tender process was conducted to secure a construction partner and Keir Construction Limited was appointed in late 2018, with construction commencing in March 2019, with completion and handover scheduled for September 2020.



The upgrading of our Grimsby hospital's endoscopy suite and outpatient walk-in walk-out treatment facilities was commenced in late 2018, and these works will be completed in early 2019.

Following a change in emphasis post-Grenfell in fire safety inspections by the London Fire Brigade, a fire safety notice was issued in respect of Coloma Court Nursing Home. The notice required further compartmentalisation within a resident accommodation and socialisation space on the ground floor of the home. To comply with the statutory requirement, additional fire doors, an automatic fire safety curtain and an additional secondary escape route were created. The works were completed in early 2019 and the notice satisfied.

Achievements, Performance And Future Plans (continued)

Investing in Buildings and Services (continued)

The Trust is in the final stages of negotiations to purchase and extend, subject to planning, the care home it operates in Romsey. Should the acquisition be successful, building the extension will commence in late 2021.

The planning applications for proposed lease operated specialist dementia care home developments in Hamble and Littlehampton failed to secure planning consent. The Trust's development partner Brackley Developments is exploring alternate solutions with the leadership of the respective local councils.

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

WIDER CHARITABLE IMPACT

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

Supporting other Health and Social Charities

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

Care of the Older Person

The Jesuits in Britain - Communities in Boscombe and Preston.

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

The Sisters of Mercy of the Union of Great Britain St Michael's Care Home - Clacton on Sea.

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

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

St Joseph's Convent – Olney.

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

Neurodisability

The Daughters of the Cross of Liège - Holy Cross Hospital – Hazelmere.

Intellectual and Physical Disability

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

Wider Charitable Impact (continued)

Research and Community Grant Funding

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

The trustees chose to support the following project, of three years' duration, in 2018:

- ◆ Alzheimer's Society/University of Sheffield – Keeping talking longer: speech therapy to help people living with dementia stay in conversation.

This new project joins the following projects which are already underway:

- ◆ Marie Curie/University College London – How can we improve the detection and management of distress in people with advanced dementia and communication difficulties who are nearing the end of life?
- ◆ Swansea University – Enhancing person - centred care and wellbeing for older residents with dementia through intergenerational practice.
- ◆ University of Stirling – Personalised physical activity for people with dementia.
- ◆ University of Stirling – Creating a care home band.
- ◆ Alzheimer's Society/University of Newcastle – Cognitive lifestyle & dementia: Investigating the impact of an active lifestyle on brain health over time.
- ◆ Alzheimer's Society/University of Southampton – Studying loss of connections between brain cells in the early stages of Alzheimer's disease.
- ◆ Alzheimer's Society/University of Leeds – Excess iron and neurodegeneration in Alzheimer's disease: Studying a protein interaction that increases A β levels in the brain.

Community Development Grants

In 2016, the trustees had made a grant of £300,000 over 3 years to establish a Community Admiral Nurse Service in Swansea, this service being the first of its kind in South Wales.

Following recruitment, the service was launched in mid-2017. The service, hosted by Abertawe Bro Morgannwg Health Board, consists of two specialist Admiral Nurses supported professionally by Dementia UK.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2018

Wider Charitable Impact (continued)

Community Development Grants (continued)



Since the service was launched, it has received 216 referrals with the most common reason being high levels of distress/change in presentation of the person with dementia; these are individuals with very high needs.

A total of 296 direct interactions with these service users has been delivered, 983 interactions with their carers and 246 with other agencies on behalf of the service users' families. The service has also provided training and support to a wide range of professional healthcare workers in the Swansea area.

The services have also supported the Trust in the development of its own dementia strategy. During the year, the trustees approved grant funding of £30,000 per annum over 3 years to Friendship at Home, a Trust based in North East Lincolnshire befriending and supporting older people. The funding from the Trust has allowed Friendship at Home to expand its services around combatting loneliness and isolation in the elderly, with a specific focus on dementia sufferers and their families

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



Wider Charitable Impact (continued)

Community Development Grants (continued)

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

Promoting Health and Well Being

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

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



The Trust has used its healthcare sponsorship and support of the professional JLT Condor Cycling Team, Podium Ambition and the HMT with JLT Condor Junior Cycling Team in its work with adults and school children.

Wider Charitable Impact (continued)

Promoting Health and Well Being (continued)



Support of Go Ride Schemes for children aged 4-16 years in both Swansea and Lincolnshire has seen 5,300 healthy lifestyle coaching and support sessions delivered over the past year.



Wider Charitable Impact (continued)

Promoting Health and Well Being (continued)

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

FINANCIAL REVIEW

Headline results

- ◆ Net income before losses on investment: £0.2m (2017 – net expenditure before gains on investment: £1.0m)
- ◆ Total income: £32.5m (2017: £29.8m)
- ◆ Total expenditure: £32.3m (2017: £30.8m)

The financial performance in 2018 was a significant turnaround from the disappointing results of 2017. The principal reasons for this are:

- ◆ An increase in NHS episodes being undertaken at our Swansea Hospital 1,535 admitted patient episodes, compared with 1,002 in 2017 (equivalent to 53% increase in episodes).
- ◆ A 6% increase in NHS activity being undertaken at our Grimsby Hospital.
- ◆ The impact of the remedial actions identified and implemented by the trustees and the Executive Team during the latter part of 2017 being fully embedded.

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

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

Reserves

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

In the most recent review, in December 2018, the trustees considered it was appropriate to amend the Trust's reserves policy and reduce the policy from one of holding £4,000,000 of free reserves one of to one of holding £3,000,000. As at 31 December 2018, largely for reasons of timing, the Trust had general (or free) reserves of £3,875,916. In addition, the Trust had designated reserves of £9,000,000 for the development of the new hospital in Swansea, a further £300,000 designated towards funding of research and community development projects,

Financial Review (continued)

Reserves (continued)

£140,000 set aside in a building reserve for Colomba Court Care Home and £3,144 designated to a building and equipment reserve for Marie Louise House.

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

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

Investments

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

Risk management

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

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

Key risks

The largest risk facing the trustees is that they follow an inappropriate strategy. This is covered by an annual review of the strategy undertaken in the context of current and predicted operating conditions between the trustees and the executive team. Other material strategic risks include:

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

Trustees' report (incorporating a Strategic Report) Year to 31 December 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and principal aims

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

Trustees

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

Trustee	Appointed / Retired
J R Q Folliott Vaughan (Chairman)	
D G Jones	
N Draper	
M Gerold	
G Goldinger	Appointed 25 July 2018
Dr L Roberts	
N E E Stephens DL	
Dr C Streather	Appointed 25 July 2018
G Von Malachowski	

Secretary	Appointed / Retired
N Roissetter	

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

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

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

Principal advisers

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

Structure, Governance And Management (continued)

Governance and key management personnel

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

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

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

Mr Tony Barrett – Chief Executive

Mr Nigel Roissetter – Head of Finance

Ms Mair Williams – Director of Operations Care Homes

Mr Rob Douthwaite – Director of Clinical Services Hospitals

Dr Lorcan Sheppard – Medical Director

Ms Antoinette Edwards – Head of HR

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

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

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

Key management personnel

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

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

Equal opportunities

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

Structure, Governance And Management (continued)

Equal opportunities (continued)

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

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

Volunteers

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

Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the income and expenditure of the Trust for that period.

In preparing these financial statements, the trustees are required to:

- ◆ Select suitable accounting policies and then apply them consistently;
- ◆ Observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard 102;
- ◆ Make judgements and estimates that are reasonable and prudent;
- ◆ State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

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

Trustees' report (incorporating a Strategic Report) Year to 31 December 2018

Structure, Governance And Management (continued)

Statement of trustees' responsibilities (continued)

Each of the trustees confirms that:

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

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

Signed on behalf of the trustees:

J R Q Folliott Vaughan

Trustee

Approved by the trustees on: 26 September 2019

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

Opinion

We have audited the financial statements of The Healthcare Management Trust (the 'charitable company') for the year ended 31 December 2018, which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of trustees (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

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

30 September 2019

Statement of financial activities Year to 31 December 2018

	Notes	Total funds 2018 £	Total funds 2017 £
INCOME AND EXPENDITURE ACCOUNT			
INCOME FROM:			
Donations and legacies		3,692	2,717
Investment income and interest receivable	1	542,643	406,590
Charitable activities			
. Healthcare establishment fees and related charges	2	31,926,486	29,384,772
Total income		32,472,821	29,794,079
EXPENDITURE ON:			
Raising funds			
Investment manager's fees		65,976	80,727
Financing costs	3	11,888	16,115
		77,864	96,842
Charitable activities			
Promotion and development of healthcare			
. Healthcare establishment expenses*	4	31,594,426	30,130,580
. Charitable grants	5	583,360	562,796
		32,177,786	30,693,376
Total expenditure		32,255,650	30,790,217
Net income (expenditure) before (losses) gains on investments	7	217,171	(996,138)
Net (losses) gains on listed investments	11	(419,496)	1,349,351
Net (expenditure) income for the year and net movement in funds		(202,325)	353,213
Reconciliation of funds:			
Balances brought forward at 1 January 2018		23,095,988	22,742,775
Balances carried forward at 31 December 2018	15	22,893,663	23,095,988

*Included within healthcare establishment expenses for the year to 31 December 2018 are expenses of £139,886 charged to restricted funds as shown in Note 18. No expenditure was charged to restricted funds in the year to 31 December 2017. All other income and expenditure in both of the above years was unrestricted.

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

Balance sheet 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible fixed assets	10	9,574,603	7,503,482
Investments	11	8,293,261	15,741,184
		<u>17,867,864</u>	<u>23,244,666</u>
Current assets			
Stocks	12	594,776	618,186
Debtors	13	2,428,060	1,895,212
Cash at bank and in hand		5,466,641	1,595,646
		<u>8,489,477</u>	<u>4,109,044</u>
Creditors: amounts falling due within one year	14	<u>(3,225,460)</u>	<u>(3,963,722)</u>
Net current assets		<u>5,264,017</u>	<u>145,322</u>
Total assets less current liabilities		23,131,881	23,389,988
Creditors: amounts falling due after one year	15	<u>(238,218)</u>	<u>(294,000)</u>
Total net assets		<u>22,893,663</u>	<u>23,095,988</u>
The funds of the Trust			
General funds		3,875,916	5,608,705
Tangible fixed assets fund	16	9,574,603	7,503,482
Designated funds	17	9,443,144	9,843,915
Restricted funds	18	—	139,886
		<u>22,893,663</u>	<u>23,095,988</u>

Approved by the trustees
and signed on their behalf by:

J R Q Folliott Vaughan
Trustee

Approved on: 26 September 2019

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

Statement of cash flows Year to 31 December 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(525,273)	783,039
Cash flows from investing activities:			
Investment income and interest received		493,087	445,199
Purchase of tangible fixed assets		(2,942,290)	(1,554,684)
Proceeds from the disposal of investments		8,245,525	1,889,284
Purchase of investments		(937,954)	(2,503,374)
Net cash provided by (used in) investing activities		4,858,268	(1,723,575)
Cash flows from financing activities:			
Interest paid		(11,888)	(16,115)
Repayments of borrowing		(166,036)	(156,281)
Repayments of finance leases		(10,028)	—
Net cash used in financing activities		(187,952)	(172,396)
Change in cash and cash equivalents in the year		4,145,043	(1,112,932)
Cash and cash equivalents at 1 January 2018	B	1,656,100	2,769,032
Cash and cash equivalents at 31 December 2018	B	5,801,143	1,656,100

Notes to the statement of cash flows for the year to 31 December 2018.

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

	2018 £	2017 £
Net movement in funds (as per the statement of financial activities)	(202,325)	353,213
Adjustments for:		
Depreciation charge	1,023,875	938,653
Losses (gains) on investments	413,252	(1,349,351)
Investment income and interest receivable	(536,399)	(406,590)
Interest payable	11,888	16,115
Loss on disposal of tangible fixed assets	8,998	4,424
Decrease (increase) in stocks	23,410	(46,394)
(Increase) decrease in debtors	(489,536)	170,022
(Decrease) increase in creditors	(778,436)	1,102,947
Net cash (used in) provided by operating activities	(525,273)	783,039

B Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	5,466,641	1,595,646
Cash held by investment managers	334,502	60,454
Total cash and cash equivalents	5,801,143	1,656,100

Principal accounting policies 31 December 2018

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

Basis of preparation

These accounts have been prepared for the year to 31 December 2018. Comparative information is provided in respect to the year to 31 December 2017.

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

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

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

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

Critical accounting estimates and areas of judgement

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

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

- ◆ Estimating the expected useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge;
- ◆ Estimating any provision for slow moving and/or obsolete stock;
- ◆ Estimating any provision for bad or doubtful debts; and
- ◆ Estimating and recognising accrued expenditure.

Assessment of going concern

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

The trustees of the Trust have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The trustees are of the opinion that the Trust will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above.

Assessment of going concern (continued)

With regard to the next accounting period, the year ending 31 December 2019, the most significant areas that affect the carrying value of the assets held by the Trust are:

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

Scope

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

Income recognition

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

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

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

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

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

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

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

Income recognition (continued)

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

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

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

Expenditure recognition

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

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

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the Trust. This includes investment management fees and the costs associated with servicing loan finance.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the Trust through the provision of its charitable activities. Such costs include the provision of healthcare in acute hospitals and care homes and the making of charitable grants and donations. Expenditure on charitable activities includes both direct costs and indirect support costs.

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

Expenditure recognition (continued)

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

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

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

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

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

Tangible fixed assets

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

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

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

◆ Freehold buildings	2.5%
◆ Fixtures and fittings	10%
◆ Plant and machinery	15%
◆ Motor vehicles	33⅓%
◆ Other equipment	15-33%

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

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

Fixed asset investments

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

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

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

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

Stocks

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

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Fund structure

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

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

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

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

Leased assets

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

Pension costs

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

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

1 Investment income and interest receivable

	Unrestricted funds	
	2018 £	2017 £
Interest receivable	2	237
Income from listed investments	542,641	406,353
	542,641	406,590

2 Healthcare establishment fees and related charges

	Unrestricted funds	
	2018 £	2017 £
Management and consultancy fees	145,515	85,307
Reimbursement of staff costs	—	498,151
Hospital fees and related charges	24,937,239	22,422,646
Nursing and residential home fees and related charges	6,843,732	6,378,668
	31,926,486	29,384,772

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

Reimbursement of staff costs in 2017 represented staff at the Alexian Brothers Care Centre that were employed by Healthcare Management Trust and reimbursed by the care home until April 2017 when the home was sold by the Alexian Brothers.

3 Financing costs

	Unrestricted funds	
	2018 £	2017 £
Interest payable on bank loans, overdrafts and other loans	11,888	16,115

4 Healthcare establishment expenses

	Unrestricted funds	
	2018 £	2017 £
Staff costs (note 8)	13,020,826	12,533,253
Premises and equipment	3,436,825	3,277,889
Medical and welfare	12,772,930	11,927,315
Governance costs (note 6)	113,589	83,253
Other expenses	2,240,256	2,308,870
	31,594,426	30,130,580

5 Charitable grants

The Trust authorised the following grants payable during the year ended 31 December 2018:

	2018 £	2017 £
In support of medical/social research		
Admiral Nurses	100,964	56,474
Swansea University – enhancing person-centred care and wellbeing for older residents with dementia through intergenerational practice	42,791	—
University of Stirling – personalised physical activity for people with dementia and creating a care band	36,407	40,473
Alzheimer's Society (University of Southampton) – studying loss of connections between brain cells in the early stages of Alzheimer's disease	28,318	28,318
Alzheimer's Society (University of Leeds) – excess iron and neurodegeneration in Alzheimer's disease	28,278	28,278
University of Stirling – researching personalised physical activity for people with dementia	24,866	—
Alzheimer's Society (University of Newcastle) – cognitive lifestyle and dementia	23,372	23,372
Marie Curie (University College London) – improving the detection and management of distress in people with advanced dementia and communication difficulties who are nearing the end of life	—	26,167
Swansea University – understanding and improving emotional wellbeing of older care home residents	—	21,000
Charitable donations and share of surplus (note 20)	298,364	338,714
Total	583,360	562,796

In addition to the above grants payable, at 31 December 2018 the trustees had made grant offers totalling £294,954 (2017: £573,324). As the payment of these grants is subject to certain specific conditions, they have not been accrued for in these accounts.

6 Governance costs

	Unrestricted funds	
	2018 £	2017 £
Internal audit	20,310	13,757
External audit, committee and other costs	93,279	69,496
	113,589	83,253

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

This is stated after charging:

	Unrestricted funds	
	2018	2017
	£	£
Staff costs (note 8)	13,020,826	12,533,253
External auditor's remuneration		
. Audit services – current year	33,000	32,400
. Audit services – prior year	—	2,280
. Other services – taxation and advisory services	34,020	1,500
Depreciation	1,023,875	938,653
Operating lease rentals	500,296	479,904
Hire of plant and machinery	243,956	329,141

8 Staff costs and trustees' remuneration

	2018	2017
	£	£
Staff costs during the year were as follows:		
Wages and salaries	10,764,746	10,491,087
Social security costs	931,003	855,512
Other pension costs	364,620	325,402
Payments to employed staff	12,060,369	11,672,001
Payments to agency staff	929,645	835,901
Apprenticeship levy	30,812	25,351
	13,020,826	12,533,253

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

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

	Full time equivalents		Headcount	
	2018	2017	2018	2017
Healthcare services	399	423	482	546

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

	2018	2017
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£80,001 - £90,000	2	—
£90,001 - £100,000	2	5
£100,001 - £110,000	2	—
£130,001 - £140,000	1	1
£140,001 - £150,000	—	—
£150,001 - £160,000	1	1

8 Staff costs and trustees' remuneration (continued)

Employer contributions are made to money purchase schemes in respect to 11 (2017 - 9) of those employees who earned £60,000 or more during the year. Total employer contributions to money purchase schemes in respect of such employees during the year amounted to £91,248 (2017 - £80,360).

No trustee received any remuneration in respect of their services as trustees during the year (2017 - none). During the year, with the approval of the Charity Commission, J R Q Folliott Vaughan received £30,000 in respect to management services provided to the Trust (2017 - £30,000).

Expenses in connection with travel and subsistence were reimbursed to 6 (2017 - 6) trustees during the year and amounted to £1,539 (2017 - £5,412).

The Trust has purchased insurance to protect itself from any loss arising from the neglect or defaults of its trustees, employees and agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the Trust during the year totalled £8,800 (2017 - £2,179) and provides cover of up to a maximum of £5 million (2017 - £1 million).

The key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis comprise the trustees, the Executive Management, the Director at each of the of the Hospitals and the Senior Manager at each of the care homes. The total remuneration (including taxable benefits but excluding employer's pension contributions) of the key management personnel for the year was £1,202,054 (2017 - £1,037,313).

9 Taxation

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

10 Tangible fixed assets

	Freehold property £	Assets under construction £	Fixtures and fittings £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2018	4,447,451	1,128,633	2,408,924	8,860,682	—	16,845,690
Additions	897,760	834,811	694,537	663,256	12,480	3,102,844
Disposals	—	—	(2,688)	(45,327)	—	(48,015)
At 31 December 2018	<u>5,345,211</u>	<u>1,963,444</u>	<u>3,100,772</u>	<u>9,478,612</u>	<u>12,480</u>	19,900,519
Cost	4,095,211	1,963,444	3,100,772	9,478,612	12,480	18,650,519
Deemed cost: Valuation – 1990	1,250,000	—	—	—	—	1,250,000
	<u>5,345,211</u>	<u>1,963,444</u>	<u>3,100,772</u>	<u>9,478,612</u>	<u>12,480</u>	19,900,519
Depreciation						
At 1 January 2018	1,549,579	—	1,154,437	6,638,192	—	9,342,208
Charge for year	91,167	—	137,610	790,938	4,160	1,023,875
On disposals	—	—	(1,653)	(38,514)	—	(40,167)
At 31 December 2018	<u>1,640,746</u>	<u>—</u>	<u>1,290,394</u>	<u>7,390,616</u>	<u>4,160</u>	10,325,917
Net book values						
At 31 December 2018	<u>3,704,465</u>	<u>1,963,444</u>	<u>1,810,378</u>	<u>2,087,996</u>	<u>8,320</u>	9,574,603
At 31 December 2017	<u>2,897,872</u>	<u>1,128,633</u>	<u>1,254,487</u>	<u>2,222,490</u>	<u>—</u>	7,503,482

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

	£
Cost	1,023,209
Accumulated depreciation	(631,242)
Net book amount at 31 December 2018	391,967
Net book value at 31 December 2017	417,548

As permitted under the transitional arrangements within Financial Reporting Standard 102, the Trust has continued to adopt a policy of not revaluing tangible fixed assets.

It is likely that there are material differences between the open market values of the Trust's land and freehold properties and their book values. These arise from the specialised nature of some of the properties and the effects of inflation. The amount of such differences cannot be ascertained without incurring significant costs which, in the opinion of the trustees, is not justified in terms of the benefits to the users of the accounts.

At 31 December 2018 the Trust had no capital commitments (2017 – £nil).

11 Fixed asset investments

	2018 £	2017 £
Listed investments		
Market value at 1 January 2018	15,680,730	13,717,289
Additions at cost	937,954	2,503,374
Disposals at carrying value (proceeds: £8,240,430; gains: £188,152)	(8,052,278)	(1,843,999)
Net unrealised investment (losses) gains	(607,648)	1,304,066
Market value at 31 December 2018	7,958,759	15,680,730
Cash held by investment managers for re-investment	334,502	60,454
	8,293,261	15,741,184
Cost of listed investments at 31 December 2018	6,887,927	12,514,200

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

	2018 £	2017 £
UK Managed funds	4,326,333	9,466,931
Overseas Managed funds	254,712	592,916
UK Bonds	986,918	1,400,428
Overseas Bonds	412,788	886,723
UK Equities	1,153,778	1,895,453
Overseas Equities	706,597	1,184,203
Commodities	117,633	254,077
	7,958,759	15,680,731

At 31 December 2018 the following individual investment holdings were deemed material holdings in the context of the market value of the entire listed portfolio as at that date:

Holding	Market value of holding £	% of total portfolio %
Vanguard Investments FTSE All Share Index Inc	949,758	12%
DB X- Trackers FTSE All Share	1,002,085	13%
Mayfair Capital Investment Management - Property Income Trust for Charities	726,974	9%
Coupland Cardiff Funds – Japan Alpha I	496,425	7%
Prusik Investment Management UCITS – Asian Eq. Inc. U Unhdg	531,138	6%

12 Stocks

	2018 £	2017 £
Drugs, dressings and consumables	564,750	601,698
Other	30,026	16,488
	594,776	618,186

13 Debtors

	2018 £	2017 £
Fees and related charges	1,597,127	1,257,495
Other debtors	10,042	48,194
Prepayments and accrued income	820,891	589,523
	2,428,060	1,895,212

14 Creditors: amounts falling due within one year

	2018 £	2017 £
Expense creditors	1,766,864	2,653,910
Social security and other taxes	253,785	307,985
Other creditors	98,133	74,766
Accruals and deferred income	900,469	766,022
Bank loan repayable within one year (note 15)	166,095	161,039
Finance lease repayable within one year	40,114	—
	3,225,460	3,963,722

15 Creditors: amounts falling due after one year

	2018 £	2017 £
Bank loan repayable (see below)	127,905	294,000
Finance lease repayable	110,313	—
Total	238,218	294,000

Finance lease

	2018 £	2017 £
Amounts due:		
Within one year (note 14)	40,114	—
Between one and two years	40,114	—
Between two and five years	70,199	—
	110,313	—
	150,427	—

Bank loan

	2018 £	2017 £
Amounts due:		
Within one year (note 14)	166,095	161,039
Between one and two years	127,905	166,095
Between two and five years	—	127,905
	127,905	294,000
	294,000	455,039

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

On 11 March 2015, the Trust signed a tailored business loan agreement with Clydesdale Bank plc for a loan of £800,000 towards the cost of the development of St Hugh's Hospital. The loan was subject to a fixed interest rate of 3.05%. The loan was for a period of five years from drawdown i.e. 3 August 2015 and is secured by way of a legal charge over the freehold property known as St Hugh's Hospital, Peaks Lane, Grimsby, Lincolnshire DN32 9RP and the freehold land adjoining St Hugh's Hospital, Peaks Lane, Grimsby. The loan was repayable in equal quarterly instalments of £43,286 (including interest) which commenced on 2 November 2015.

Subsequent to the year end, the loan has been repaid in full ahead of the original repayment plan described above.

16 Tangible fixed assets fund

	Total 2018 £	Total 2017 £
At 1 January 2018	7,503,482	6,898,400
Net movement in the year	2,071,121	605,082
At 31 December 2018	9,574,603	7,503,482

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

17 Designated funds

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

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

	At 1 January 2017 £	New designations £	Released or utilised £	At 31 December 2017 £
Building and equipment reserve	228,523	15,392	—	243,915
Grant making reserve	600,000	224,083	(224,083)	600,000
Sancta Maria redevelopment reserve	9,000,000	446,376	(446,376)	9,000,000
	9,828,523	685,851	(670,459)	9,843,915

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

17 Designated funds (continued)

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

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

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

18 Restricted funds

The income funds of the Trust include the following restricted funds comprising unexpended balances of donations to be applied towards Coloma Court nursing home.

	At 1 January 2018 £	Income £	Expenditure £	At 31 December 2018 £
Coloma Court	139,886	—	(139,886)	—
	At 1 January 2017 £	Income £	Expenditure £	At 31 December 2017 £
Coloma Court	139,886	—	—	139,886

19 Analysis of net assets between funds

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

	General funds £	Tangible fixed assets fund £	Designated funds £	Restricted funds £	Total 2017 £
Tangible fixed assets	—	7,503,482	—	—	7,503,482
Investments	6,141,184	—	9,600,000	—	15,741,184
Net current (liabilities) assets	(238,479)	—	243,915	139,886	145,322
Creditors: Amounts falling due after one year	(294,000)	—	—	—	(294,000)
	5,608,705	7,503,482	9,843,915	139,886	23,095,988

The total unrealised gains as at 31 December 2018 constitute a revaluation reserve as defined by the Companies Act 2006. Movements in unrealised gains during the year were as follows:

	2018 £	2017 £
Unrealised gains included above:		
On listed investments	1,070,832	3,166,531
On freehold property	86,879	92,548
Total unrealised gains at 31 December 2018	1,157,711	3,259,079
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2018	3,259,079	1,980,462
Difference between historical cost realised gains/losses on listed investments and the actual realised gains/losses thereon calculated on the revalued amounts	(1,499,390)	(31,119)
Unrealised (losses) gains on listed investments arising in the year	(607,648)	1,304,066
Difference between the depreciation charge based on historic cost and that based on the revalued amounts	5,670	5,670
Total unrealised gains at 31 December 2018	1,157,711	3,259,079

20 Share of surplus and donations to charities

The lease agreement for Coloma Court Care Home stipulates that the Daughters of Mary and Joseph will receive a share of the surplus in respect of the nursing home operations equal to 50% of the net surplus. The 2018 share amounted to £149,353 (2017 - £141,903).

20 Share of surplus and donations to charities (continued)

The lease agreement for Marie Louise House stipulates that the Daughters of Wisdom will receive a share of the surplus in respect of the nursing home operations equal to 50% of the net surplus. The 2018 surplus amounted to £95,731 (2017 - £88,258).

Further donations amounting to £372,006 (2017 - £108,553) were made to various other charitable organisations and beneficiaries.

21 Pensions

The Trust operates a defined contribution scheme for the benefit of the employees and contributes both to personal pension plans, stakeholder pension plans of individual employees and the NEST auto-enrolment scheme. During the year total contributions made by the Trust were £364,620 (2017 - £325,402) of which £213,970 (2017 - £195,661) were to the NEST auto-enrolment scheme and £150,650 (2017 - £129,741) were to the defined contribution scheme.

22 Leasing commitments

Operating lease payments amounting to £367,356 (2017 - £428,078) are due within one year. The leases to which these amounts relate expire as follows:

	Land and buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
Operating leases which expire:				
. Within one year	397,556	408,822	69,800	19,256
. Within two to five years	1,200,003	1,368,808	266,604	3,663
. In more than five years	629,063	857,813	114,546	171
	2,226,622	2,635,443	450,950	23,090

23 Post balance sheet events

Sancta Maria Hospital new build

As explained in the trustees' report and in note 17 to these accounts, the Trust is to build a new hospital in Swansea to replace the existing Sancta Maria Hospital. In September 2018, the Trust acquired a 250 year lease for the site of the new hospital for which an annual peppercorn will be payable. Since the year-end, the Trust has signed a contract with Kier Construction Limited for the construction, and the management of the commissioning of, the new building which it is hoped will be completed by the end of 2020. It is anticipated that the project will cost approximately £23.5 million. The cost will be financed through a loan of £11.5 million from HSBC Bank plc which was signed in April 2019, an equipment financing package of £3 million with the balance coming from the reserves of the Trust including monies designated at 31 December 2018.

Marie Louise House

In July 2019, the Trust reached agreement, conditional upon planning permission being granted, to acquire a 999 year lease in respect to Marie Louise House, Romsey in return for a lease premium of £4.2 million. The intention of the Trust is to extend, subject to the consent of HSBC Bank plc, the existing home from its current 46 beds to one of 72 beds.

24 Related party transactions

A relative of Ashley Brown, the Hospital Director at St Hugh's Hospital, Grimsby is the owner of David Brown Designs, a business specialising in joinery, carpentry and similar trades. During the year, the Trust contracted with David Brown Designs for the provision of services with a total value of £35,597 (2017 - £3,034). All such services were provided at arm's length. At 31 December 2018, due to payments in advance, David Brown Designs owed the Trust £1,853 (2017 – the Trust owed David Brown Designs £307).

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

There were no further related party transactions during the year (2017 – none).