Harrogate Healthcare
Facilities Management

A wholly-owned company of Harrogate and District NHS Foundation Trust

Harrogate Healthcare Facilities Management Limited
Annual Report and Financial Statements
Registered company number: 11048040
Year Ended 31 March 2021

Contents **Page**

Officers and professional advisers

Directors

Philip Severs (appointed 28 March 2018 - resigned 18 December 2019).
Mark Chamberlain (appointed 1 July 2020)
Jill Foster (appointed 1 June 2020 - resigned 31 March 2021)
Lucy Hind (appointed 1 September 2018).
Roger Taylor (appointed 1 June 2019).
Christopher Thompson (appointed 29 November 2017 - resigned 30 June 2020).
Jonathan Coulter (appointed 6 November 2017).
Sarah Armstrong (appointed 1 January 2020).
Philip Sturdy (appointed 25 September 2019 - resigned 31 January 2021).
Angela Gillett (appointed 1 February 2021).

Company Secretary

Katherine Roberts (appointed 6 November 2017 - resigned 1 July 2019).
Andrew Forsyth (appointed 26 July 2018 - resigned 10 February 2020).
Lynn Hughes (appointed 10 February 2020).

Registered Office Address

Harrogate District Hospital
3rd Floor Strayside Wing
Lancaster Park Road
Harrogate
North Yorkshire
HG2 7SX

External Auditor
KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
West Yorkshire
LS1 4DA

Bankers
Barclays Bank Plc
25 James Street
Harrogate
North Yorkshire
HG1 1QX

Legal Advisors
Hempsons
The Exchange
Station Parade
Harrogate
North Yorkshire
HG1 1TS

Strategic Report

The Directors present the Strategic Report for the period ending 31 March 2021

Principal activities and review of the business

Harrogate Healthcare Facilities Management Limited (the company) is a company incorporated and domiciled in the UK. The company's registered office is at Harrogate District Hospital, 3rd Floor Strayside Wing, Lancaster Park Road, North Yorkshire, HG2 7SX.

The company was incorporated on 6 November 2017, however it did not start trading until 1 March 2018. The company is wholly owned by Harrogate and District NHS Foundation Trust (the Trust).

The principal activities of the company are to provide and operate health care establishments and health care facilities and the provision of related services. The company has the intention to create safe, efficient, sustainable and modern healthcare and working environments.

The company also receives income from the provision of car parking (both staff and patient parking) from the Harrogate District Hospital site.

The company managed its responsibilities and effectively delivered the services that it intended to its customers during the period of accounts to the 31 March 2021.

Key Performance Indicators

The operating profit of £355k (2020: £426k) resulted from turnover of £18.9m (2020: £17.7m), other operating income of £0.3m (2020: £0.1m) and operating expenditure of £18.9m (2020: £17.3m) during the period.

There is no corporation tax liability from the period ending 31 March 2021. There was a loss reported for the period of £329k (2020: £240k loss) after tax, however this is attributable to the £662k interest charged on the finance lease for the HDH site as a result of the implementation of IFRS 16.

The company had a positive cash balance at the end of the period of £0.4m (2020: £0.5m).

Principal risk and uncertainties

The Company's risk register is reviewed periodically by the HHFM Board. It is important that the HHFM risk management strategy dovetails with the risk management arrangements of the parent organisation, Harrogate and District NHS Foundation Trust (the Trust). All risks and uncertainties are recorded and given a rating in line with the group policy.

Strategic Report (continued)

Future developments

HHFM along with many organisations is continuing to respond to the CoVid-19 pandemic and the impact on the business and services it provides. To this end the company is supporting the NHS in Harrogate by ensuring that the healthcare facility is safe and available for use by the clinical teams. This response and recovery will necessarily be the immediate focus of the company. Our strategic ambition remains to be a key player within the local economy, build a strong reputation, and develop the business in new areas across the community, and this will continue to be the long term strategic direction of the company.

Events since the balance sheet date

No material events have occurred since the balance sheet date.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they have adopted the going concern basis in preparing these financial statements.

Further details regarding the adoption of the going concern basis can be found in the Accounting Policies (see 1.3).

Signed on behalf of the Board

J. Coulter

Mr Jonathan Coulter - Group Finance Director

Date: 21 December 2021

Harrogate District Hospital
3rd Floor Strayside Wing
Lancaster Park Road
Harrogate
North Yorkshire
HG2 7SX

Directors' Report

The Directors present their Directors' report and financial statements for the period (12 months) ended 31 March 2021.

Dividends

The Company is a wholly owned subsidiary of Harrogate and District NHS Foundation Trust and is committed to paying a dividend on 95% of it's profits, however as the Company made a loss for the financial period ended 31 March 2021 so no dividend is payable.

Directors

The following persons served as directors during the period:

Mark Chamberlain (appointed 1 July 2020)
Jill Foster (appointed 1 June 2020 - resigned 31 March 2021)
Lucy Hind (appointed 1 September 2018).
Roger Taylor (appointed 1 June 2019).
Christopher Thompson (appointed 29 November 2017 - resigned 30 June 2020).
Jonathan Coulter (appointed 6 November 2017).
Sarah Armstrong (appointed 1 January 2020).
Philip Sturdy (appointed 25 September 2019 - resigned 31 January 2021).
Angela Gillett (appointed 1 February 2021).

Political and charitable donations

The company made no political or charitable donations during the period.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Credit risk

The Company's principal financial assets are cash at bank or in hand and trade and other debtors.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. No impairments have been recognised in the period and substantially all debtors are due from the company's parent undertaking.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in interest rates. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Directors' Report (continued)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long term and short term debt finance.

Further details regarding liquidity risk and going concern can be found in the accounting policies in the financial statements (see pages 14-18).

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date this report.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

KPMG LLP were appointed as the company's first auditors, pursuant to Section 487 of the Companies Act 2006.

Signed on behalf of the Board

J. Coulter

Mr Jonathan Coulter - Group Finance Director Date: 21 December 2021

Harrogate District Hospital
3rd Floor Strayside Wing
Lancaster Park Road
Harrogate
North Yorkshire
HG2 7SX

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARROGATE HEALTHCARE FACILITIES MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Harrogate Healthcare Facilities Management Limited ("the company") for the year ended 31 March 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet and Statement of changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we considered there to be a risk of fraud relating to income being recorded in the incorrect period.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, anti-bribery and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the 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 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Leeds
LS1 4DA

22 March 2022

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2021

	Note	**Year Ended 31 March 2021**	Year Ended 31 March 2020 £000
Turnover	2	**18,880**	17,653
Operating expenses	3	**(18,865)**	(17,332)
Other operating income	4	**340**	105
Operating profit		**355**	426
Interest payable and similar expense	5	**(684)**	(710)
Profit/(Loss) on ordinary activities before taxation		**(329)**	(284)
Tax on profit/(loss) on ordinary activities	6	**-**	44
Profit/(Loss) for the financial period		**(329)**	(240)
Other comprehensive income/(expense)		**-**	-
Total comprehensive income/(expense)		**(329)**	(240)

All profits and loss categories comprise continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

Balance Sheet
as at 31 March 2021

	Note	**31 March 2021 £000**	31 March 2020 £000
Non-current assets			
Tangible Assets	10	**21,184**	18,989
Total non-current assets		**21,184**	18,989
Current assets			
Stock	11	**116**	115
Debtors	12	**542**	483
Cash at bank and in hand		**383**	465
Total current assets		**1,041**	1,063
Current liabilities			
Creditors: amounts falling due within one year	13	**(1,888)**	(2,110)
Lease liabilities: amounts falling due within one year	14	**(1,119)**	(1,119)
Total current liabilities		**(3,007)**	(3,229)
Total assets less current liabilities		**19,218**	16,823
Non-current liabilities			
Creditors: amounts falling due after more than one year	13	**(3,581)**	(400)
Lease liabilities: amounts falling due after more than one year	14	**(15,195)**	(15,652)
Total non-current liabilities		**(18,776)**	(16,052)
Net assets		**442**	771
Capital and reserves			
Called-up share capital		**1,000**	1,000
Profit and loss account		**(558)**	(229)
Shareholders' funds		**442**	771

The notes on pages 14 to 26 form part of these financial statements.

These financial statements were approved by the board of directors on 21 December 2021 and were signed on its behalf by:

J. Coulter

Signed: ………………………………………………… Mr Jonathan Coulter - Group Finance Director

Statement of Changes in Equity for the Year Ended 31 March 2021

	Called up share capital	Profit and loss account	Total Equity
	£000	£000	£000
Balance as at 1 April 2020	1,000	(229)	771
Total comprehensive income for the period			
Total comprehensive income/(expense)	-	(329)	(329)
	1,000	(558)	442
Tranactions with owners recorded directly in equity			
Issue of shares	-	-	-
Dividend payable	-	-	-
	-	-	-
Balance at 31 March 2021	1,000	(558)	442

Statement of Changes in Equity for the Year Ended 31 March 2020

	Called up share capital	Profit and loss account	Total Equity
	£000	£000	£000
Balance as at 1 April 2019	1,000	11	1,011
Total comprehensive income for the period			
Total comprehensive income/(expense)	-	(240)	(240)
	1,000	(229)	771
Tranactions with owners recorded directly in equity			
Issue of shares	-	-	-
Dividend payable	-	-	-
	-	-	-
Balance at 31 March 2020	1,000	(229)	771

The notes on pages 14 to 26 form part of these financial statements.

1 ACCOUNTING POLICIES

Harrogate Healthcare Facilities Management Ltd (the Company) is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS's"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Harrogate and District NHS Foundation Trust, includes the Company in its consolidated financial statements. The consolidated financial statements of Harrogate and District NHS Foundation Trust are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the following website address www.hdft.nhs.uk.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS's;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of the parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Accounting estimates and judgements

Certain critical accounting judgements in applying the Company's accounting policies are described below.

The Company does not have any critical accounting estimates or judgements to disclose this financial year.

1.2 Measurement convention

These Financial Statements are prepared on the historical cost basis, where depreciated replacement cost has been used as a proxy for fair value.

1.3 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides including Covid-19, the company will have sufficient funds, to meet it's liabilities as they fall due for that period.

Those forecasts are dependent on the company's immediate parent organisation not seeking repayment of the amounts currently due to the group, which at 31 March 2021 amounted to £3,781,000. Harrogate and District NHS Foundation Trust has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Turnover

The Company's Principal activity is the provision of fully managed healthcare facilities. Turnover on operating services represents the fair value of the work performed in the period under the contract, together with any additional services provided which constitute a variation to the contractual arrangements. Turnover is accrued or deferred in line with the completion of the services.

Turnover from other contracts/services is recognised as the service is performed. Turnover from property rentals is recognised on a straight line basis over the period of the rent agreement.

1.5 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable and finance leases recognised in profit or loss using the effective interest method, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.6 Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting not taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value deferred tax is provided at the rate applicable to the sale of the property except for that part of property that is depreciable and the Company's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income is used.

1.7 Foreign currency

Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange profits and losses are taken to the profit and loss account. At the balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing.

1.8 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.9 Tangible fixed assets

Tangible fixed assets (other than Buildings and Dwellings) are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Buildings and dwellings used for the Company's services or for administration purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the statement of financial position date. Fair values are determined as depreciated replacement cost.

Revaluation losses are charged to operating expenses as impairments (please see note 3).

	Years
Plant and machinery	5-16
Transport equipment	11
Information technology	5-11
Furniture and fittings	5-11
Buildings and Dwellings (Assessed by a RICS qualified valuer as at 31 March 2021)	1-90

Residual value is calculated on prices prevailing at the date of acquisition.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first in and first out principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

1.11 Financial asset

The Company has an unconditional right to receive specified or determinable amounts of cash from clients in return for the provision of fully managed healthcare facilities.

Operational income is recognised by allocating a proportion of total cash received over the life of the Master Service Agreement to forecast service costs by means of a deemed constant rate of return on those costs. Residual cash flows are allocated to the financial asset using the effective interest method giving rise to interest income. Due to the nature of the contractual arrangements the projected cash flows can be estimated with a high degree of certainty.

Interest on the financial asset is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.12 Post retirement benefits

Defined contribution plans

A defined contribution plan is a post employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The Company operates a defined contribution pension scheme, The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Defined benefit plans

A number of employees are members of the NHS Pension Scheme which is an unfunded defined benefit scheme. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by IAS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

1.13 Impairment excluding stocks, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if not impairment loss had been recognised.

1.14 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred [and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located], less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment'.

As a lessor

The Company does not act as a lessor.

2 Turnover

All of the company's turnover is derived from its principal activity and is all driven from the value of services performed in the period under the contract with Harrogate and District NHS Foundation Trust for the provision of a managed healthcare facilities.

	Year Ended 31 March 2021 £000	Year Ended 31 March 2020 £000
Managed healthcare facilities	**18,015**	15,841
Car Parking Income	**212**	787
Rental Income - staff accommodation	**185**	146
Sterile Services Income	**13**	19
Catering Income	**455**	860
	18,880	17,653

All of the above arises in the UK.

3 Operating expenses

	Year Ended 31 March 2021 £000	Year Ended 31 March 2020 £000
Staff costs	**8,997**	8,201
Administration - corporate support services agreement	**786**	786
Impairments	**623**	234
Depreciation	**936**	865
Other expenses	**7,504**	7,236
Auditors remuneration - audit of these financial statements	**19**	10
	18,865	17,332

4 Other operating income

	Year Ended 31 March 2021 £000	Year Ended 31 March 2020 £000
Other income	**340**	105
	340	105

5 Interest payable and similar expense

	Year Ended 31 March 2021 £000	Year Ended 31 March 2020 £000
Interest payable on group working capital loan	**22**	30
Interest expense on right of use leased assets	**662**	680
	684	710

6 Tax on profit on ordinary activities

Tax recognised in the profit and loss account comprises:

	Year Ended 31 March 2021 £000	Year Ended 31 March 2020 £000
Current Tax		
UK corporation tax	**-**	(44)
Total current tax	**-**	(44)
Deferred tax	**-**	-
Total on profit/(loss) on ordinary activities	**-**	(44)

Reconciliation of effective tax rate:

	Year Ended 31 March 2021 £000	Year Ended 31 March 2020 £000
Profit/(Loss) for the period	**(329)**	(240)
Total tax charge	**-**	(44)
Profit/(Loss) excluding taxation	**(329)**	(284)
Tax using the UK corporation tax rate of 19%	**-**	(49)
Change in tax rate (2018 19.25%)	**-**	5
Total tax charge	**-**	(44)

7 Remuneration of directors

	Year Ended 31 March 2021 £000	Year Ended 31 March 2020 £000
Directors' remuneration	**131**	70
Contribution to directors' pensions	**13**	9
	144	79

The remuneration of highest paid Director was £93k (2020: £92k).

8 Staff costs and numbers

Their aggregate remuneration (including directors) comprised of:	**Year Ended 31 March 2021 £000**	Year Ended 31 March 2020 £000
Salaries and wages	**7,114**	6,418
Employers National Insurance costs	**557**	507
Apprenticeship levy	**33**	33
Employer contributions to NHS Pensions Agency	**488**	519
Employer pension cost - other	**103**	69
Agency/contract staff	**702**	655
	8,997	8,201

The average monthly number of employees (including directors) comprised of:	**Year Ended 31 March 2021**	Year Ended 31 March 2020
Administration and estates	**54**	55
Healthcare assistants and other support staff	**214**	204
Nursing, midwifery and health visiting staff	**1**	1
Other	**3**	3
Agency/contract staff	**22**	27
	294	290

9 Retirement pension schemes

Defined contribution plans

The company operates defined contribution retirement benefit schemes for all new employees (The People's Pension). The assets of the schemes are held seperately from those of the company in funds under control of B&CE a not-for-profit organisation.

The total costs charged to income of £103k (2020 £69k) in respect of these schemes represents contributions payable by the company at rates specified in the rules of the plans. As at 31 March 2021, contributions of £10k (2020 £7k) were outstanding and are recorded within creditors.

9 Retirement pension schemes (continued)

Defined benefit plans

Employees who transferred into the company on the 1 March 2018 under Transfer of Undertakings Protection of Employment (TUPE) regulations are covered by the provisions of the two NHS Pensions Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.

Both are unfunded defined benefit schemes that cover NHS employers, GP Practices and other bodies, allowed under the direction of the Secretary of State for Health in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the Financial Reporting Manual (FReM) requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

The total costs charged to income of £488k (2020 £519k) in respect of these schemes represents contributions payable by the company at rates specified in the rules of the plans. As at 31 March 2021, contributions of £39k (2020 £40k) were outstanding and are recorded within creditors.

10.1 Tangible assets - current year

	Right of use lease assets	Dwellings	Buildings excluding dwellings	Assets under construction	Plant and Machinery	Transport Equipment	Furniture & fittings	Total as at 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2020	17,209	35	660	732	1,221	77	39	**19,973**
Additions - purchased	-	-	2,764	582	394	-	13	**3,753**
Impairments charged to operating expenses	-	435	(1,110)	-	-	-	-	**(675)**
Reclassifications	-		577	(592)	5		10	**-**
Transfer to revaluation reserve	-	-	-	-	-	-	-	**-**
Disposals	-	-	(4)	-	(4)	-	-	**(8)**
Cost or valuation At 31 March 2021	**17,209**	**470**	**2,887**	**722**	**1,616**	**77**	**62**	**23,043**
Depreciation at 1 April 2020	719	-	-	-	245	19	1	**984**
Provided during the year	720	1	56	-	144	11	4	**936**
Impairments charged to operating expenses	-	-	(52)	-	-	-	-	**(52)**
Disposals	-	(1)	(4)	-	(4)	-	-	**(9)**
Depreciation at 31 March 2021	**1,439**	**-**	**-**	**-**	**385**	**30**	**5**	**1,859**
Net book value at 31 March 2021	**15,770**	**470**	**2,887**	**722**	**1,231**	**47**	**57**	**21,184**

The Company has a lease in place with it's parent Harrogate and District NHS Foundation Trust for the sites operated by the Company. It is judged that following the implementation of IFRS 16 Leases (implemented 1 April 2019) that the assets included within the lease should be classed as right of use assets and therefore are included as property, plant and equipment on the balance sheet of Harrogate Healthcare Facilities Management Ltd.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16. The Company has elected to not separate non-lease components and account for the lease and non-lease components as a single lease component. The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

10.2 Tangible assets - prior year

	Right of use lease assets	Dwellings	Buildings excluding dwellings	Assets under construction	Plant and Machinery	Transport Equipment	Furniture & fittings	Total as at 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	-	-	409	198	1,031	77	2	**1,717**
Additions - purchased	17,209	91	280	737	168	-	25	**18,510**
Impairments charged to operating expenses	-	(106)	(148)		-	-	-	**(254)**
Reclassifications	-	50	119	(203)	22	-	12	**-**
Transfer to revaluation reserve	-	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	-	-	**-**
Cost or valuation At 31 March 2020	**17,209**	**35**	**660**	**732**	**1,221**	**77**	**39**	**19,973**
Depreciation at 1 April 2019	-	-	-	-	130	9	-	**139**
Provided during the year	719	7	13	-	115	10	1	**865**
Impairments charged to operating expenses	-	(7)	(13)	-	-	-	-	**(20)**
Disposals	-	-	-	-	-	-	-	**-**
Depreciation at 31 March 2020	**719**	**-**	**-**	**-**	**245**	**19**	**1**	**984**
Net book value at 31 March 2020	**16,490**	**35**	**660**	**732**	**976**	**58**	**38**	**18,989**

The Company has a lease in place with it's parent Harrogate and District NHS Foundation Trust for the sites operated by the Company. It is judged that following the implementation of IFRS 16 Leases (implemented 1 April 2019) that the assets included within the lease should be classed as right of use assets and therefore are included as property, plant and equipment on the balance sheet of Harrogate Healthcare Facilities Management Ltd.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16. The Company has elected to not separate non-lease components and account for the lease and non-lease components as a single lease component. The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

11 Stock

	Total as at 31 March 2021 £000	Total as at 31 March 2020 £000
Consumables	**116**	115

12 Debtors

	Total as at 31 March 2021 £000	Total as at 31 March 2020 £000
Trade debtors	**80**	21
Amounts owed by group undertakings	**101**	212
Prepayments and accrued income	**323**	240
Other debtors	**38**	10
	542	483

13 Creditors

	Total as at 31 March 2021 £000	Total as at 31 March 2020 £000
Creditors: amounts falling due within one year		
Trade creditors	**483**	1,014
Group Loan (See below *)	**200**	200
VAT	**282**	65
Other creditors including taxation and social security	**148**	134
Accruals and deferred income	**775**	697
	1,888	2,110
Creditors: amounts falling due after more than one year		
Group Loan (See below *)	**3,581**	400
	3,581	400

*During the period ending 31 March 2021 the Company signed a 10 year loan agreement to borrow £7.5m from the Trust, to fund a number of capital developments across the Harrogate District Hospital site, drawn down to date is £3.4m. It is anticipated that the remaining balance will be drawn down during financial year 2021/22. The interest rate on the loan is 3.6%, interest will be accrued and paid every six months upon completion of the draw down of the loan.There have been no defaults or breaches in relation to this loan during the period.

During the period ending 31 March 2019 the Company signed a 5 year working capital loan agreement to borrow £1m from the Trust, this was drawn down in full during the period. The interest rate on the loan is 4%, interest accrued is paid every six months, please see Note 5 Interest Payable and Similar Expense. There have been no defaults or breaches in relation to this loan during the period.

14 Right of use leased asset payables

Right of use leased asset payables are presented in the Statement of Financial Position as follows:

	Total as at 31 March 2021 £000	Total as at 31 March 2020 £000
Current	**1,119**	1,119
Non-current	**15,195**	15,652
	16,314	16,771

The Company has a lease in place with it's parent Harrogate and District NHS Foundation Trust for the sites operated by the Company. It is judged that following the implementation of IFRS 16 Leases (implemented 1 April 2019) that the assets and liabilities arising from the lease are disclosed on the balance sheet of Harrogate Healthcare Facilities Management Ltd.

15 Called-up share capital

	Total as at 31 March 2021 £000	Total as at 31 March 2020 £000
Allotted, called-up and fully-paid		
1,000,000 ordinary shares of £1 each	**1,000**	1,000

16 Reconciliation of movements in shareholders' funds

	Total as at 31 March 2021 £000	Total as at 31 March 2020 £000
Profit/(loss) for the financial period	**(329)**	(240)
Loss on disposal	**-**	-
New shares issued	**-**	-
Dividend Payable	**-**	-
Net addition/(reduction) to shareholders' funds	**(329)**	(240)
Opening shareholders' funds	**771**	1,011
Closing shareholders' funds	**442**	771

17 Related party transactions

The Directors believe that the company is eligible to take advantage of the exemption in Financial Reporting Standard 8 relating to the disclosure of transactions with group companies and have elected not to disclose full details of transactions with Harrogate and District NHS Foundation Trust.

18 Controlling party

The Company is controlled by and is a wholly owned subsidiary of Harrogate and District NHS Foundation Trust, a public benefit corporation.