



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 2024**

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Officers and professional advisers

Directors

Mark Chamberlain (appointed 1 July 2020).
Lucy Hind (appointed 1 September 2018).
Roger Taylor (appointed 1 June 2019).
Angela Gillett (appointed 1 February 2021).
Gary Barrett (appointed 24 May 2022).
Matthew Graham (appointed 1 May 2022).
Jeremy Cross (appointed 1 October 2023).
Richard Stiff (appointed 1 June 2022 - resigned 31 July 2023).

Company Secretary

Catherine Southgate (appointed 21 June 2021).

Registered Office Address

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

External Auditor

Saffery LLP
10 Wellington Place
Leeds
LS1 4AP

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 year ending 31 March 2024

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 is a private company limited by shares, incorporated in England and Wales. 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. 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 31 March 2024.

Key Performance Indicators

The operating profit of £1,196k (2023: £1,415k) was positive for the company.

There is a deferred corporation tax liability from the period ending 31 March 2024 of £212k. There was a loss reported for the period of £68k (2023: profit £788k) after tax.

The company had a positive cash balance at the end of the period of £177k (2023: £2.8m).

Principal risk and uncertainties

The Company's risk register is reviewed periodically by the Harrogate Healthcare Facilities Management Limited (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.

Non Financial KPI's

There are a range of non-financial KPIs predominantly relating to service performance and statutory compliance across Estates, Sterile Services and Facilities. We also include metrics that monitor workforce targets including absence, turnover and mandatory training

We also monitor as part of the KPIs service specification outputs. This enables us to monitor activity, service standards and identify and take actions on any non-compliance at an early stage.

Future developments

As an organisation HHFM continues to grow. We have developed clear strategic themes guiding the improvement and modernisation of our services. This includes investing in new technology and systems to support our services and performance. We are committed to upskill and provide our teams with the support needed. We never stand still and will always seek to improve our performance to be an outstanding provider of services.

Strategic Report (continued)

Future developments

To this end the company is supporting Harrogate and District NHS Foundation Trust by ensuring that the healthcare facility is safe and available for use by the clinical teams including supporting the expansion of services to address the backlog of clinical activity. This will continue to be the immediate focus of the company for 2024/25. Our strategic ambition remains to be a key player within the local economy, build a strong reputation, and develop and grow the business in new areas across the community, and this will continue to be the long term strategic direction of the company.

The company continues to deliver the Operating Health Facility agreement across Estates and Facilities. This includes the works to create new theatres at Harrogate District Hospital, as well as supporting the refurbishment and backlog maintenance requirements of the site.

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.

As a wholly owned subsidiary of Harrogate and District NHS Foundation Trust, the HHFM board includes a representation from Trust directors providing assurance and support where needed.

Thus they have adopted the going concern basis in preparing these financial statements.

The company is reporting a net current liability position at 31 March 2024 of £18.9m (2023: £2.9m). This includes amounts payable to the company's immediate parent organisation ('The Trust') of £16.1m (2023: £2.6m). Total liabilities payable to the Trust at 31 March 2024 amounted to £36.6m (2023: £25.8m). The £16.1m current liability payable to the trust at 31 March 2024 includes £13.4m working capital funding which is classified as current as there is no formal loan agreement in place however, the intention is to formalise this arrangement in a loan agreement in the 2025 financial year.

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 and with the support of the Trust, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the Trust not seeking repayment of the amounts currently due to them. The Trust has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts and its intention to support the company with short term cash flow funding to the extent that it is needed by the company to pay liabilities as they fall due. 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.

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



Miss Angela Gillett - Managing Director

Date: 4.12.24.

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 year ended 31 March 2024.

Dividends

HHFM Ltd is a wholly owned subsidiary of Harrogate and District NHS Foundation Trust, with the company having 1,000,000 ordinary shares issued of £1 each authorised. The company has not declared a dividend in the year ended 31 March 2024

Directors

The following persons served as directors during the year:

Mark Chamberlain (appointed 1 July 2020).
Lucy Hind (appointed 1 September 2018).
Roger Taylor (appointed 1 June 2019).
Angela Gillett (appointed 1 February 2021).
Gary Barrett (appointed 24 May 2022).
Matthew Graham (appointed 1 May 2022).
Jeremy Cross (appointed 1 October 2023).
Richard Stiff (appointed 1 June 2022 - resigned 31 July 2023).

Political and charitable donations

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

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. The Company has no derivatives at 31 March 2024.

Information on future developments of the company is contained within the Strategic Report.

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.

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 15-19).

Statement relating to the Directors' responsibilities under Section 172 of the Companies Act

During the preparation of these financial statements the Directors have had regard to the matters set out in sections 172 Companies Act 2006.

Under the Act the Directors of the Company have a duty to act in good faith in a way that is most likely to have regard to:

- Promote the success of the Company for the benefit of its members as a whole
- The likely consequences of decisions for the long term
- The interests of the Company's employees
- The need to foster relationships with other key stakeholders
- The impact on the community and the environment
- Maintaining a reputation for high standards of business conduct, and
- The need to act fairly, as between members of the Company.

The Board meets regularly to set and align the Strategic Objectives of the Company. Any key strategic decisions are made at Board level with consideration to the best interests of Group stakeholders. The mission of the company is to be an exceptional provider of integrated facilities for the benefit of our communities, our staff and our partners. This frames the overarching approach the company takes to strategic decision making.

The Company places significant value on its staff who are fundamental to the success of delivering high levels of customer services. Employees within the company are its greatest asset, and with that the approach to employee engagement and satisfaction is key. The company works closely with the parent organisation around culture and values, with all employees expected to adopt the "KITE" values - Kindness, Integrity, Teamwork and Equality. Work in this area never ceases, with positive impacts being seen in quarterly impulse surveys, as well as the annual feedback from the NHS national staff survey. Communication is key, with employees being informed of key decisions through the Senior Management teams for each service area via direct communications and through formal and informal meetings.

The Company invests in formal and informal training to develop our staff at all levels. There is a commitment to employment policies which follow best practice and endorses the application of equal opportunities to provide fair and equitable conditions for all of our people. Gender pay gap information is published on an annual basis.

The Company is also committed to ensuring staff safety, through training and documented health and safety standards. It has been ensured that correct protective equipment, clothing and social distancing practices have been implemented in line with Government, Local and Company policies.

Relationships with stakeholders, suppliers and in particular Harrogate and District NHS Foundation Trust (HDFT) are crucial to our success. There are regular formal contract meetings in place with HDFT, as well as dedicated links at service level to ensure customer expectations are satisfied, and ultimately patient/service user needs are met.

Relationships with suppliers are strong in many areas, with supply chains developed to provide high quality and sustainable goods and services. There is regular engagement with key suppliers to develop strength and efficiency in the supply chain, and the company supports suppliers through timely payments of debts, something which has been key during the recent wider economic position.

Not only does the Company recognise the importance of its own impact on the community and environment, it also plays a key role in the same elements for HDFT. Related to this, HDFT have commissioned HHFM to lead on a number of key programmes of work, as well as the wider Sustainability agenda for the Operating Health Facility. During 2021/22, key areas of work were taken forward as part of the first stage in decarbonisation of the Harrogate District Hospital site, this work is continued in 2023-24.

The Company has an established reputation with suppliers and customers, and this is underpinned by high standards of business conduct. The Company operates anti-money laundering, anti-bribery and whistleblowing policies to ensure it operates in a ethical and sustainable manner. The Company fully endorses the aims of the Modern Slavery Act 2015 and take a zero tolerance approach to slavery and human trafficking within the Group and supply chain.

Directors' Report (continued)

Energy and Carbon reporting has not been included in this report as the Directors consider that it is not practical to separately measure the carbon and energy consumption attributable to Harrogate Healthcare Facilities Management floorspace from the floorspace also occupied by the parent Trust, Harrogate and District NHS Foundation Trust, in provision of healthcare services.

Information on future developments of the company is contained within the Strategic Report

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/they ought to have taken as a director in order to make himself/herself/themselves aware of any relevant audit information and to establish that the company's auditor is

Signed on behalf of the Board



Miss Angela Gillett - Managing Director

Date: 4.12.24.

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

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.

Harrogate Healthcare Facilities Management Ltd

Independent auditor's report to the members

Opinion

We have audited the financial statements of Harrogate Healthcare Facilities Management Ltd (the 'company') for the year ended 31 March 2024 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, The Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101, Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101; 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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, and UK Tax legislation.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 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.



.....
Sally Appleton (Senior Statutory Auditor)
for and on behalf of Saffery LLP

Statutory Auditors

10 Wellington Place
Leeds
LS1 4AP

4 December 2024

**Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2024**

	Note	Year Ended 31 March 2024 £000	Year Ended 31 March 2023 £000
Turnover	2	26,890	23,992
Operating expenses	3	(25,695)	(22,723)
Other operating income	4	1	146
Operating Profit/(Loss)		1,196	1,415
Finance income	5	22	4
Interest payable and similar expense	6	(1,074)	(631)
Profit/(Loss) on ordinary activities before taxation		144	788
Tax on profit/(loss) on ordinary activities	7	(212)	-
Profit/(Loss) for the financial period		(68)	788
Other comprehensive income/(expense)		-	-
Total comprehensive income/(expense)		(68)	788

All profits and loss categories comprise continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

Balance Sheet
as at 31 March 2024

		31 March 2024	31 March 2023
	Note	£000	£000
Non-current assets			
Tangible Assets	11	55,907	42,946
Total non-current assets		<u>55,907</u>	<u>42,946</u>
Current assets			
Stock	12	223	145
Debtors	13	3,268	1,706
Cash at bank and in hand		177	2,832
Total current assets		<u>3,668</u>	<u>4,683</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(22,053)	(7,091)
Lease liabilities: amounts falling due within one year	15	(536)	(514)
Total current liabilities		<u>(22,589)</u>	<u>(7,605)</u>
Total assets less current liabilities		<u>36,986</u>	<u>40,024</u>
Non-current liabilities			
Creditors: amounts falling due after more than one year	14	(20,507)	(23,153)
Lease liabilities: amounts falling due after more than one year	15	(14,295)	(14,831)
Deferred Tax Liability: amounts falling due after more than one year	16	(212)	-
Total non-current liabilities		<u>(35,014)</u>	<u>(37,984)</u>
Net assets		<u>1,972</u>	<u>2,040</u>
Capital and reserves			
Called-up share capital	17	1,000	1,000
Profit and loss account		972	1,040
Revaluation Reserve		-	-
Shareholders' funds		<u>1,972</u>	<u>2,040</u>

The notes on pages 15 to 28 form part of these financial statements.

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

Signed: Angela Gillett Miss Angela Gillett - Managing Director 04/12/2024

Registered company number: 11048040

**Statement of Changes in Equity for the Year Ended
31 March 2024**

	Called up share capital	Profit and loss account	Total Equity
	£000	£000	£000
Balance as at 1 April 2023	1,000	1,040	2,040
Total comprehensive income for the period			
Total comprehensive income/(expense)	-	(68)	(68)
	<u>1,000</u>	<u>972</u>	<u>1,972</u>
Transactions with owners recorded directly in equity			
Issue of shares	-	-	-
Dividend payable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 March 2024	<u>1,000</u>	<u>972</u>	<u>1,972</u>

**Statement of Changes in Equity for the Year Ended
31 March 2023**

	Called up share capital	Profit and loss account	Total Equity
	£000	£000	£000
Balance as at 1 April 2022	1,000	252	1,252
Total comprehensive income for the period			
Total comprehensive income/(expense)	-	788	788
	<u>1,000</u>	<u>1,040</u>	<u>2,040</u>
Transactions with owners recorded directly in equity			
Issue of shares	-	-	-
Dividend payable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 March 2023	<u>1,000</u>	<u>1,040</u>	<u>2,040</u>

The notes on pages 15 to 28 form part of these financial statements.

1 ACCOUNTING POLICIES

Harrogate Healthcare Facilities Management Ltd (the Company) is a private company limited by shares, incorporated in England and Wales.

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 UK-adopted international accounting standards ("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;
- 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.
- The requirement to provide a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively.

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.

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 company is reporting a net current liability position at 31 March 2024 of £18.9m (2023: £2.9m). This includes amounts payable to the company's immediate parent organisation ('The Trust') of £16.1m (2023: £2.6m). Total liabilities payable to the Trust at 31 March 2024 amounted to £36.6m (2023: £25.8m). The £16.1m current liability payable to the trust at 31 March 2024 includes £13.4m working capital funding which is classified as current as there is no formal loan agreement in place however, the intention is to formalise this arrangement in a loan agreement in the 2025 financial year.

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 and with the support of the Trust, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the Trust not seeking repayment of the amounts currently due to them. The Trust has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts and its intention to support the company with short term cash flow funding to the extent that it is needed by the company to pay liabilities as they fall due. 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

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 nor 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 depreciated value using a straight line basis.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Assets under construction are not depreciated until the asset is brought into use.

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 2023)	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 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.

1.12 Impairment excluding stocks, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

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.

1.13 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.

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 2024 £000	Year Ended 31 March 2023 £000
Managed Healthcare Facilities	24,969	22,376
Car Parking Income	629	486
Rental Income - staff accommodation	249	221
Sterile Services Income	31	18
Catering Income	1,012	891
	<u>26,890</u>	<u>23,992</u>

All of the above arises in the UK.

3 Operating expenses

	Year Ended 31 March 2024 £000	Year Ended 31 March 2023 £000
Staff costs	11,804	10,103
Administration - corporate support services agreement	786	786
Depreciation	1,791	1,639
Clinical and Non Clinical Supplies (inventories)	5,176	4,722
Other expenses	6,116	5,451
Auditors remuneration - audit of these financial statements	22	22
	<u>25,695</u>	<u>22,723</u>

4 Other operating income

	Year Ended 31 March 2024 £000	Year Ended 31 March 2023 £000
Other income	1	146
	<u>1</u>	<u>146</u>

5 Finance income

	Year Ended 31 March 2024 £000	Year Ended 31 March 2023 £000
Interest Receivable	22	4
	<u>22</u>	<u>4</u>

6 Interest payable and similar expense

	Year Ended 31 March 2024 £000	Year Ended 31 March 2023 £000
Interest payable on group working capital loan	470	6
Interest expense on right of use leased assets	604	625
	<u>1,074</u>	<u>631</u>

7 Tax on profit on ordinary activities

Tax recognised in the profit and loss account comprises:

	Year Ended 31 March 2024 £000	Year Ended 31 March 2023 £000
Deferred Tax		
Origination and reversal of timing differences	115	-
Provision for losses	(63)	-
Adjustment in respect of prior period	160	-
	<u>212</u>	<u>-</u>
Total Tax charge	<u>212</u>	<u>-</u>

Reconciliation of effective tax rate:

	Year Ended 31 March 2024 £000	Year Ended 31 March 2023 £000
Profit/(Loss) for the period	144	788
Tax using the UK corporation tax rate of 25% (2023 19%)	36	150
Adjustment for non-qualifying fixed assets	80	-
Recognition of brought forward tax losses	(64)	(150)
Adjustment in respect of prior periods	160	-
Profit/(Loss) excluding taxation	<u>212</u>	<u>-</u>

A UK corporation tax rate of 25% was enacted on 24 May 2021 and is effective from 1 April 2023

8 Remuneration of directors

	Year Ended 31 March 2024 £000	Year Ended 31 March 2023 £000
Directors' remuneration	136	119
Contribution to directors' pensions	-	-
	<u>136</u>	<u>119</u>

The remuneration of highest paid Director was £105k (2023: £89k).
No company pension contributions were made on behalf of a director in 2023-24

9 Staff costs and numbers

Their aggregate remuneration (including directors) comprised of:

	Year Ended 31 March 2024 £000	Year Ended 31 March 2023 £000
Salaries and wages	10,120	8,053
Employers National Insurance costs	836	712
Apprenticeship levy	49	41
Employer contributions to NHS Pensions Agency	549	376
Employer pension cost - other	184	184
Agency/contract staff	317	737
	<u>12,055</u>	<u>10,103</u>

The average monthly number of employees (including directors) comprised of:

	2024 No.	2023 No.
Administration and estates	69	57
Healthcare assistants and other support staff	262	244
Nursing, midwifery and health visiting staff	-	-
Other	4	4
Agency/contract staff	7	19
	<u>343</u>	<u>324</u>

10 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 separately from those of the company in funds under control of B&CE a not-for-profit organisation. From 1st October 2023 all new employees were enrolled to the NHS Pension Scheme.

The total costs charged to expenditure of £184k (2023 £184k) in respect of these schemes represents contributions payable by the company at rates specified in the rules of the plans. As at 31 March 2024, contributions of £8k (2023 £16k) were outstanding and are recorded within creditors.

10 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 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 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 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>.

The total costs charged to expenditure of £549k (2023 £376k) in respect of these schemes represents contributions payable by the company at rates specified in the rules of the plans. As at 31 March 2024, contributions of £70k (2023 £27k) were outstanding and are recorded within creditors.

11.1 Tangible assets - current year

	Right of use lease assets	Buildings and dwellings	Assets under construction	Plant and Machinery	Transport Equipment	Furniture & fittings	Total as at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2023	17,209	21,817	6,038	2,468	63	135	47,730
Additions - purchased	-	5,567	8,639	530	-	-	14,736
Reclassifications	-	5,509	(5,461)	(48)	-	-	-
Disposals	-	-	-	-	-	-	-
Cost or valuation At 31 March 2024	17,209	32,893	9,216	2,950	63	135	62,466
Depreciation at 1 April 2023	2,878	1,046	-	787	53	20	4,784
Provided during the year	720	840	-	217	4	10	1,791
Impairments charged to operating expenses	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Other	-	-	-	-	(16)	-	(16)
Depreciation at 31 March 2024	3,598	1,886	-	1,004	41	30	6,559
Net book value at 31 March 2024	13,611	31,007	9,216	1,946	22	105	55,907

11.2 Tangible assets - prior year

	Right of use lease assets	Buildings and dwellings	Assets under construction	Plant and Machinery	Transport Equipment	Furniture & fittings	Total as at 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2022	17,209	10,500	11,039	1,995	71	62	40,876
Additions - purchased	-	2,138	4,552	142	-	30	6,862
Reclassifications	-	9,179	(9,553)	331	-	43	-
Other	-	-	-	-	(8)	-	(8)
Cost or valuation At 31 March 2023	17,209	21,817	6,038	2,468	63	135	47,730
Depreciation at 1 April 2022	2,158	358	-	572	38	11	3,137
Provided during the year	720	688	-	215	7	9	1,639
Impairments charged to operating expenses	-	-	-	-	-	-	-
Other	-	-	-	-	8	-	8
Depreciation at 31 March 2023	2,878	1,046	-	787	53	20	4,784
Net book value at 31 March 2023	14,331	20,771	6,038	1,681	10	115	42,946

The Company has a lease in place with its 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.

12 Stock

	Total as at 31 March 2024 £000	Total as at 31 March 2023 £000
General Supplies	86	39
Decontamination Services	32	31
Catering Supplies	33	37
Linen	72	38
Total Inventories	223	145

13 Debtors

	Total as at 31 March 2024 £000	Total as at 31 March 2023 £000
Trade debtors	13	2
Amounts owed by group undertakings	198	492
Prepayments and accrued income	2,015	1,051
VAT Debtor	970	136
Other debtors	72	25
	3,268	1,706

14 Creditors

	Total as at 31 March 2024 £000	Total as at 31 March 2023 £000
Creditors: amounts falling due within one year		
Trade creditors	5,142	3,321
Group Loan (See below *)	16,123	2,648
VAT Creditor	-	-
Other creditors including taxation and social security	189	184
Accruals and deferred income	599	938
	22,053	7,091
Creditors: amounts falling due after more than one year		
Group Loan (See below *)	20,507	23,153
	20,507	23,153

*During the period ending 31 March 2024 the Company has a working capital agreement to borrow £13.4m from the Trust, to fund a number of capital developments across the Harrogate District Hospital site (drawn down in full). This is not subject to a loan agreement and is therefore, interest free and classified as a current creditor. There have been no defaults or breaches in relation to this loan during the period.

*During the period ending 31 March 2023 the Company signed a 8 year loan agreement to borrow £5.6m from the Trust, to fund a number of capital developments across the Harrogate District Hospital site (drawn down in full). The fixed interest rate on the loan is 7.5%, 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 2022 the Company signed a 15 year loan agreement to borrow £14.1m from the Trust, to fund a number of capital developments across the Harrogate District Hospital site (drawn down in full). The fixed interest rate on the loan is 3.75%, 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 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 in full). The fixed 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 fixed 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. This final repayments were made in the period ending 31 March 2023.

The profile of these loans is outlined in the table below, inclusive of interest

Loan Name - Principal Received	Within 1 Yr	1-5 Yrs	5-10 Yrs	10-15 Yrs
*Working Capital Loan - £1m - 5 Year Term - 4%	-	-	-	-
Capital Loan - £7.5m - 10 Year Term - 3.60%	1,132.00	4,189.00	963.00	-
Capital Loan - £14.1m - 15 Year Term - 3.75%	1,472.00	5,514.00	6,041.00	2,671.00
Capital Loan - £5.6m - 8 Year Term - 7.50%	1,057.00	3,701.00	1,535.00	-
Capital Loan - £13.4m	13,400.00	-	-	-

*Working Capital Loan - Final repayment made period ending 31 March 2023

15 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 2024 £000	Total as at 31 March 2023 £000
Current	536	514
Non-current	14,295	14,831
	14,831	15,345

The table below outlines the age profile of the lease payments.

	Less than 1 year	Between 1 and 5 years	More than 5 years
Value of Lease Liabilities (£'000s)			
2023-24	536	2,369	11,926
2022-23	514	2,276	12,555

16 Deferred Tax Liability

The provision for deferred tax consists of the following deferred tax liabilities/(assets):

	Total as at 31 March 2024	Total as at 31 March 2023	
	£000	£000	
Deferred tax asset due in more than 12 months	(178)	-	
Deferred tax liability due in more than 12 months	390	-	
	<u>212</u>	<u>-</u>	
	Accelerated capital allowances	Provision for losses	Total
	£000	£000	£000
As at 1st April 2023	-	-	-
Charged to the income statement	128	(76)	52
Adjustment in respect of prior periods	262	(102)	160
As at 31st March 2024	<u>390</u>	<u>(178)</u>	<u>212</u>

17 Called-up share capital

	Total as at 31 March 2024	Total as at 31 March 2023
	£000	£000
Allotted, called-up and fully-paid 1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

18 Related party transactions

In accordance with the exemptions in FRS 101 the Company is not required to disclose related party transactions with key management personnel or between members of the Group. The Company has not completed any related party transactions with any other entities or parties.

19 Controlling party

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

20 Contractual Capital Commitments

Commitments under capital expenditure contracts at 31 March 2024 were £495,576 (31 March 2023: £2,956,000).