

**The
Healthcare
Management
Trust**

Annual Report and Accounts

31 December 2021

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

Charity Registration Number
292880

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Reference and administrative information

Trustees	J R Q Folliott Vaughan (Chairman) D G Jones (Vice Chairman) Dr L Dinner N Draper Dr Caroline Fryar Lisa Geary M Gerold Dr Lynne Roberts Janis Sanders N E E Stephens DL Dr C Streather G von Malachowski N Roissetter
Company Secretary	N Roissetter
Adviser to the Board	P Jukes
Executive management team	
Chief Executive	Tony Barrett
Chief Financial Officer	Nigel Roissetter
Chief Operations Officer – Care Homes	Mair Williams
Chief Medical Officer	Dr Lorcan Sheppard
Chief People Officer	Antoinette Edwards
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Company registration number	01932882 (England and Wales)
Charity registration number	292880
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC UK Bank Plc 1 Centenary Square Birmingham B1 1HQ
Solicitors	BDB Pitmans LLP 50 Broadway London SW1H 0BL

Reference and administrative information

Investment managers

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Chairman's report Year to 31 December 2021

Chairmen commonly focus on the achievements and challenges of the past year when drafting their letters to accompany annual reports and accounts, and I would like to start in the same manner, before focusing more on the Charity's future.

Though our results show a marked improvement over the previous year, 2021 was another year made difficult by Covid. I am very conscious of the pressures that several waves of the pandemic, and the measures taken to deal with it, have imposed on our staff, on our operations and on the markets within which we operate.

Income increased sharply, in large part reflecting a higher level of activity in the hospitals, but so did expenditure, resulting in a trading deficit. We are operating in a changed environment, applying the lessons learned in the pandemic, in our procedures, how we make best use of our assets and our relationships with staff, patients, residents and other stakeholders. I am glad that, through this difficult period, we remain conscious of our charitable ethos and origins and can still report that we are making a wider charitable contribution to the communities within which we operate, albeit at a lower level than we would wish, or hope to make in the future.

The Charity has made further progress in implementing its business plan, and this is outlined in more detail in the Trustees' Report.

Our new hospital at Sancta Maria Hospital is fully operational, and building up activity levels and market presence to reflect the new unit's capabilities – it is a significant addition to the private healthcare resources and service in south Wales and I look forward to its soon achieving its full potential under a new hospital director.

St Hugh's Hospital has continued to operate at or near full capacity, at considerable pressure on the hospital team, mainly providing services to NHS patients and thereby helping alleviate local waiting lists, as well as a significant percentage of private patients. I would like particularly to mark the relationships built by hospital director Ashley Brown with local commissioning groups and other NHS bodies, to a level that may be unique for private hospitals in England – and his team's achievement in being named finalists in the LangBuisson Awards 2021.

Our care homes have had a particularly difficult time with Covid-19, and its impact on resident numbers, now slowly recovering. Coloma Court's CQC Outstanding rating, and Marie Louise House's CQC rating improvement to Good, each reflect the sustained hard work and values of the care home staff and management.

The new Sancta Maria Hospital is unquestionably a watershed for the charity, achieving which during the pandemic has been the first call on our resources for some time, but we have not neglected the wider interests of the charity. We have reviewed and where appropriate updated many other aspects of the charity's operations and governance. It would be a mistake to underestimate the scope of this exercise and the future HMT will look different from the past.

To the extent permitted by our management and balance sheet resources, we have continued to invest in other parts of the charity's activities alongside the delivery of the Sancta Maria Hospital project, including in the facilities at St Hugh's Hospital. Construction of our new, dementia focused, care home at Littlehampton is well underway, and the home is due to open in May/June 2023. We expect to add further similar care homes, most probably on lease operate contracts, over the next few years.

Chairman's report Year to 31 December 2021

We have continued to invest in systems and procedures, to create a working environment that interacts effectively with our counterparts and regulators that is, where possible, paper-free, and above all that applies the highest clinical standards and a safe and welcoming environment for patients and residents.

We have continued to strengthen the Board and I am delighted after an extensive search to have been able to welcome Dr Caroline Fryar, Lisa Geary and Jan Sanders as new trustees.

We have remodelled the Board committee structure to better handle the management of risk, establishing a new clinical risk committee to work alongside a financial risk committee, formed from the previous audit committee with enhanced delegated responsibilities.

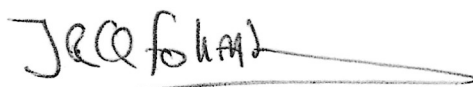
Above all, I'm delighted that Nichola Stefanou will be joining us as our new Chief Executive, effective from 5 September 2022. Nichola will be leading the executive team at an important stage in the Trust's evolution and I am very confident that she will provide the drive and leadership to take us through the next stage in the charity's evolution and growth.

Nichola succeeds Tony Barrett, who is taking retirement at the end of the year after serving the Charity for 29 years, the last 11 as Chief Executive. Over that time, he has successfully steered us through many challenging times, including of course the construction and commissioning of Sancta Maria Hospital and the Covid-19 pandemic. He leaves with our thanks and very best wishes for a long and healthy retirement.

HMT's strategy is regularly reviewed against delivery by the Board – and this is reported on in the Trustees' Report – but a more fundamental review of longer term strategy is also undertaken whenever changes in circumstances, or the passage of time, dictate. Completing the new hospital, the impact of Covid-19, and the arrival of a new chief executive, together indicate strongly that now is one of those times, and I expect the results of such a review to be reflected in the next Chairman's letter and Trustees' report. Hopefully, the shock of the pandemic is provoking a reassessment of the importance of the independent acute hospital sector, and properly skilled and resourced private residential care, to public health and if so, HMT is well placed to put in place a strategy to respond to this.

In so doing, it is worth keeping in mind that HMT is a charity with origins in providing services to religious orders with hospitals and care homes. As both a private healthcare sector operator and a registered charity, HMT must apply commercial criteria to managing its assets and activities, but also clear public benefit and overtly ethical criteria. This approach, which is intentionally more collaborative and consensual than might be expected in many purely commercial businesses, is reflected in the way the Board, executive team and staff make decisions and relate to external stakeholders and to each other. It has come under strain from the challenges arising during the pandemic, but I am still regularly struck by the approach of so many of those working at HMT. It is a golden thread derived from our heritage, and an invaluable asset for how we manage the challenges of the future. I would therefore like to thank all those at HMT not merely for your exceptional efforts through the pandemic, but also for the manner in which so many of you apply this principle to support the charity and deliver the care that our patients and residents deserve.

John Follitt Vaughan
Chairman



Date of Approval: 27 July 2022

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

The Trustees, who are directors of The Healthcare Management Trust (the "Trust") under company law, submit their annual report and the audited financial statements for the year ended 31 December 2021.

About The Healthcare Management Trust

The Trust was established in 1985 with the aim of relieving sickness, both physical and mental, and the preservation and protection of good health. The Trust delivers on these core objectives through:

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

The Trust raises no voluntary income; the Charity's work is funded solely through its operating income, investments and reserves. We provide access to all, without regard to the route patients and residents take in coming to us.

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

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

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

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Our Strategic Objectives

Our strategic objectives are as follows:

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

Key Facts and Numbers

During the year:

- ◆ Income grew by 33%.
- ◆ The Trust employed 549 staff, equating to 447 whole time equivalents.
- ◆ Overall, 55% of patients treated at the Trust's hospitals were funded by the NHS, at the same cost to the NHS had NHS hospitals provided the diagnosis and treatment.
- ◆ Admitted patient activity equated to 8,568 episodes, an increase of 44% on the previous year.
- ◆ Day cases represented 69% of admitted patient activity.
- ◆ The average length of stay for inpatients within our hospitals was 1.59 nights with the overall average for all patients equating to 1.18 nights.
- ◆ Our hospitals had no recorded cases of hospital acquired Covid-19, MRSA or Clostridium Difficile (C Diff).
- ◆ Our care homes provided 4,648 weeks of care, equating to 32,536 resident nights, with an overall average occupancy of 82% across our care homes. These numbers in occupancy terms represented a fall of 7.5% in comparison to the previous year for reasons directly attributable to the impact of Covid-19.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Key Facts and Numbers (continued)

- ◆ 9.6% of residents accommodated in our care homes were funded in whole or part by the state.
- ◆ We provided financial bursaries amounting to £23,000 to residents within our care homes.
- ◆ We supported, at less than commercial cost, 6 charities in their management, governance oversight and care management, within 17 care homes encompassing 129 elder/physical/neurological disability care beds. Our charitable subsidy of this work equated to £100,000.
- ◆ We distributed £43,161 in community development grants.
- ◆ The total value of our wider charitable work, listed above, equated to £166,161 for the year, representing 0.4% of income.

Covid-19 Pandemic

2021 proved to be an extremely challenging year for the Charity, with the Delta variant up surge at the start and the Omicron variant wave at year end. The social, operational and financial impact was significant and this continues in 2022.

During variant waves, our Care Homes experienced outbreaks and the restrictions on visiting, the resultant lockdowns negatively impacted on residents and their families. We worked proactively to facilitate resident visiting and social interaction when Governmental Public Health directives allowed.

Families continued to be cautious and this impacted on the rate of new admissions to our homes with overall occupancy below pre-pandemic levels, it will be late 2022/23, we anticipate before resident occupancy levels consistently reach sustainable levels.

Staffing continues to present a challenge within our care homes not just because of the national structural deficit in health and social care staff availability but also because of the need for Covid-19 related self isolation which has exacerbated the situation.

Across our hospitals the staffing picture mirrored our care homes. The need for self isolation by patients resulted in a significantly increased level of short notice cancellations, the rate doubling over the previous year.

The Trust continued to support the NHSE Covid-19 elective recovery program throughout the year and into 2022. Whilst the terms of this contractual arrangement have improved commercially, the NHS Trusts we work with have failed to deliver the required contractual patient volume envisaged under the contract. In order to mitigate this, we returned to Direct GP Referrals as soon as it became contractually possible. It was noticeable that the nearest NHS Hospital Trust appeared to be retaining orthopaedic patients volume internally and supplying the HMT hospital with lower complexity/revenue volume.

We ensured that the Charity's Trustees were kept fully informed by weekly briefing sessions to the Charity's Chairman and detailed monthly risk management and operational reports to all Trustees.

Our staff and partners were magnificent in meeting the continuing challenges that the Pandemic continues to bring, and the Trustees wish to extend their thanks to the entire HMT Team.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

National Covid-19 Vaccination Programme

The Government enshrined in law a requirement that full Covid-19 vaccination was a condition of staff deployment within a range of Health and Social Care settings. This regulation came into full force on 11 November 2021, and unfortunately 5 staff members who declined vaccination had to leave the employment of the Charity. The Government choose not to place the same regulatory requirement on the acute healthcare sector after significant NHS backlash, and it was regrettable that this created a feeling of double standards being applied.

At the time of this report, all our care home residents who wished to take up the offer of a booster vaccination have now received this additional dose of the vaccine. This equates to a resident full vaccination rate of 97% with a care home staff vaccination rate of 100%.

Achievements, Performance and Future Plans

We reviewed our original strategic and operational plans for 2021 and revised these to focus on:

- ◆ Safeguarding our residents, patients and staff from Covid-19.
- ◆ Utilising social and other media channels to inform prospective residents and patients about the measure we have taken to create Covid-19 safe hospitals and care homes.
- ◆ Returning our hospitals and care homes to pre Covid-19 levels of activity.
- ◆ Capitalising on the renewed interest during the pandemic on careers in Health and Social Care.
- ◆ Delivering our new hospital in Swansea.

In 2020 the Trust took a critical look at its Trustee Board Committee structure to ensure it remained fit for purpose and reflected the complexity of the Charity's work, with particular focus on the identification and mitigation of risk. Trustees resolved to create 2 new board sub-committees.

The Finance Committee has taken on the duties of the previous Audit Committee, with wider responsibilities in the area of financial and commercial risk. The Clinical Governance Committee was established to deal with clinical risk and related matters. These new sub-committees are intended to enable Trustees effectively to manage risk arising from the Charity's activities. Following Covid-19 delays, that these committees have now commenced their activities.

Safeguarding beneficiaries is a key responsibility of all charities and we enhanced our training regime to reflect this.

We further increased our internal training capacity by recruiting trainers at each of our hospitals and care homes. We also increased our activity programmes to enhance the quality of life for our care home residents by recruiting additional staff resources targeted at this area.

Following a Care Quality Commission inspection of Marie Louise House, it was up-rated from Requires Improvement to Good. This is testament to the home's leadership and the committed work of the whole staff team. The safety and quality of diagnosis, treatment and care that the Trust provides to residents and patients across its care homes and hospitals is the Trustees' priority and the Trust's ethos and philosophy reflect the core values which underpin the delivery of this care.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Achievements, Performance and Future Plans (continued)

The Trustees recognise that the staff of the Trust are the single most important lever for delivery and change and we continue to review our salaries, terms and conditions and staff development in order to recruit and retain staff who identify with the mission of the Charity.

Significant work streams continue with the goal of creating a paperless diagnostic, treatment and care environment within our hospitals.

The Trust continues to promote and support the development of its care home workforce skillsets by supporting the training of staff to achieve Registered Nurse and Associate Practitioner status. Trustees recognise the need to develop prospective future care home managers and, therefore, the Charity supports the attainment of the Level 5 Registered Manager Award for Deputy Managers and Unit Managers within its care homes.

The isolation of the elderly in the community unfortunately increased during the pandemic. The Trust remains committed to developing its range of community projects to impact on the increasing loneliness experienced by a significant number of the elderly who live alone, based around our care homes. Such face-to-face activity was effectively prevented during the national lockdowns, we have reinstated these initiatives in 2022.

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

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

Investing in Buildings and Services

The development of a new state-of-the-art flagship hospital in Swansea has been a watershed initiative for the Trust. Planning permission for the SA1 Waterfront development was granted in April 2018. A finance partnership was agreed with HSBC and formalised in early 2019. A tender process was conducted to secure a construction partner and Keir Construction Limited was appointed in late 2018, with construction commencing in March 2019.

The impact of the Covid-19 pandemic and the implications of social distancing in the construction sector, compounded by building material shortages and specialist equipment delays, again mainly as a consequence of the pandemic, resulted in delays to the project, with the hospital being handed over by the contractor and welcoming its first patients in March 2021.

No organisation has ever opened a private hospital in the midst of a pandemic and the Trustees wish to congratulate the whole hospital team and the Trust's partners. It was, in the circumstances, a considerable feat to complete close to budget and with a delay of only three months.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Achievements, Performance and Future Plans (continued)

Investing in Buildings and Services (continued)

The first year of the new hospital's life has been challenging and the pandemic and other factors have resulted in lower commercial activity than anticipated. Attracting patient flows from established patterns in a Covid-19 environment has posed additional challenges to which the Trust is applying focused commercial management. Whilst self pay activity is strong, the activity levels from the medically insured have been slower to take off. The Welsh NHS, despite its significant waiting times remains reticent or politically unable to capitalise on the opportunities offered by the new hospital.

The hospital experienced a leadership change in early 2022 with a new Hospital Director has been recruited and commenced employment in June 2022. In the interim period the Trust's Chief Executive acted as Hospital Director in Swansea.

The Trust had reached an agreement to purchase and extend, subject to planning, Marie Louise House, the care home it lease operates in Romsey. The subsequent planning process was severely delayed due to the issue of raised nitrate levels in ground water runoff polluting the Solent, which is an issue affecting all planning applications in Hampshire, and subsequently a number of other counties. In Hampshire, the granting of planning across the County has been made conditional on applicants acquiring mitigating nitrogen credits at a level determined by the local authority and for the Marie Louise House development, this was set at a cost of £350,000. Given the planning delay, the Trust also choose to re-cost the development, which indicated a minimum increase in construction costs of £1,200,000. Overall the cost of the development increased by a minimum of £1,550,000. Together, these cost increases, losses incurred and the impact on the pandemic on care home occupancy resulted in the Trust deciding to discontinue work on the proposal to acquire and extend the home. The Trust continues to operate the home on a leasehold basis with its partners the Daughters of Wisdom.

In early 2021, the Charity entered into a development agreement with Brackley Developments for the construction of a 64-bed specialist dementia care centre located in Littlehampton, West Sussex. This facility will be lease operated by the Charity, with construction commenced in November 2021, and is expected to come on stream in May/June 2023.

The Charity has a number of other opportunities for similar care centres in the South and it is actively progressing these potential developments.

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

Tony Barrett, the Trust's Chief Executive, has served the Charity for 28 years, indicated that it is his plan to retire at the end of 2022. In late 2021, Trustees, working with an Executive Recruitment Partner, commenced the process of finding a successor, successfully completed with the announcement in June 2022 of the appointment of Nicola Stefanou as Chief Executive of the Trust effective from October 2022.

Wider Charitable Impact

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

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Wider Charitable Impact (continued)

Supporting other Health and Social Charities

The Trust supported the following charities during the year, who together operate 346 resident beds, by delivering health and social care operational management and consultancy services. The Trust delivered some of this support on a pro bono basis and, when a charge was made to the receiving Charity, this was set at a level which reflected a charitable subsidy supported from the Trust's operational surplus:

The Jesuits in Britain – Care Homes in Boscombe and Preston.

The Ursulines of Jesus – Stella Maris Care Home, Swansea.

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

The Little Company of Mary

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

Research and Community Grant Funding

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

The following projects are currently supported:

- ◆ Alzheimer's Society/University of Sheffield – Keeping talking longer: speech therapy to help people living with dementia stay in conversation.
- ◆ Alzheimer's Society/University of Newcastle – Cognitive lifestyle & dementia: Investigating the impact of an active lifestyle on brain health over time.
- ◆ Swansea University – Understanding and improving emotional wellbeing of older care home residents.
- ◆ Swansea University – Enhancing person-centred care and wellbeing for older residents with dementia through intergenerational practice.
- ◆ Stirling University – Creating a Care Home Band.

Community Development Grants

The Charity continued its support of the Swansea Musical Memories Choir for dementia sufferers and their carers, making an annual grant of £9,000 to support the running costs of this 60-member choir. Whilst the Choir has been in abeyance as a result of the pandemic, they have recently reopened and meet 2 times per week.

We also continued our financial support to Friendship at Home with a £36,000 annual grant. This is a community interest organisation based in Grimsby which works to address the impact of isolation and loneliness in the elderly. Whilst face-to-face activities ceased during the pandemic, remote support via video and voice calls increased, as did support with shopping and other activities.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Our Stakeholders

Residents and Patients

Our residents and patients are at the centre of all we do as a Charity, and we focus on providing them with the best possible care, diagnostics and treatment. We actively seek out and value the feedback and opinions that they provide us which in turn drives us to improve the quality of our services.

How we engage with residents and patients:

- ◆ Resident and Patient Satisfaction Surveys.
- ◆ Resident and Family Forums.
- ◆ Patient Forums.
- ◆ Social Media and our websites.
- ◆ Regular Trustee and Executive visits to our care homes and hospitals.

Our People

Our people are our biggest asset in delivering care, diagnostics and treatments to improve the outcomes for the people and communities we serve. Seeking the views of our employees is key to making HMT a place that is inspiring, rewarding and a healthy place to work, and one that values and promotes inclusion and diversity, recognising skills and talent, developing individuals and teams.

We engaged with our staff through:

- ◆ Elected Staff Consultative Forum.
- ◆ Annual Staff Survey.
- ◆ HR Clinics.
- ◆ HMTeam app.
- ◆ Annual CEO Brief and quarterly video broadcasts.
- ◆ Monthly staff briefs.
- ◆ Regular Trustee and Executive visits to our care homes and hospitals.

Health and Social Care Partners

Our care homes provide a home and care to self-funding and socially funded individuals, and we value all our residents equally. Our hospitals provide healthcare services to a wide range of providers including private medically insured, NHS and self-funding patients. The consultants who work with us deliver research-based care based on national standards delivering the best outcomes.

We value all our relationships, and we seek to work with them in a spirit of cooperation to achieve the best outcome for patients.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Our Stakeholders (continued)

Health and Social Care Partners (continued)

We engage with our health and social care partners through:

- ◆ Care Home Managers engaging directly with Health and Social Care stakeholders in each locality.
- ◆ Hospital Directors and our Chief Medical Officer engaging directly with local NHS Trusts.
- ◆ Maintaining relationships with NHS key stakeholders at all levels.
- ◆ Holding regular meetings with private medical insurers.
- ◆ Participation in national quality schemes and the publication of quality reports.
- ◆ Regular meetings and communication with hospital medical staff.

Our care homes provide a home and care to self-funding and socially funded individuals and we value all our residents equally.

Our hospitals provide healthcare services to a wide range of providers including private medically insured, NHS and self-funding patients. The consultants who work with us deliver research-based care based on national standards delivering the best outcomes.

The Communities we are located within

We actively engage with the communities that we are based within by offering employment opportunities, ensuring accessibility to all ethnicities, genders and disabilities. We work within these communities to promote healthy lifestyles, combat loneliness in the elderly and support the carers of individuals suffering from dementia.

We engage with local communities through:

- ◆ Funding community charities and other projects to reduce loneliness in the elderly, as well as supporting the carers of individuals suffering from dementia.
- ◆ Community dementia outreach programmes delivered at no cost to recipients.
- ◆ Apprenticeships offering paid learning opportunities.
- ◆ Supporting community events and local initiatives delivering.
- ◆ Working with local schools, voluntary bodies and service organisations to deliver health knowledge and improve healthy lifestyle outcomes.
- ◆ Working with schools on social interaction projects that interface with the national curriculum.

Suppliers

We seek to develop collaborative partnerships with our suppliers which are key in developing a strong and proactive supply chain, minimising the environmental impact of the care, diagnostics and treatments we deliver.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Our Stakeholders (continued)

Suppliers (continued)

We work in partnership with third party research commissioners and universities on research projects that enable better understanding and new approaches to health and social care.

We engage with our suppliers through:

- ◆ Regular meetings with suppliers.
- ◆ Sharing of information.
- ◆ Supplier code of conduct.
- ◆ Periodic supplier reviews.

Government

Our purpose is to improve the health and social care outcomes of the people and communities we serve. Therefore, whilst we are not a campaigning charity, it is essential that we ensure that we are aware of and keep up to date with governmental priorities, policies and regulatory changes across health and social care. We engage with the government and local authorities at all levels.

We engage with government through:

- ◆ Industry bodies, particularly the National Care Forum and Independent Healthcare Providers Network.
- ◆ Participation in government consultations.
- ◆ Sharing research findings and best practice.

Section 172 statement

As a company limited by guarantee, the Charity is subject to the provisions of the Companies Act 2006. Accordingly, the Board of Trustees provides this statement describing how it has had regard to the matters set out in section 172(1) of the Companies Act 2006. The Board believes that it has acted in the way it considers would be most likely to promote success of the Company for the benefit of its members as a whole, having regard to section 172(a) to (f).

- a. The likely consequences of any decision in the long term.

Trustees ensure, having properly considered the information available to them that their decisions are in the best interests of the Charity and its beneficiaries, medium and long-term outcomes and the importance of maintaining its reputation as a health and social care provider. The decisions of Trustees are shaped by the wider strategy of the Charity and how they can best support the delivery of the Charity's long-term strategy.

- b. The interest of the company's employees.

Our Trustees recognise the importance of the Charity's employees to the long-term success of the Charity and recognise that the development of individuals and teams is central to its success.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Section 172 Statement (continued)

The Charity has a programme to develop its leaders of the future as well as its workforce, achieved through apprenticeships and other education and skills acquisition programmes.

As the impact of Covid-19 became apparent, Trustees through the Chairman met, and continue to meet, regularly with the Executive and Gold Command Team. Trustees recognised that proactive and timely action was required to protect the Charity's beneficiaries and long-term future. As the pandemic progressed, staff were placed onto the Government's job retention scheme. After considering the impact on our people and their families, Trustees decided to bridge the gap in the Government scheme so that staff furloughed received 100% of their salaries.

- c. The need to consider the Charity's business relationship with suppliers, customers and others.

The Charity places its residents and patients at the heart of everything it does, working to ensure the highest level of care, diagnostics and treatments. Trustees review all resident, patient and stakeholder feedback insights gained from annual surveys and other methodology. The Charity develops relationships with all stakeholders, including suppliers, regulators, the NHS, local authorities and government to understand how the Charity can work together with them.

- d. The impact of the Charity's operations on the community and the environment.

Trustees recognise the importance of climate change and the need to make changes to our ways of working to mitigate the Charity's operations on the environment. The Charity is therefore developing a strategy across all areas of our operations to reduce its environmental impact where feasible.

The Charity is working to reduce its dependence on single use plastics, reduce waste and pursue an energy strategy that places sustainability at its heart.

- e. The desirability of the Charity maintaining a reputation for high standards of business conduct.

The reputation of the Charity is key to its success as a health and social care provider. Central to this is the promotion of the Charity's ethos both within the Charity and the community.

- f. The need to act fairly as between members of the Charity.

When determining the Charity's long-term strategy, Trustees consider the impact on its beneficiaries, employees, stakeholders and partners. Our Trustees ensure that decisions are in the best interests of the Charity, taking into account the needs of these groups and the importance of maintaining its reputation.

Streamlined Energy and Carbon Reporting

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires HMT to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources. Energy and GHG emissions have been independently calculated by Envantage Ltd for the 12-month period ended 31 December 2021.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Streamlined Energy and Carbon Reporting (continued)

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held – this includes electricity, gaseous fuels such as natural gas, and business travel in company-owned and grey fleet vehicles. The table below details the SECR-regulated energy and GHG emission sources from the current and previous reporting periods.

		<u>2021</u>	<u>2020</u>	<u>% Change</u>
<u>Energy (kWh)</u>				
Total underlying energy		6,168,185	4,649,644	34.3%
<u>Emissions (tCO₂e)</u>				
Scope 1	Natural gas	731.6	600.5	21.8%
Scope 1	Company vehicles	-	0.8	-100.0%
Scope 2 (LBM)	Electricity	468.0	350.4	33.6%
Scope 3	Grey Fleet	16.2	7.1	128.4%
Total SECR emissions		1,528.6	958.8	26.8%
<u>Emission intensity ratio</u>				
tCO ₂ e / per employee		2.53	1.79	41.5%

HMT is committed to reducing its environmental impact and contribution to climate change through continuous improvement procedures throughout our care home and hospital facilities. The increase in the ratio per employee is a direct result of the additional energy requirements at the new Sancta Maria, including running the static MRI, and having to continue incur energy costs at the old Sancta Maria whilst the sale of the site progressed.

During the reporting period, we introduced cycle to work and car-sharing schemes in order to incentivise employees to reduce the emissions intensity of their commute into work. Light fittings across all sites are currently being upgraded to more efficient LED equivalents as required. LED lighting is expected to be fitted across all hospitals within the next 18 months as part of our five-year conditions plan.

The Trust encourages the recycling of plastic, paper, card, and printer cartridges that are all sent to specialised recycling plants. Reusable drink containers have been provided to all members of staff within the reporting period, which has reduced the dependency on disposable cups. In addition, waste food from the hospitals is sent to 'reFood' which produces energy from food waste.

Methodology

All activity data has been converted into energy and associated emissions using factors published by the Government's Department for Business, Energy and Industrial Strategy (BEIS) in 2021. Electricity and natural gas disclosures have been based on metered kWh consumption taken from supplier fiscal invoices where available. Where primary invoice data was not available, consumption has been estimated based on adjacent invoices and CIBSE industry benchmarks. Estimated consumption accounts for 13.1% of total reported energy.

Transport disclosures have been based on business mileage expense claim records. Information such as engine size and type were not held against each mileage claim, therefore an emissions factor reflective of a vehicle of average size and fuel type was used.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Financial Review

Our 2021 financial results were materially impacted, as in 2020, by the exceptional and ongoing circumstances presented by the Covid-19 pandemic. On the surface, a 33% increase in income to £39.0m in the year is an outstanding result. However, this increase was offset by a similar increase in costs netting down to an overall deficit of £1.6m before investment gains.

Our hospitals:

- In 2020 the financial performance of both our hospitals was adversely impacted as we supported the NHS in dealing with the effects of the pandemic. These contracts were initially “at cost” agreements with the NHS in return for our hospital capacity. As a consequence, HMT's income and profitability were adversely impacted in 2020.
- For 2021, St Hugh's Hospital reverted to its traditional volume-based elective surgery agreements with the NHS, as well as providing services to private patients. This resulted in a 37% increase in income over 2020.
- The opening of the new Sancta Maria Hospital in February 2021 was a tremendous landmark achievement for HMT. However, a consequence of transferring activity from the old site to the new hospital over a two-month period was an adverse impact in EBITDARM of over £1.2m.
- Both hospitals recorded significantly higher levels of cancellations in 2021 than had been previously experienced, growing by over 100% compared with 2020. Most of this increase was short-notice cancellations due to the requirement to self-isolate, impacting upon the availability of patients, consultants and employees and a material increase in staff costs.
- Tackling the on-going pandemic has also resulted in higher costs associated with infection control measures, including testing staff and high PPE costs.

Our care homes:

- The occupancy rates at our care homes, as with the overall market, continues to be adversely impacted by the pandemic and associated reluctance to see family members being admitted into care homes.
- The overall occupancy rate across our homes in 2021 was 82.5%; a fall of 7.5% in the year and decrease of 10.5% against our pre-pandemic level. The decline we have experienced is consistent with that experienced by other operators within the sector.
- As a consequence of this fall in occupancy, the income generated by the homes fell by 4.4%.
- The homes overall reported a net deficit of £0.63m in 2021, compared to a net deficit of £0.22m in 2020.
- As with our hospitals, we are experiencing higher costs, associated with operating in a Covid-19 environment, in terms of infection prevention measures and covering short-notice absences of staff who were required to self-isolate.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Financial Review (continued)

In recognition of the impact of the pandemic and the resulting delay in achieving practical completion of the new Sancta Maria Hospital, HSBC have amended the covenants for debt service and leverage on their [principal] loan to the Trust. We would like to thank HSBC for their continued support and understanding during this extraordinary and challenging period.

The Trustees continue to monitor closely the adequacy of the Trust's working capital and consider that its assets and available funds are adequate to fulfil its obligations. Net Current Assets at 31 December 2021 stood at £0.2m, after mortgage and finance lease repayments of £1.1m.

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

Reserves

Along with the majority of charities, the Covid-19 pandemic has resulted in our level of general reserves being significantly depleted. Free reserves have fallen below our policy of maintaining £3,000,000 in free reserves. As at 31 December 2021, the General Funds (or free reserves) stood at £1,056,795 (2020: £3,046,425 after offsetting the construction creditor with the drawdown from the HSBC facility that would fund the payment).

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

In the most recent review, the Trustees still consider that the Trust's reserves policy of holding £3,000,000 of free reserves remains appropriate, and have set an objective to build free reserves back to this level. Trustees alongside the Executive are developing a strategy to return the reserves back to this level, in the meantime we are comfortable with the current level of reserves. In addition, the Trust had at 31 December 2021 designated reserves of £275,121 as a building and equipment reserve for Coloma Court and Marie Louise House.

Investments

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

However, in order to comply with the requirements of the HSBC financial covenants, it has been necessary to implement a strategy of converting the investment portfolio into cash equivalents; this was completed in March 2022. This conversion is reflected on the Balance Sheet with the investment portfolio moving from Fixed Assets to Current Assets at 31 December 2021.

We would like to record our thanks to James Codrington and his team at Rathbones for their excellent work over the years in managing the portfolio and the professional way they assisted us in transferring the portfolio to meet our cash equivalent criteria.

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Financial Review (continued)

Risk management

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

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

Key risks

The most significant risk facing the Trustees at present is the implications surrounding the ongoing Covid-19 pandemic. This is covered by regular reviews of the current and predicted operating conditions between the Trustees and the Executive Team.

Other material strategic risks include:

- ◆ The continuing challenge of the economic climate and its impact on the Trust's patients and residents to self-fund treatment and care at its hospitals and care homes;
- ◆ Failure to follow an appropriate strategy;
- ◆ Shortage of suitably qualified staff;
- ◆ A serious clinical incident, which could have a serious negative impact on the Trust's reputation and, potentially, its finances;
- ◆ Uncertainty generated by the pressures on the NHS and inflationary pressure on the English NHS Tariff;
- ◆ The general economic environment and the potential cost pressures and supply issues that could follow.

Structure, Governance and Management

Constitution and principal aims

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

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Structure, Governance and Management (continued)

Trustees

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

Trustee	Appointed / Resigned
J Follitt Vaughan (Chairman)	
D Jones (Vice Chairman)	
Dr L Dinner	Appointed 7 June 2021
N Draper	
M Gerold	
Dr L Roberts	
N Stephens DL	
Dr C Streather	
G Von Malachowski	

Secretary	Appointed / Resigned
N Roissetter	

All Trustees give their time voluntarily and receive no remuneration from the Trust in connection with their duties as Trustees, with the exception of J R Q Follitt Vaughan who received £30,000 in respect of his services as Chairman. The financial information regarding Trustees is shown in note 8 to the financial statements.

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

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

Principal advisers

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

Governance and key management personnel

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

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

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Structure, Governance and Management (continued)

Governance and key management personnel (continued)

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

Mr Tony Barrett – Chief Executive
Mr Nigel Roissetter – Chief Financial Officer
Ms Mair Williams – Chief Operations Officer, Care Homes
Dr Lorcan Sheppard – Chief Medical Officer
Ms Antoinette Edwards – Chief People Officer

During the financial year, the Board was supported by: an Audit and Risk Committee chaired by Mr N Stephens DL and comprising Mr M Gerold, Mr D Jones, and Mr G Von Malachowski; by a Research and Grants Committee chaired by Mr N Draper and comprising Dr L Roberts, Dr C Streather and Mr G Von Malachowski; and by a Remuneration Committee chaired by Mr J Foliott Vaughan and comprising the whole Board.

Following the year-end, and as a result of a review of how the Trust manages risk, the Audit and Risk Committee was replaced by a Financial Risk Committee covering the responsibilities of its predecessor, but with an additional delegated responsibility to consider and manage financial risks arising from the Trust's activities. A new Clinical Risk Committee was established and given delegated responsibility to consider and manage clinical risks arising from the Trust's activities. The Clinical Risk Committee is chaired by Dr L Dinner and comprises Dr L Roberts, Dr C Streather and Mr G Von Malachowski.

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

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

Key management personnel

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

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

Equal opportunities

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

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Structure, Governance and Management (continued)

Equal opportunities (continued)

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

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

Volunteers

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

Statement of Trustees' responsibilities

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

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

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

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

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

Trustees' report (incorporating a Strategic Report) Year to 31 December 2021

Structure, Governance and Management (continued)

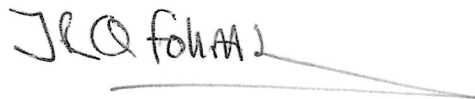
Statement of Trustees' responsibilities (continued)

Each of the Trustees confirms that:

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

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

Signed on behalf of the Trustees:

A handwritten signature in dark ink, appearing to read 'JFolliott', followed by a horizontal line extending to the right.

John Folliott Vaughan (Chairman and Trustee)

Approved by the Trustees on: 27 July 2022

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

Opinion

We have audited the financial statements of The Healthcare Management Trust (the 'charitable company') for the year ended 31 December 2021, which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 charitable 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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011, Companies Act 2006, data protection legislation, the Care Standards Act, Healthcare Commission regulations, Safeguarding regulations and Medical Health & Safety regulations; and

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, inspecting legal correspondence and reviewing trustee meeting minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of trustee meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with the CQC, HMRC and the Charity Commission.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Auditor's responsibilities for the audit of the financial statements (continued)

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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



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

28 July 2022

Statement of financial activities Year to 31 December 2021

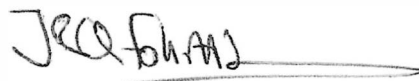
	Notes	Total funds 2021 £	Total funds 2020 £
INCOME AND EXPENDITURE ACCOUNT			
INCOME FROM:			
Donations and legacies		—	8,143
Investment income and interest receivable	1	77,530	94,783
Charitable activities			
. Healthcare establishment fees and related charges	2	38,887,283	28,904,646
Other sources: Coronavirus Job Retention Scheme grants		—	263,947
Total income		38,964,813	29,271,519
EXPENDITURE ON:			
Raising funds			
Investment manager's fees		18,093	22,063
Financing costs	3	347,248	97,513
		365,341	119,576
Charitable activities			
Promotion and development of healthcare			
. Healthcare establishment expenses	4	40,156,773	30,143,482
. Charitable grants	5	43,161	181,715
		40,199,934	30,325,197
Total expenditure		40,565,275	30,444,773
Net expenditure before gains (losses) on investments		(1,600,462)	(1,173,254)
Net gains (losses) on listed investments	11	222,737	(155,122)
Net expenditure for the year and net movement in funds		(1,377,725)	(1,328,376)
Reconciliation of funds:			
Balances brought forward at 1 January 2021		22,122,943	23,451,319
Balances carried forward at 31 December 2021		20,745,218	22,122,943

All activities derived from continuing operations in each of the above two years with all income and expenditure being unrestricted.

Balance sheet 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible fixed assets	10	32,942,525	30,433,374
Investments	11	—	2,699,839
		<u>32,942,525</u>	<u>33,133,213</u>
Current assets			
Stocks	12	568,383	513,942
Debtors	13	3,305,755	3,592,879
Investments	11	1,576,330	—
Cash at bank and in hand		4,288,687	1,673,205
		<u>9,739,155</u>	<u>5,780,026</u>
Creditors: amounts falling due within one year:			
· Sancta Maria construction creditors	14	(577,863)	(2,313,778)
· Other	14	(8,925,936)	(4,493,009)
		<u>235,356</u>	<u>(1,026,761)</u>
Net current assets (liabilities)			
		<u>235,356</u>	<u>(1,026,761)</u>
Total assets less current liabilities		33,177,881	32,106,452
Creditors: amounts falling due after one year			
· Sancta Maria construction creditors	15	—	(577,863)
· Other	15	(12,432,663)	(9,405,646)
		<u>20,745,218</u>	<u>22,122,943</u>
Total net assets		20,745,218	22,122,943
The funds of the Trust			
General funds		1,056,795	846,425
Tangible fixed assets fund	16	19,413,302	21,133,374
Designated funds	17	275,121	143,144
		<u>20,745,218</u>	<u>22,122,943</u>

Approved by the Trustees and signed on their behalf by:



J R Q Folliott Vaughan
(Chairman and Trustee)

Approved on: 27 July 2022

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

Statement of cash flows Year to 31 December 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	1,915,988	1,049,187
Cash flows from investing activities:			
Investment income and interest received		77,530	94,783
Purchase of tangible fixed assets		(2,516,123)	(12,623,194)
Proceeds from the disposal of investments		2,283,581	2,735,487
Purchase of investments		(937,335)	(446,409)
Net cash used in investing activities		(1,092,347)	(10,239,333)
Cash flows from financing activities:			
Interest paid		(347,248)	(97,513)
New borrowings		2,200,000	9,300,000
Repayments of borrowing		—	(132,913)
Repayments of finance leases		(60,911)	(63,551)
Net cash provided by financing activities		1,791,841	9,006,023
Change in cash and cash equivalents in the year		2,615,482	(184,123)
Cash and cash equivalents at 1 January 2021	B	1,673,205	1,857,328
Cash and cash equivalents at 31 December 2021	B	4,288,687	1,673,205

Notes to the statement of cash flows for the year to 31 December 2021.

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

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	(1,377,725)	(1,328,376)
Adjustments for:		
Depreciation charge	1,917,052	1,064,515
(Gains) losses on investments	(222,737)	155,122
Investment income and interest receivable	(77,530)	(94,783)
Interest payable	347,248	97,513
Loss on disposal of tangible fixed assets	—	18,149
(Increase) decrease in stocks	(54,441)	210,050
Decrease (increase) in debtors	287,124	(479,648)
Increase in creditors	1,096,997	1,406,645
Net cash provided by operating activities	1,915,988	1,049,187

B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	3,107,709	1,219,317
Cash held by investment managers	1,180,978	453,888
Total cash and cash equivalents	4,288,687	1,673,205

Statement of cash flows Year to 31 December 2021

C Analysis of changes in net debt

	At 1 January 2021 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 December 2021 £'000
Cash	1,673,205	2,615,482	—	4,288,687
Finance lease obligations	(180,056)	(1,910,078)	60,911	(2,029,223)
Loans falling due after more than one year	(9,300,000)	(2,200,000)	—	(11,500,000)
Total	(7,806,851)	(1,494,596)	60,911	(9,240,536)

Principal accounting policies 31 December 2021

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

Basis of preparation

These accounts have been prepared for the year to 31 December 2021. Comparative information is provided in respect to the year to 31 December 2020.

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

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

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

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

Critical accounting estimates and areas of judgement

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

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

- ◆ Estimating the expected useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge;
- ◆ Estimating any provision for bad or doubtful debts;
- ◆ Estimating and recognising accrued expenditure;
- ◆ Classification of leases as finance or operating; and
- ◆ Estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

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

As explained in the Trustees' Report accompanying these financial statements, subsequent to the year end, the Covid-19 pandemic continues to have a significant impact on health and social care within the United Kingdom and, consequently, on the charity and its work.

Assessment of going concern (continued)

In particular, the pandemic has resulted in increased expenditure incurred in order to safeguard staff, residents and patients. At the same time, there has been a reduction in revenue due to falls in the normal occupancy levels at each of the Trust's care homes and a reduction in activity at the Trust's two hospitals due to the need to prepare to receive Covid-19 positive patients and high levels of cancellations resulting from patients, staff and consultants having to self-isolate. The impact of the pandemic with its associated reduction in revenue and increase in costs has been actively managed.

The pandemic has had, and is expected to continue to have, an adverse impact on the Trust's trading performance.

Whilst the Trustees anticipate that there will be a negative impact on the Trust's reserves, which may take some time to return to their pre-Covid-19 levels, The Trustees have reviewed possible areas of short-term and medium-term mitigation within their control and believe that these offer sufficient comfort to be of the opinion that the Trust's financial position is such that it is expected to be able to withstand the challenges presented.

The Trust also has a commercial mortgage that is subject to financial covenants. The Trustees believe that these financial covenants will be met. The Trustees have assessed the financial risks associated with meeting the financial covenants and are satisfied that they have viable mitigating actions that could be initiated if required in order to achieve compliance with the covenants.

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

Scope

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

Income recognition

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

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

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

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

Income recognition (continued)

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

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

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

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

Coronavirus Job Retention Scheme grants are credited to the statement of financial activities when the Trust has entitlement to the income and when the amount receivable has been quantified.

Expenditure recognition

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

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

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

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

Principal accounting policies 31 December 2021

Expenditure recognition (continued)

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

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

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

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

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

Tangible fixed assets

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

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

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

◆ Freehold buildings	2.5%
◆ Leasehold buildings	2%
◆ Fixtures and fittings	10-20%
◆ Plant and machinery	15%
◆ Motor vehicles	33⅓%
◆ Other equipment	15-33%

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

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

Fixed asset investments

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

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

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

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

Stocks

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

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Fund structure

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

The tangible fixed assets fund represents the net book value of the Trust's tangible fixed assets, less any financing liabilities.

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

Principal accounting policies 31 December 2021

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

Leased assets

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

Assets held under finance leases are capitalised and disclosed under tangible fixed assets at their net book value. The capital element of the future payments is treated as a liability and the interest is charged to the Statement of Financial Activities on a straight-line basis.

Pension costs

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

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

1 Investment income and interest receivable

	Unrestricted funds	
	2021 £	2020 £
Income from listed investments	77,530	94,783

2 Healthcare establishment fees and related charges

	Unrestricted funds	
	2021 £	2020 £
Management and consultancy fees	59,953	74,411
Hospital fees and related charges	32,008,168	21,757,390
Nursing and residential home fees and related charges	6,819,162	7,072,845
	38,887,283	28,904,646

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

3 Financing costs

	Unrestricted funds	
	2021 £	2020 £
Interest payable on bank loans and finance leases	347,248	97,513

4 Healthcare establishment expenses

	Unrestricted funds	
	2021 £	2020 £
Staff costs (note 8)	16,336,259	14,476,755
Premises and equipment	5,723,093	3,995,361
Medical and welfare	15,483,818	9,507,719
Governance costs (note 6)	64,695	51,727
Other expenses	2,548,908	2,111,920
	40,156,773	30,143,482

5 Charitable grants

The Trust authorised the following grants payable during the year ended 31 December 2021:

	2021 £	2020 £
In support of medical/social research		
Admiral Nurses	—	96,512
Charitable donations and share of surplus (note 19)	43,161	85,203
Total	43,161	181,715

In addition to the above grants payable, at 31 December 2021 the Trustees had made grant offers totalling £nil (2020: £45,987). As the payment of these grants is subject to certain specific conditions, they have not been accrued for in these accounts.

6 Governance costs

	Unrestricted funds	
	2021 £	2020 £
Internal audit	15,116	—
External audit, committee and other costs	49,579	51,727
	64,695	51,727

7 Net expenditure before (losses) gains on investments

This is stated after charging:

	Unrestricted funds	
	2021 £	2020 £
Staff costs (note 8)	16,336,259	14,476,755
External auditor's remuneration		
. Audit services – current year	36,000	34,200
. Audit services – prior year	4,800	2,686
. Other services – taxation and advisory services	—	1,398
Depreciation	1,917,052	1,064,515
Operating lease rentals	492,202	413,939
Hire of plant and machinery		
. Rental of non-medical equipment	79,483	78,291
. Rental of medical equipment	1,403,898	789,715

8 Staff costs and Trustees' remuneration

	2021 £	2020 £
Staff costs during the year were as follows:		
Wages and salaries	13,783,939	11,908,126
Social security costs	1,191,995	1,056,693
Other pension costs	448,361	503,721
Apprenticeship levy	53,771	44,932
Payments to employed staff	15,478,066	13,513,472
Payments to agency staff	858,193	963,283
	16,336,259	14,476,755

8 Staff costs and Trustees' remuneration (continued)

Payments to agency staff during the year reflect the national shortage of nursing staff seeking permanent employment. The average number of employees, including agency staff, was:

	Full time equivalents		Headcount	
	2021	2020	2021	2020
Healthcare services	447	410	549	536

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

	2021	2020
£60,001 - £70,000	4	4
£70,001 - £80,000	3	1
£80,001 - £90,000	2	2
£90,001 - £100,000	—	2
£100,001 - £110,000	4	2
£120,001 - £130,000	1	1
£150,001 - £160,000	1	1
£170,001 - £180,000	-	1
£190,001 - £200,000	1	-

Employer contributions are made to money purchase schemes in respect to 16 (2020: 14) of those employees who earned £60,000 or more during the year. Total employer contributions to money purchase schemes in respect of such employees during the year amounted to £126,403 (2020: £113,891).

No trustee received any remuneration in respect of their services as Trustees during the year (2020: none). During the year, with the approval of the Charity Commission, J R Q Folliott Vaughan received £30,000 in respect to management services provided to the Trust (2020: £30,000).

Expenses in connection with travel and subsistence were reimbursed to 1 Trustee (2020: 3 Trustees) during the year and amounted to £193 (2020: £1,175).

The Trust has purchased insurance to protect itself from any loss arising from the neglect or defaults of its Trustees, employees and agents and to indemnify the Trustees or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the Trust during the year totalled £10,547 (2020: £12,993) and provides cover of up to a maximum of £5 million (2020: £5 million).

The key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis comprise the Trustees, the Executive Management, the Director at each of the of the Hospitals and the Senior Manager at each of the care homes. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £1,295,958 (2020: £1,292,314).

9 Taxation

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

10 Tangible fixed assets

	Freehold property £	Leasehold property £	Assets under construction £	Fixtures and fittings £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation							
At 1 January 2021	5,657,587	—	22,758,973	3,316,031	11,063,314	12,480	42,808,385
Additions	74,060	190,317	258,566	218,800	3,684,460	—	4,426,203
Disposals	—	—	—	—	(26,633)	(12,480)	(39,113)
Transfers	—	21,818,336	(23,017,539)	884,490	314,713	—	—
At 31 December 2021	5,731,647	22,008,653	—	4,419,321	15,035,854	—	47,195,475
Cost							
Deemed cost:	4,481,647	22,008,653	—	4,419,321	15,035,854	—	45,945,475
Valuation – 1990	1,250,000	—	—	—	—	—	1,250,000
	5,731,647	22,008,653	—	4,419,321	15,035,854	—	47,195,475
Depreciation							
At 1 January 2021	1,843,561	—	—	1,801,871	8,717,099	12,480	12,375,011
Provided in the year	100,183	365,564	—	342,514	1,108,791	—	1,917,052
On disposals	—	—	—	—	(26,633)	(12,480)	(39,113)
At 31 December 2021	1,943,744	365,564	—	2,144,385	9,799,257	—	14,252,950
Net book values							
At 31 December 2021	3,787,903	21,643,089	—	2,274,936	5,236,597	—	32,942,525
At 31 December 2020	3,814,026	—	22,758,973	1,514,160	2,346,215	—	30,433,374

Practical completion of the new Sancta Maria Hospital was achieved on 28 January 2021, with the hospital opening to patients on 15 February 2021. The hospital is held by the charity under a 250 year lease with the reclassification above representing the transfer to the new asset class.

The construction of the new hospital has been financed in part by a loan from HSBC Bank plc. This arrangement is secured by way of legal charges over the new Sancta Maria Hospital at Langdon Road, Swansea, the old Sancta Maria Hospital site in Ffynone Road, Swansea SA1 6DF and St Hugh's Hospital, Peaks Lane, Grimsby, DN32 9RP, as well as fixed and floating charges over all property of the Trust.

Following the move to the new hospital in 2021 and sale of the old hospital in March 2022 (see note 22 for further information), certain of the tangible fixed assets of the hospital were scrapped or disposed of. The exact value of these will be determined throughout the 2022 financial year in order for an informed disposal calculation to be processed in the 2022 financial statements.

10 Tangible fixed assets (continued)

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

	£
Cost	1,023,209
Accumulated depreciation	(707,882)
Net book amount at 31 December 2021	315,327
Net book value at 31 December 2020	340,807

As permitted under the transitional arrangements within Financial Reporting Standard 102, the Trust has continued to adopt a policy of not revaluing tangible fixed assets. It is likely that there are material differences between the open market values of the Trust's land and freehold properties and their book values. These arise from the specialised nature of some of the properties and the effects of inflation. The amount of such differences cannot be ascertained without incurring significant costs which, in the opinion of the Trustees, is not justified in terms of the benefits to the users of the accounts.

At 31 December 2021 the Trust had no capital commitments (2020: £5,000,000 in respect to the construction of the new hospital in Swansea)

11 Investments

	2021 £	2020 £
Listed investments		
Market value at 1 January 2021	2,699,839	5,144,039
Additions at cost	937,335	446,409
Disposals at carrying value (proceeds: £2,283,581, gains: £89,519)	(2,194,062)	(2,836,071)
Net unrealised investment gains (losses)	133,218	(54,538)
Market value at 31 December 2021	1,576,330	2,699,839
Cost of listed investments at 31 December 2021	1,392,908	2,273,345

Note: in order to comply with the requirements of the HSBC financial covenants, it has been necessary to implement a strategy of converting the investment portfolio into cash equivalents which was completed in March 2022. This conversion has been reflected on the Balance Sheet with the investment portfolio moving from Fixed Assets to Current Assets at 31 December 2021.

All listed investments were dealt in on a recognised stock exchange. Listed investments held at 31 December 2021 comprised the following:

	2021 £	2020 £
UK Managed funds	595,116	1,648,601
UK Bonds	—	63,678
UK Equities	—	284,923
Overseas Equities	948,357	644,545
Commodities	32,857	58,092
	1,576,330	2,699,839

11 Fixed asset investments (continued)

At 31 December 2021 the following individual investment holdings were deemed material holdings in the context of the market value of the entire listed portfolio as at that date:

Holding	Market value of holding £	% of total portfolio %
Nestle SA CHF1 Shares (Regd)	90,357	6%
Rathbone Unit Trust Mgmt - High Quality Bond S Dist	259,882	16%
Rathbone Unit Trust Mgmt - Active Income & Growth Inc	344,744	22%
Roche Holdings AG Genusscheine NPV Shares	92,770	6%
Vanguard Investments FTSE All Share Index Inc	335,234	21%
VANGUARD INVESTMENTS S&P 500 UCITS ETF Inc (GBP)	420,485	27%

12 Stocks

	2021 £	2020 £
Drugs, dressings and consumables	568,383	507,568
Other	—	6,374
	568,383	513,942

13 Debtors

	2021 £	2020 £
Fees and related charges	1,630,843	1,113,566
Other debtors	75,144	151,066
Prepayments and accrued income	1,599,768	1,274,138
Prepayment of equipment	—	1,054,109
	3,305,755	3,592,879

Prepayments include £210,000 being a deposit paid in respect to the prospective purchase of the leasehold of Marie Louise House Care Home. A decision was made post-year end to abandon this purchase. Further information has been provided in Note 22

14 Creditors: amounts falling due within one year

	2021 £	2020 £
<i>Sancta Maria construction creditors</i>	577,863	2,313,778
<i>Other</i>		
Expense creditors	2,273,421	2,931,600
Social security and other taxes	348,629	289,291
Other creditors	27,289	240,787
Accruals and deferred income	5,180,037	956,921
Finance lease repayable within one year	521,560	74,410
Bank loan repayable within one year	575,000	—
	8,925,936	4,493,009

15 Creditors: amounts falling due after one year

	2021 £	2020 £
Sancta Maria construction creditors	—	577,863
Other		
Finance lease repayable (see below)	1,507,663	105,646
Bank loan (see below)	10,925,000	9,300,000
	12,432,663	9,405,646

Finance lease

	2021 £	2020 £
Amounts due:		
Within one year (note 14)	521,560	74,410
Between one and two years	975,878	64,380
Between two and five years	531,785	41,266
	1,507,663	105,646
	2,029,223	180,056

Bank loan

	2021 £	2020 £
Amounts due:		
Within one year (note 14)	575,000	—
Between one and two years	575,000	—
Between two and five years	10,350,000	9,300,000
	10,925,000	9,300,000
	11,500,000	9,300,000

On 18 April 2019, the Trust signed a development and commercial mortgage facilities agreement with HSBC Bank plc. This enabled the Trust to draw down up to £11,500,000 in order to finance the construction project at Sancta Maria Hospital. This was fully drawn down as at 31 December 2021.

Under the terms of the agreement, the mortgage will be repaid in consecutive instalments based on a twenty year amortisation profile with the first instalment being due on the 31 March 2022 after the full loan has been drawn down following practical completion of the hospital. The final loan payment will be made six months after the eighth anniversary of the final drawdown i.e. in January 2029.

Interest is payable at a rate of 2.5% over SONIA. In order to limit interest rate risk, HMT have entered into a Swap with a cap of 2.0%.

16 Tangible fixed assets fund

	Total 2021 £	Total 2020 £
At 1 January 2021	21,133,374	18,829,294
Net movement in the year	11,809,151	11,604,080
	32,942,525	30,433,374
Less: Bank loan and finance leases to finance the construction and acquisition of tangible fixed assets	(13,529,223)	(9,300,000)
At 31 December 2021	19,413,302	21,133,374

The tangible fixed assets fund represents the net book value of the Trust's tangible fixed assets less the value of bank loans (note 15) obtained to finance the construction and acquisition of tangible fixed assets including those acquired through finance leases (note 15).

17 Designated funds

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

	At 1 January 2021 £	New designations £	Released or utilised £	At 31 December 2021 £
Marie Louise House building and equipment reserve	3,144	—	—	3,144
Coloma Court building reserve	140,000	131,977	—	271,977
	143,144	131,977	—	275,121

	At 1 January 2020 £	New designations £	Released or utilised £	At 31 December 2020 £
Marie Louise House building and equipment reserve	3,144	—	—	3,144
Coloma Court building reserve	140,000	—	—	140,000
	143,144	—	—	143,144

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

The Coloma Court building reserve represents moneys set aside to finance the repair and maintenance of the buildings occupied by the Trust at Coloma Court Care Home, West Wickham. This reserve was topped up by £131,977 in 2021.

18 Analysis of net assets between funds

	General funds £	Tangible fixed assets fund £	Designated funds £	Total 2021 £
Tangible fixed assets	—	32,942,525	—	32,942,525
Net current assets	1,056,795	(1,096,560)	275,121	235,356
Creditors: Amounts falling due after one year	—	(12,432,663)	—	(12,432,663)
	1,056,795	19,413,302	275,121	20,745,518

	General funds £	Tangible fixed assets fund £	Designated funds £	Total 2020 £
Tangible fixed assets	—	30,433,374	—	30,433,374
Investments	2,559,839	—	140,000	2,699,839
Net current assets	(1,029,905)	—	3,144	(1,026,761)
Creditors: Amounts falling due after one year	(683,509)	(9,300,000)	—	(9,983,509)
	846,425	21,133,374	143,144	22,122,943

The total unrealised gains as at 31 December 2021 constitute a revaluation reserve as defined by the Companies Act 2006. Movements in unrealised gains during the year were as follows:

	2021 £	2020 £
Unrealised gains included above:		
On listed investments	133,218	426,494
On freehold property	69,869	75,539
Total unrealised gains at 31 December 2021	203,087	502,033
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2021	502,033	1,045,369
Difference between historical cost realised gains/losses on listed investments and the actual realised gains/losses thereon calculated on the revalued amounts	(437,834)	(494,468)
Unrealised gains (losses) on listed investments arising in the year	133,218	(54,538)
Difference between the depreciation charge based on historic cost and that based on the revalued amounts	5,670	5,670
Total unrealised gains at 31 December 2021	203,087	502,033

19 Share of surplus and donations to charities

The lease agreement for Coloma Court Care Home stipulates that the Daughters of Mary and Joseph will receive a share of the surplus in respect of the nursing home operations equal to 50% of the net surplus. The 2021 share amounted to £nil (2020: £nil) due to a deficit arising in the year.

The lease agreement for Marie Louise House stipulates that the Daughters of Wisdom will receive a share of the surplus in respect of the nursing home operations equal to 50% of the net surplus but will contribute 50% of any net deficit. The 2021 surplus amounted to £nil (2020: £nil).

Further donations amounting to £43,161 (2020: £85,203) were made to various other charitable organisations and beneficiaries.

20 Pensions

The Trust operates a defined contribution scheme for the benefit of the employees and contributes both to personal pension plans, stakeholder pension plans of individual employees and the NEST auto-enrolment scheme. During the year total contributions made by the Trust were £448,361 (2020: £503,721) of which £205,204 (2020: £181,034) were to the NEST auto-enrolment scheme and £243,157 (2020: £322,687) were to the defined contribution scheme.

21 Leasing commitments

Operating lease payments amounting to £489,503 (2020: £492,202) are due within one year. The leases to which these amounts relate expire as follows:

	Land and buildings		Other	
	2021	2020	2021	2020
	£	£	£	£
Operating leases which expire:				
. Within one year	415,756	415,756	73,747	76,446
. Within two to five years	1,285,940	1,530,134	230,423	355,444
. In more than five years	—	171,563	—	—
	1,701,696	2,117,453	304,170	431,890

22 Post balance sheet events

The sale of the Sancta Maria Hospital at Ffynone Road, Swansea was completed on 29 March 2022 for £800,000. The accounting for this transaction will take place in the year ending 31 December 2022.

Due to the impact of Covid-19 the Trustees decided not to proceed prospective purchase of the leasehold of Marie Louise House Care Home in April 2022. The £210,000 deposit referenced in note 13 will be reversed in the 2022 financial year.

23 Related party transactions

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

There were no further related party transactions during the year (2020: none).