

A  
message  
of



**Financial  
Statements**  
for the year ended  
31 March 2019



## › Statement of Trustees' Responsibilities

The trustees (who are also directors of St Andrew's Healthcare for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.



## › Independent auditors' report to the members of St Andrew's Healthcare

### Report on the audit of the financial statements

#### Opinion

In our opinion, St Andrew's Healthcare's group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statement (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2019; the Consolidated Statement of Financial Activities, the Consolidated Cash Flow Statement, and the Consolidated Statement of Changes in Funds for the year then ended; and the Notes to the Financial Statements.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial

statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### Strategic Report and Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Annual Report. We have nothing to report in this respect.



## › Independent auditors' report to the members of St Andrew's Healthcare (Continued)

### Responsibilities for the financial statements and the audit

#### Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page [X], 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

#### Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

*Gillian Hinks*

**Gillian Hinks (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands



## › Consolidated Statement of Financial Activities (including consolidated income and expenditure account)

For the year ended 31 March 2019

	Note	All Restricted and unrestricted funds			All Restricted and unrestricted funds		
		Underlying result	Non-underlying result	Group Total	Underlying result	Non-underlying result	Group Total
		2019		2018			
		£m	£m	£m	£m	£m	£m
<b>Income from:</b>							
Donations		0.1	-	0.1	0.3	-	0.3
Charitable activities	4	182.8	-	182.8	180.0	-	180.0
Other trading activities	5	21.8	-	21.8	20.9	-	20.9
Investments	6	0.4	-	0.4	0.3	-	0.3
<b>Total income</b>		205.1	-	205.1	201.5	-	201.5
<b>Expenditure on:</b>							
Charitable activities	7	(186.5)	(4.5)	(191.0)	(178.0)	(7.6)	(185.6)
Other trading activities		(17.3)	-	(17.3)	(16.6)	-	(16.6)
Interest payable and similar charges		(1.0)	-	(1.0)	(1.1)	(1.7)	(2.8)
<b>Total expenditure</b>		(204.8)	(4.5)	(209.3)	(195.7)	(9.3)	(205.0)
Taxation	9	(0.2)	-	(0.2)	(0.1)	-	(0.1)
Net gain/(loss) on investments	16	1.0	-	1.0	(0.1)	-	(0.1)
<b>Net (expenditure)/income</b>		1.1	(4.5)	(3.4)	5.6	(9.3)	(3.7)
Net income attributable to non-controlling interest share	8	(1.7)	-	(1.7)	(1.6)	-	(1.6)
<b>Total net (expenditure)/income attributable to Charitable Group</b>		(0.6)	(4.5)	(5.1)	4.0	(9.3)	(5.3)
<b>Other recognised gains/(losses)</b>							
Actuarial gains/(losses) on defined benefit pension schemes	22	0.7	-	0.7	-	-	-
Cash flow hedge (losses)/gains on change in value of hedging instrument	23	(0.4)	-	(0.4)	0.5	-	0.5
<b>Net movement in funds</b>		(0.3)	(4.5)	(4.8)	4.5	(9.3)	(4.8)
<b>Reconciliation of funds:</b>							
Total funds brought forward				235.2			240.0
Dividends paid				-			-
<b>Total funds carried forward</b>				230.4			235.2

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

## › Consolidated Balance Sheet As at 31 March 2019

	Note	2019	2018
		£m	£m
<b>Fixed assets</b>			
Intangible assets	15	8.7	10.2
Tangible assets	15	238.7	249.9
Investments	16	14.5	13.2
		<b>261.9</b>	<b>273.3</b>
<b>Current assets</b>			
Stock		0.9	0.8
Debtors falling due within one year	17	13.3	14.7
Debtors falling due after one year	17	0.1	0.5
Cash at bank and in hand	18	8.9	4.6
		<b>23.2</b>	<b>20.6</b>
<b>Current liabilities</b>			
Creditors falling due within one year	19	(22.1)	(26.7)
		<b>1.1</b>	<b>(6.1)</b>
<b>Net current assets/(liabilities)</b>		<b>1.1</b>	<b>(6.1)</b>
<b>Total assets less current liabilities</b>		<b>263.0</b>	<b>267.2</b>
Creditors falling due after one year	19	(29.9)	(29.5)
<b>Net assets excluding pension liability</b>		<b>233.1</b>	<b>237.7</b>
Defined benefit pension liability	22	(0.7)	(0.7)
<b>Net assets</b>		<b>232.4</b>	<b>237.0</b>
Funds		227.5	232.9
Revaluation reserve		3.6	3.0
Pension reserve		(0.7)	(0.7)
<b>Total funds of the Charity</b>		<b>230.4</b>	<b>235.2</b>
Non-controlling interests		2.0	1.8
<b>Total funds</b>		<b>232.4</b>	<b>237.0</b>

The notes on pages XX to XX are an integral part of the financial statements.

Approved by the Board of Trustees on 25 July 2019 and signed on its behalf by



**Peter Winslow CBE**  
Chairman and Trustee

**Alexandra Owen**  
Chief Financial Officer and Trustee

Members of the Board of Directors of St Andrew's Healthcare Company number: 5176998



## Company Balance Sheet As at 31 March 2019

	Note	2019 £m	2018 £m
<b>Company Total</b>			
<b>Fixed assets</b>			
Intangible assets	15	8.4	9.8
Tangible assets	15	243.2	254.5
Investments	16	31.0	29.7
		<b>282.6</b>	<b>294.0</b>
<b>Current assets</b>			
Stock		0.4	0.3
Debtors falling due within one year	17	11.3	11.1
Debtors falling due after one year	17	0.1	0.5
Cash at bank and in hand	18	7.2	4.1
		<b>19.0</b>	<b>16.0</b>
<b>Current liabilities</b>			
Creditors falling due within one year	19	(19.9)	(23.6)
		<b>(0.9)</b>	<b>(7.6)</b>
<b>Total assets less current liabilities</b>		<b>281.7</b>	<b>286.4</b>
Creditors falling due after one year			
	19	(29.4)	(29.2)
<b>Net assets excluding pension liability</b>		<b>252.3</b>	<b>257.2</b>
Defined benefit pension liability	22	(0.7)	(0.7)
<b>Net assets</b>		<b>251.6</b>	<b>256.5</b>
Funds			
		243.1	248.6
Revaluation reserve		9.2	8.6
Pension reserve		(0.7)	(0.7)
<b>Total funds of the Charity</b>		<b>251.6</b>	<b>256.5</b>

The Charity has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual statement of financial activity. The Charity's net loss before other recognised gains was £5.2m (2018: net loss £2.0m).

The notes on pages XX to XX are an integral part of the financial statements.

Approved by the Board of Trustees on 25 July 2019 and signed on its behalf by



**Peter Winslow CBE**  
Chairman and Trustee

**Alexandra Owen**  
Chief Financial Officer and Trustee

Members of the Board of Directors of St Andrew's Healthcare Company number: 5176998

## Consolidated Cash Flow Statement for year ended 31 March 2019

	Note	Total 2019 £m	Total 2018 £m
<b>Net cash from operating activities</b>	24	<b>13.9</b>	<b>19.6</b>
Taxation paid		(0.2)	(0.1)
<b>Net cash generated from operating activities</b>		<b>13.7</b>	<b>19.5</b>
<b>Cash flows from investing activities</b>			
Dividends, interest and rent from investments		0.4	0.3
Purchase of property, plant and equipment		(7.0)	(11.7)
Proceeds from sale of investments		1.9	1.8
Movement in cash balance held in investment portfolio		(0.5)	0.2
Purchase of investments		(1.7)	(2.3)
<b>Net cash used in investing activities</b>		<b>(6.9)</b>	<b>(11.7)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowing		(1.0)	(41.2)
Cash inflows from new borrowing		1.0	29.3
Interest paid		(0.8)	(2.8)
Dividends paid to non-controlling interests		(1.5)	(2.3)
Repayment of obligations under finance leases		(0.2)	(0.1)
<b>Net cash used in financing activities</b>		<b>(2.5)</b>	<b>(17.1)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>4.3</b>	<b>(9.3)</b>
Cash and cash equivalents at the beginning of the reporting period		4.6	13.9
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>8.9</b>	<b>4.6</b>

## Consolidated Statement of Changes in Funds

	Funds £m	Revaluation Reserve £m	Pension Reserve £m	Non-controlling interests £m	Group Total £m
Balance as at 1 April 2018	232.9	3.0	(0.7)	1.8	<b>237.0</b>
Total net movement in funds in the year	(4.8)	-	-	-	<b>(4.8)</b>
Transfer	(0.6)	0.6	-	-	-
Profit attributable to non-controlling interests	-	-	-	1.7	<b>1.7</b>
Dividends paid to non-controlling interests	-	-	-	(1.5)	<b>(1.5)</b>
<b>Balance as at 31 March 2019</b>	<b>227.5</b>	<b>3.6</b>	<b>(0.7)</b>	<b>2.0</b>	<b>232.4</b>
Balance as at 1 April 2017	236.8	3.9	(0.7)	2.5	<b>242.5</b>
Total net movement in funds in the year	(4.8)	-	-	-	<b>(4.8)</b>
Transfer	0.9	(0.9)	-	-	-
Profit attributable to non-controlling interests	-	-	-	1.6	<b>1.6</b>
Dividends paid to non-controlling interests	-	-	-	(2.3)	<b>(2.3)</b>
<b>Balance as at 31 March 2018</b>	<b>232.9</b>	<b>3.0</b>	<b>(0.7)</b>	<b>1.8</b>	<b>237.0</b>

# › Notes to the financial statements

## 1 General information

St Andrew's Healthcare ("the Charity") is registered in England and Wales as a Charity and as a private company limited by guarantee. The address of its registered office is Cliftonville Road, Northampton, Northamptonshire NN1 5DG.

The Charity has no share capital and is limited by guarantee. Each of the members has a liability to £1 should there be a deficit of assets after meeting liabilities on winding up.

## 2 Accounting policies

### Basis of preparation

The financial statements of the Group and Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102 (Charities SORP FRS 102), the Companies Act 2006 and the Charities Act 2011.

These financial statements are prepared on a going concern basis, under historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The directors note the low level of current assets but conclude that the going concern basis remains appropriate on the basis of the availability of undrawn funds within the long term bank facility.

The Charity has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual statement of financial activities.

The Charity has taken advantage of the exemption in FRS 102 from preparing its individual statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Charity's cash flows.

### Basis of consolidation

The Group consolidated financial statements include the financial statements of the Charity and all of its subsidiary undertakings:

- St Andrew's Healthcare, the Charity;
- St Andrew's Foundation for Mental Health, a wholly owned subsidiary of St Andrew's Healthcare (dormant since 2017);
- St Andrews Property Management Limited, a wholly owned subsidiary of St Andrew's Healthcare;
- 3SH Limited (formerly known as Three Shires Hospital Limited), a subsidiary of St Andrews Property Management Limited (dormant since 2017);
- Three Shires Hospital LLP, a subsidiary of St Andrews Property Management Limited;
- The Pavilion Clinic Limited, a subsidiary of Three Shires Hospital LLP.

All the subsidiaries of the Charity are incorporated in the United Kingdom, and have a year end of 31 March. Uniform accounting policies have been adopted across the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. New subsidiaries included in the Group for the first time are consolidated from the date of acquisition.

### Income

Income is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Donated funds are recognised on receipt. Donated services from our volunteers are not included within the financial statements. Volunteers perform various roles, mainly involving therapeutic activities, patient events and befriending patients. Volunteer contribution was the equivalent of 8 full-time staff (2018: 8).

Income from charitable activities largely consists of fees for the provision of services and facilities to our service users. This is recognised when the service has been provided, the Charity has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Income from other trading activities consists of income generated by subsidiary undertakings through provision of goods and services and income generated by the Charity in respect of its garden centre and coffee shop. This income is recognised to the extent that the service has been provided, or the significant risks and rewards of ownership have transferred to the buyer in the case of goods, receipt is probable and the income can be reliably measured.

Investment income in relation to dividends and interest is recognised when receivable.

### Expenditure

Expenditure is accounted for on an accruals basis and is classified under headings that aggregate costs related to that category. Liabilities are recognised when an obligation exists, it is probable that settlement will be required, and the amount can be measured or estimated reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred, or capitalised as part of the cost of the related asset, where appropriate.

### Non-underlying items

In order to illustrate the underlying performance of the Group, presentation has been made of performance measures excluding those items which it is considered would distort the comparability of the Group's results. These non-underlying items are defined as those items that, by virtue of their nature, size or expected frequency, warrant separate additional disclosure in the financial statements in order to fully understand the underlying performance of the Group.

### Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and pension plans.

- Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.
- The Group operates a number of annual bonus plans for employees. An expense is recognised when the Group has a legal or constructive obligation to make payments under the plans as a result of past events, and a reliable estimate of the obligation can be made.

iii. The Group has two types of pension schemes, defined contribution and defined benefit. The assets of these are held separately from each other and those of the Group in independently administered funds.

- A defined contribution plan is a pension plan under which contributions are paid into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

- A defined benefit plan defines the pension benefit that the employee will receive on retirement, dependent upon several factors. The defined benefit scheme was closed to new entrants from 1 April 2003 and closed to future accrual from 31 March 2012. The fair values of plan assets and liabilities are measured in accordance with FRS 102 by independent actuaries. Any surplus of assets over liabilities is not recognised as the Charity is not entitled to a refund of any of the surplus. The cost of the plans recognised in the Statement of Financial Activity comprises:

- The cost of benefit changes, curtailments and settlements
- Net interest cost
- Administrative costs
- Re-measurements

### Investments

Investments are stated at market value at the balance sheet date (investment properties are re-valued by a chartered surveyor or the directors annually). Net investment gains and losses arising from revaluation and disposals during the year are shown as "net gains/(losses) on investment" within the consolidated statement of financial activities.

Investments in subsidiary companies are held at cost.

### Stock

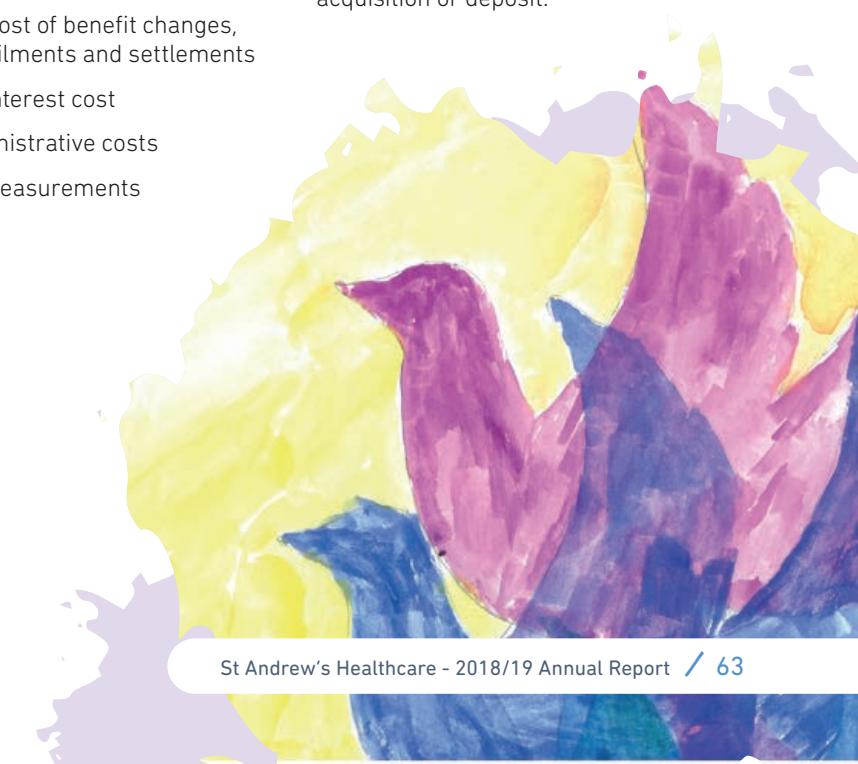
Stock is included at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis.

### Service users' funds

The Charity holds cash in current accounts on behalf of service users. The asset (being the amount held at the bank) is shown within other debtors and the liability (being the offsetting amount payable to service users) is shown within other creditors.

### Cash at bank and in hand

Cash at bank and in hand includes cash and any short term highly liquid investments which are not volatile in value and have a short maturity of three months or less from the date of acquisition or deposit.





## Financial instruments

### i. Financial Assets

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets include trade and other receivables and cash and bank balances, are initially recognised at fair value, being the transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the consolidated statement of financial activities.

Basic financial assets are recognised at cost (being transaction price) and subsequently measured at amortised cost using the effective interest rate method. For trade and other receivables, cash and bank balances, their settlement value (net of any discount offered or provision for doubtful debt) is used to determine fair value. For investments in equity instruments which are not subsidiaries, market value is used to determine fair value. Any changes in fair value are recognised in the consolidated statement of financial activities.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in net income in finance costs or finance income as appropriate unless they are included in a hedging arrangement. The classification of the entire fair value of the derivative as non-current or current is dependant on the expiry date of the hedge relationship.

### ii. Financial Liabilities

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price. Bank loans are subsequently carried at amortised cost, using effective interest rate method. They are then subsequently carried at amortised cost, calculated using the effective interest rate method.

### Hedging arrangements

The Charity applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair value of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the consolidated statement of financial activities.

The gain or loss recognised in other recognised gains/losses is reclassified to the net income when the hedged cash flows impact the consolidated statement of financial activities. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the hedged debt instrument is derecognised or the hedging instrument is terminated.

### Fixed assets

Items classified as fixed assets are those which cost more than £5,000 per item or group of items and provide an on-going economic benefit (by generating income or contributing to the Charity's objectives) for more than one year. Cost includes the purchase price of the asset, expenses attributable to bringing the asset to working condition, and any capitalised borrowing costs.

### Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any recognised provision for impairment. Depreciation is calculated to write down the cost of assets to their residual values, over their expected useful lives, on a straight-line method, on the following bases:

**New buildings** 50 years

**New building fit-out** 3 years

**Building extensions** 25 years

**Building refurbishments** 10 or 15 years (major refurbishments)

**Fixtures, fittings, machinery and equipment** 3 to 5 years (or the lease term if shorter)

**Motor vehicles** 5 years (or the lease term if shorter)

Land and assets in the course of construction are not depreciated.

### Intangible fixed assets

i. Software is measured at cost less accumulated depreciation and any recognised provision for impairment. Software is depreciated in equal instalments over its estimated useful economic life (3 to 5 years). Software assets in the course of construction are not depreciated.

ii. Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis over its useful economic life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

### Funds

Unrestricted funds are available to spend as the Trustees see fit, in accordance with the objectives of the Charity.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work.

## 3 Key accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### a. Critical judgements in applying the Group's accounting policies

#### Control of Three Shires Hospital LLP

Assessing whether the Group controls Three Shires Hospital LLP requires judgement. St Andrews Property Management Limited holds 50% of the issued share capital of the partnership and the Group has a controlling interest in this company through the provisions of a LLP members' agreement giving the Group the power to appoint the Chairman and under certain circumstances, exercise a casting vote. The Group considers that this demonstrates control of Three Shires Hospital LLP.

#### Key management personnel

The key management personnel are considered to be the people who have authority and responsibility for planning, directing and controlling the activities of the Charity. In the Charity's judgement these are defined as those Directors, Executive Trustee Directors, Non-Executive Trustee Directors and the Company Secretary who attend or sit at Charity Board Meetings.

#### Defined benefit pension scheme

Any surplus of assets over liabilities is not recognised on the balance sheet because, in the judgement of the Charity, there is no expectation of future economic benefit from it, given no agreement is in place with the pension Trustees that provides for this surplus to be returned to the Group or for reduced contributions to be made.

### b. Key accounting estimates and assumptions

#### Depreciation

When calculating depreciation, residual value of all fixed assets (with the exception of land) is assumed to be zero, as it is expected that, given the purpose built nature of the significant assets and the frequently changing environment of regulations for the built environment, that at the end of the expected useful life the buildings would not have any further value. This is reviewed and adjusted annually if appropriate.

#### Defined benefit pension scheme

The value of the assets and liabilities of this scheme is estimated by independent qualified actuaries. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, inflation, asset valuations and the discount rate. The assumptions reflect historical experience and current trends.



#### 4 Income from charitable activities

Relates entirely to providing care for service users.

#### 5 Income from other trading activities

	2019	2018
	£m	£m
Three Shires Hospital LLP - healthcare activities	18.8	18.0
The Pavilion Clinic - healthcare activities	2.5	2.5
Other - healthcare related services	0.4	0.4
Rental income	0.1	-
	<b>21.8</b>	<b>20.9</b>

#### 6 Investment income

	2019	2018
	£m	£m
Dividends	0.3	0.3
Interest	0.1	-
	<b>0.4</b>	<b>0.3</b>

#### 7 Expenditure on charitable activities

	2019	2018
	£m	£m
<b>Staff costs</b>		
Wages and salaries	127.7	120.4
Social security costs	10.5	10.5
Other pension costs	4.9	3.8
Training	1.1	1.3
Other	0.9	1.2
<b>Facilities and residents' amenities</b>	13.4	12.2
<b>Administration</b>	13.7	17.7
<b>Advertising</b>	0.1	0.1
<b>Depreciation, amortisation and impairment</b>	18.4	17.9
<b>Operating lease costs – plant and machinery</b>	0.1	0.1
<b>External governance costs</b>		
External statutory audit	0.1	0.1
External legal advice	0.1	0.3
<b>Total for the Group</b>	<b>191.0</b>	<b>185.6</b>

Staff costs include: £1.8m (2018: £0.8m) in relation to redundancy and termination payments where individuals were notified during the financial year. £0.3m is accrued at year end (2018: nil).

Also included within expenditure on other trading activities are staff costs of £6.5m (2018: £6.4m). Group wages and salaries were £133.6m (2018: £126.2m), group social security costs were £10.9m (2018: £10.9m) and group pension costs were £5.1m (2018: £4.0m). Company wages and salaries were £127.9m (2018: £120.8m), company social security costs were £10.5m (2018: £10.5m) and company pension costs were £4.9m (2018: £3.8m).

Included within the above is a total of £4.5m non-underlying costs (2018: £7.6m). Of this £2.8m (2018: £4.9m) relates to the final costs associated with the Transformation Programme aimed at re-organising the Charity to align all its resources with getting better outcomes for the patients. During the year the Charity took the decision to refurbish one of its existing buildings on the Northampton site to create a specialist dementia facility for up to 40 current patients. The building which housed the Children's and Adolescents service up until the opening of the Fitzroy building in 2017 was held on the balance sheet at a carrying value at February 2019 of £8.0m. Of this amount £6.3m related to the building and £1.7m to the internal fabric which, as part of this refurbishment, will be removed and therefore has been written off in the financial year. The refurbishment will be completed during the 2019/20 financial year with the opening of the new specialist dementia unit in early 2020. In the prior year a 5 year IT outsourcing contract was renegotiated incurring a one off cost of £0.6m. Also in the prior year there was a £2.1m non-underlying cost charged in relation to costs incurred over a 3 year period exploring the possibility of building a new 80 bed facility in Birmingham, the result of the investigation being that the returns were not sufficiently certain on the £45m total investment and we therefore concluded that the costs associated with architects' plans and models have no future value to the Charity.

The external statutory audit fee is for both the Group and the Company.

#### 8 Non-controlling interest share

	2019	2018
	£m	£m
Non-controlling interest in Three Shires Hospital LLP	1.3	1.2
Non-controlling interest in The Pavilion Clinic Limited	0.4	0.4
	<b>1.7</b>	<b>1.6</b>

#### 9 Taxation

The Charity is exempt from taxation in respect of income and capital gains received within categories covered under Part 11 Chapter 3 Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The Charity's subsidiaries are subject to corporation tax and deferred tax in the same way as commercial organisations. The taxation charge of £0.2m (2018: £0.1m) represents the Group's share of tax suffered by joint ventures and subsidiary companies.

The tax charge on the profit on ordinary activities of the subsidiaries was:

	2019	2018
	£m	£m
<b>Current tax:</b>		
UK corporation tax	0.1	0.1
Adjustments in respect of prior year	0.1	-
Total current tax	0.2	0.1
<b>Tax on profit on ordinary activities of subsidiaries</b>	<b>0.2</b>	<b>0.1</b>

#### Factors affecting tax charge

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£m	£m
<b>Profit on ordinary activities of subsidiaries before tax</b>	<b>3.4</b>	<b>0.7</b>
Less profit not subject to corporation tax	(2.9)	(2.6)
<b>Profits subject to corporation tax</b>	<b>0.5</b>	<b>(1.9)</b>
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	0.1	(0.4)
<b>Effects of:</b>		
Adjustments to tax in respect of prior periods	0.1	-
Losses arising in the year not relievably against current tax	-	0.5
<b>Total tax charge for the year</b>	<b>0.2</b>	<b>0.1</b>



## 10 Staff numbers

The average monthly numbers of employees (including Directors) were:

Consolidated Group		Charitable Company	
2019	2018	2019	2018
FTE	FTE	FTE	FTE
4,213	4,203	4,032	4,024

## 11 Emoluments analysis

The number of employees whose total employee benefits excluding pension contributions for the year fell in each band of £10,000 from £60,000 upwards is as follows:

	2019	2018
	Number	Number
£60,000 to £70,000	44	41
£70,001 to £80,000	34	18
£80,001 to £90,000	9	12
£90,001 to £100,000	17	14
£100,001 to £110,000	11	13
£110,001 to £120,000	9	12
£120,001 to £130,000	11	8
£130,001 to £140,000	6	10
£140,001 to £150,000	8	8
£150,001 to £160,000	2	6
£160,001 to £170,000	7	2
£170,001 to £180,000	2	4
£180,001 to £190,000	1	2
£190,001 to £200,000	1	-
£200,001 to £210,000	-	4
£210,001 to £220,000	1	2
£220,001 to £230,000	2	-
£230,001 to £240,000	1	1
£490,001 to £500,000	-	1
	<b>166</b>	<b>158</b>

## 12 The cost of key management personnel

During the current and prior year, the only Non-Executive Trustee Director to receive remuneration was M Harris as below. No other Non-Executive received any remuneration in their role as Non-Executive Trustee Directors, or any reimbursed expenses from the Charity.

The Board has recognised the need to attract and retain able executives to manage the day to day affairs of the Group. The pay of senior executives is determined by the Remuneration Committee, which benchmarks these remuneration packages with those paid by the NHS and peers within the Charity, as well as the broader independent sector with whom it competes and similar sized commercial organisations from which it recruits.

	Salaries / fees	Annual Bonus <sup>1</sup>	Pension <sup>2</sup>	Other Benefits	Total	Expenses
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2019</b>						
P Winslow <sup>3</sup>	-	-	-	-	-	-
S Richmond-Watson	-	-	-	-	-	-
F Jackson	-	-	-	-	-	-
J Forman Hardy	-	-	-	-	-	-
M Harris	21	-	-	-	21	2
P Parsons	-	-	-	-	-	-
<b>Non-Executive Director Total</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>2</b>
K Fisher	212	-	4	7	223	1
M Beer	206	-	25	8	239	-
A Owen	-	-	-	-	-	-
A Parshall	106	-	13	5	124	-
M Kersey	154	-	-	8	162	1
D Howells	215	-	-	11	226	-
S Kamath	166	-	-	8	174	1
Key management personnel who are not Trustees <sup>6</sup>	138	-	-	9	147	1
<b>Executive Director Total</b>	<b>1,197</b>	<b>-</b>	<b>42</b>	<b>56</b>	<b>1,295</b>	<b>4</b>
C Carless	154	-	19	25	198	1
<b>Total</b>	<b>1,372</b>	<b>-</b>	<b>61</b>	<b>81</b>	<b>1,514</b>	<b>7</b>
<b>2018</b>						
P Winslow <sup>3</sup>	-	-	-	-	-	-
S Richmond-Watson	-	-	-	-	-	-
F Jackson	-	-	-	-	-	-
J Forman Hardy	-	-	-	-	-	-
M Harris	21	-	-	-	21	3
P Parsons	-	-	-	-	-	-
<b>Non-Executive Director Total</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>3</b>
G Baldwin	418	-	-	78	496	-
M Beer	204	-	-	34	238	1
A Parshall	181	-	-	31	212	-
M Kersey	153	-	19	8	180	1
D Howells	173	-	20	8	201	1
Key management personnel who are not Trustees <sup>8</sup>	167	-	-	45	212	-
<b>Executive Director Total</b>	<b>1,296</b>	<b>-</b>	<b>39</b>	<b>204</b>	<b>1,539</b>	<b>3</b>
C Carless	153	-	-	44	197	-
<b>Total</b>	<b>1,470</b>	<b>-</b>	<b>39</b>	<b>248</b>	<b>1,757</b>	<b>6</b>

### Subnotes

- Annual bonus relates to performance during the financial year, paid in June following the relevant year-end. Bonus payments are based upon the performance of the Charity, the quality of the services and individuals' performance.
- Relates to contributions made to the defined contribution scheme.
- Between January and June 2018 P Winslow acted as Executive Chairman then reverted to a Non-Executive capacity following the appointment of a new Chief Executive Officer in June 2018.
- A Parshall resigned from her role of Trustee and Chief Medical Officer on 20 April 2018. Her remuneration reflects payments in lieu of notice up to the end of her 6 month notice period.

- D Howells resigned from his role of Trustee and Executive Director of Nursing & Operations on 31 January 2019. His remuneration reflects payments in lieu of notice up to the end of his 6 month notice period.
- A Owen, Director of Finance (in post from 03.09.18), J Clarke, Director of IT (in post from 04.03.19), L Cairns, Acting Director of Nursing (in post from 01.01.19), A Clegg, Acting Director of Operations (in post from 01.01.19).
- G Baldwin resigned from his role as Trustee and CEO on 1 January 2018. His remuneration reflects payments in lieu of notice up to the end of his 6 month notice period.
- L Ross, Director of Business Change & IT (resigned 2 March 2018).

## 13 Related party transactions

### Consolidated Group

The Group has not entered into any material transactions with Trustee Directors during the year (2018: nil).

#### Entity with significant influence over Three Shires Hospital LLP

Trading and balances between the LLP and an entity with significant influence over it was as per below:

	2019 £m	2018 £m
Charges to the LLP from the entity with significant influence		
Management charges	1.4	1.2
Purchased goods and other recharges	0.7	0.7
Amounts owed to the LLP from the entity with significant influence	0.4	1.7

There is no fixed date for repayment and no interest is charged on the amounts owed.

#### Entity with significant influence over The Pavilion Clinic Limited

Trading and balances between the company and an entity with significant influence over it was as per below:

	2019 £m	2018 £m
Charges to the company from the entity with significant influence for recharges	0.2	0.2

There are no amounts outstanding at the year end between the company and the entity with significant influence over it.

### Charitable Company

St Andrews Property Management Limited manages construction projects and certain non-core facilities for the Group which are charged onto the Charity. Each year any surplus that the company makes is donated to the Charity.

Some of the Trustee Directors of St Andrew's Healthcare are also Board Directors of St Andrews Property Management Limited.

Trading with St Andrews Property Management Limited during the year was as follows:

	2019 £m	2018 £m
Donation paid by St Andrews Property Management Limited to the Charity	1.1	2.5
Fixed Asset purchase by the Charity in relation to construction projects completed by the company	-	0.8
Amounts owed by the Charity to the Company	0.3	1.1

There is no fixed date for repayment and no interest is charged on the amounts owed.

#### Three Shires Hospital LLP and St Andrew's Healthcare

Three Shires Hospital LLP leases the Three Shires Hospital buildings from St Andrew's Healthcare.

Some of the Trustee Directors of St Andrew's Healthcare are also Partnership Board Directors of Three Shires Hospital LLP.

Trading with Three Shires Hospital LLP during the year was as follows:

	2019 £m	2018 £m
Sales (rental income)	1.3	1.3

There are no amounts outstanding at the year end between the Charity and Three Shires Hospital LLP.

## 14 Subsidiary undertakings

All subsidiary undertakings are registered in England and Wales.

St Andrews Property Management Limited manages construction projects and certain non-core facilities for the Group. The Charity owns 100% of the two £1 ordinary shares of the company. Each year any surplus that the company makes is donated to the Charity. This year there has been a net loss because reserves from earlier years have also been donated.

The Charity is an ultimate shareholder of Three Shires Hospital LLP. St Andrews Property Management Limited owns 250,000 £1 shares amounting to 50% of the issued share capital of the partnership with the remaining share capital being held by BMI Healthcare Limited. The Group has a controlling interest in this company through the provisions of the LLP members' agreement giving the Group the power to appoint the Chairman and, under certain circumstances, exercise a casting vote. Three Shires Hospital LLP operates an acute medical surgical hospital situated in the grounds of St Andrew's Healthcare in Northampton (previously operated by 3SH Ltd).

Three Shires Hospital LLP has the controlling interest and holds 51% of the issued ordinary share capital (the remainder is held by Global Diagnostics Limited) of The Pavilion Clinic Limited, which provides a diagnostic centre of excellence in a dedicated environment, with consulting and physiotherapy services provided by Three Shires Hospital. The Pavilion Clinic Limited trades as Imaging @ Three Shires.

St Andrews Property Management Limited owns 50% of the share capital of 3SH Ltd, a dormant company (with 50 % being held by BMI Healthcare Limited). Net assets are £2. The registered office of the company is the same as Three Shires Hospital LLP as per below.

The Charity owns 100% of St Andrew's Foundation for Mental Health, a dormant company. Net assets are £2. The registered office of the company is the same as the St Andrews Property Management Limited as per below and the company number is 10938734.

The financial performance for the subsidiary undertakings, prior to the elimination of intercompany balances and transactions, included within the consolidated financial statements is as follows:

	St Andrews Property Management Limited		Three Shires Hospital LLP		The Pavilion Clinic Limited	
<b>Company number</b>	2798380		OC398963		6061941	
<b>Registered office</b>	Cliftonville Road Northampton Northamptonshire NN1 5DG		Bmi Healthcare House 3 Paris Garden Southwark London SE1 8ND		Bmi Healthcare House 3 Paris Garden Southwark London SE1 8ND	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Income	1.3	2.7	19.4	18.7	2.5	2.5
Expenditure	(1.3)	(5.3)	(16.5)	(16.1)	(1.9)	(1.8)
Tax	(0.1)	-	-	-	(0.1)	(0.1)
<b>Net (loss)/income</b>	<b>(0.1)</b>	<b>(2.6)</b>	<b>2.9</b>	<b>2.6</b>	<b>0.5</b>	<b>0.6</b>
Fixed assets	1.5	1.6	1.5	1.7	0.9	0.6
Current assets	0.3	1.7	4.1	4.7	0.5	0.5
Liabilities due within one year	(0.4)	(1.8)	(2.2)	(3.3)	(0.5)	(0.4)
Liabilities due after one year	-	-	-	-	(0.5)	(0.3)
<b>Net assets</b>	<b>1.4</b>	<b>1.5</b>	<b>3.4</b>	<b>3.1</b>	<b>0.4</b>	<b>0.4</b>



## 15 Tangible and Intangible Assets

Consolidated Group	Freehold land and buildings	Assets under construction	Fixtures, fittings, machinery & equipment	Motor vehicles	Total tangible assets	Software	Software Assets under construction	Goodwill	Total intangible assets
	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Cost</b>									
At 1 April 2018	301.6	0.2	26.8	0.7	<b>329.3</b>	13.6	1.1	1.4	<b>16.1</b>
Additions	1.8	0.6	1.8	-	<b>4.2</b>	1.3	0.4	0.4	<b>2.1</b>
Disposals	(3.5)	-	(4.2)	-	<b>(7.7)</b>	(0.4)	-	-	<b>(0.4)</b>
Reclassification	0.2	(0.2)	-	-	-	1.0	(1.0)	-	-
At 31 March 2019	300.1	0.6	24.4	0.7	<b>325.8</b>	15.5	0.5	1.8	<b>17.8</b>
<b>Accumulated depreciation/amortisation</b>									
At 1 April 2018	64.6	-	14.2	0.6	<b>79.4</b>	4.9	-	1.0	<b>5.9</b>
Charge for the year	8.9	-	4.6	-	<b>13.5</b>	3.5	-	0.1	<b>3.6</b>
Disposals	(3.5)	-	(4.2)	-	<b>(7.7)</b>	(0.4)	-	-	<b>(0.4)</b>
Impairments	1.8	-	0.1	-	<b>1.9</b>	-	-	-	-
At 31 March 2019	71.8	-	14.7	0.6	<b>87.1</b>	8.0	-	1.1	<b>9.1</b>
<b>Net book value</b>									
<b>At 31 March 2019</b>	<b>228.3</b>	<b>0.6</b>	<b>9.7</b>	<b>0.1</b>	<b>238.7</b>	<b>7.5</b>	<b>0.5</b>	<b>0.7</b>	<b>8.7</b>
At 31 March 2018	237.0	0.2	12.6	0.1	<b>249.9</b>	8.7	1.1	0.4	<b>10.2</b>

The net book value of tangible fixed assets includes £0.6m (2018: £0.4m) in respect of assets held under hire purchase agreements.

Also included are restricted fixed assets, see note 21.

Of the impairments with a net book value of £1.9m, £1.7m of this relates to non-underlying costs incurred due to the decision to refurbish an existing building. During the year the Charity took the decision to refurbish one of its existing buildings on the Northampton site to create a specialist dementia facility for up to 40 current patients. The building which housed the Children's and Adolescents service up until the opening of the Fitzroy building in 2017 was held on the balance sheet at a carrying value at February 2019 of £8.0m. Of this amount £6.3m related to the building and £1.7m to the internal fabric which, as part of this refurbishment, will be removed and therefore has been written off in the financial year. The refurbishment will be completed during the 2019/20 financial year with the opening of the new specialist dementia unit in early 2020.

Charitable Company	Freehold land and buildings	Assets under construction	Fixtures, fittings, machinery & equipment	Motor vehicles	Total tangible assets	Software	Software Assets under construction	Goodwill	Total intangible assets
	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Cost</b>									
At 1 April 2018	305.6	0.2	21.1	0.7	<b>327.6</b>	13.6	1.1	-	<b>14.7</b>
Additions	1.8	0.6	1.2	-	<b>3.6</b>	1.3	0.4	0.4	<b>2.1</b>
Disposals	(3.4)	-	(4.2)	-	<b>(7.6)</b>	(0.4)	-	-	<b>(0.4)</b>
Reclassification	0.2	(0.2)	-	-	-	1.0	(1.0)	-	-
At 31 March 2019	304.2	0.6	18.1	0.7	<b>323.6</b>	15.5	0.5	0.4	<b>16.4</b>
<b>Accumulated depreciation/amortisation</b>									
At 1 April 2018	62.5	-	10.0	0.6	<b>73.1</b>	4.9	-	-	<b>4.9</b>
Charge for the year	8.8	-	4.2	-	<b>13.0</b>	3.5	-	-	<b>3.5</b>
Disposals	(3.4)	-	(4.2)	-	<b>(7.6)</b>	(0.4)	-	-	<b>(0.4)</b>
Impairments	1.8	-	0.1	-	<b>1.9</b>	-	-	-	-
At 31 March 2019	69.7	-	10.1	0.6	<b>80.4</b>	8.0	-	-	<b>8.0</b>
<b>Net book value</b>									
<b>At 31 March 2019</b>	<b>234.5</b>	<b>0.6</b>	<b>8.0</b>	<b>0.1</b>	<b>243.2</b>	<b>7.5</b>	<b>0.5</b>	<b>0.4</b>	<b>8.4</b>
At 31 March 2018	243.1	0.2	11.1	0.1	<b>254.5</b>	8.7	1.1	-	<b>9.8</b>

## 16 Investments

Consolidated Group	As at 31 March 2018		Purchases	Sales	Cash	As at 31 March 2019	
	Cost	Market value				Cost	Market value
	£m	£m	£m	£m	£m	£m	£m
Stock market investments	10.2	12.8	1.7	(1.5)	0.5	10.9	13.8
Well Vale Estates investment property	-	0.4	-	-	-	-	0.7
<b>Total investment assets</b>	<b>10.2</b>	<b>13.2</b>	<b>1.7</b>	<b>(1.5)</b>	<b>0.5</b>	<b>10.9</b>	<b>14.5</b>
Surplus of market value over cost		3.0					3.6
Less: prior year surplus excluding amounts realised		(3.0)					(2.7)
Unrealised gain/(loss) on revaluation of investments in year		-					0.9
Realised (loss)/gain on disposal of investments in year		(0.1)					0.1
<b>Net (loss)/gain</b>		<b>(0.1)</b>					<b>1.0</b>

Charitable Company	As at 31 March 2018		Purchases	Sales	Cash	As at 31 March 2019	
	Cost	Market value				Cost	Market value
	£m	£m	£m	£m	£m	£m	£m
Stock market investments	10.2	12.8	1.7	(1.5)	0.5	10.9	13.8
Well Vale Estates investment property	-	0.4	-	-	-	-	0.7
Three Shires Hospital investment property	10.9	16.5	-	-	-	10.9	16.5
<b>Total investment assets</b>	<b>21.1</b>	<b>29.7</b>	<b>1.7</b>	<b>(1.5)</b>	<b>0.5</b>	<b>21.8</b>	<b>31.0</b>
Surplus of market value over cost		8.6					9.2
Less: prior year surplus excluding amounts realised		(8.6)					(8.3)
Unrealised gain/(loss) on revaluation of investments in year		-					0.9
Realised (loss)/gain on disposal of investments in year		(0.1)					0.1
<b>Net (loss)/gain</b>		<b>(0.1)</b>					<b>1.0</b>

All investment assets are held primarily to provide an investment return for the Group. The stock market investments are listed securities on recognised stock exchanges and comprise 65% UK securities with a market value of £9.0m (2018: 63%, £8.1m) and 35% non-UK securities with a market value of £4.8m (2018: 37%, £4.7m). The Well Vale Estates comprise farming lands of approximately 40.45 acres (2018: 40.45 acres).

The Three Shires Hospital investment property relates to the Hospital rented by Three Shires Hospital LLP (see note 13).

As a result of the difference between cost and valuation on investments, there is a revaluation reserve of £3.6m (2018: £3.0m) held within unrestricted funds on the Consolidated Group balance sheet and £9.2m (2018: £8.6m) held within unrestricted funds on the Charitable Company balance sheet. Stock market investments are valued using the latest available mid-market prices at the valuation date. Investment properties are valued by specialist independent valuers. Well Vale Estates were valued by Berry's Chartered Surveyors and Valuers regulated by RICS in 2018 and Three Shires Hospital was valued by GVA Grimley Limited regulated by RICS in 2016 which has subsequently been updated by the directors.

## 17 Debtors

	Consolidated Group		Charitable Company	
	2019 £m	2018 £m	2019 £m	2018 £m
Trade debtors	6.9	5.9	5.5	4.6
Amounts owed by related undertakings	0.6	2.3	-	-
Prepayments and accrued income	2.3	3.0	2.3	3.0
Other debtors	3.5	3.5	3.5	3.5
<b>Amounts falling due within one year</b>	<b>13.3</b>	<b>14.7</b>	<b>11.3</b>	<b>11.1</b>
Derivative financial instrument	0.1	0.5	0.1	0.5
<b>Amounts falling due after more than one year</b>	<b>0.1</b>	<b>0.5</b>	<b>0.1</b>	<b>0.5</b>

Included within other debtors is cash held at bank by St Andrew's Healthcare on behalf of service users' of £3.1m (2018: £3.4m). There is an offsetting liability within other creditors.

Amounts owed by related undertakings are unsecured, interest free and have no fixed date of repayment.

## 18 Cash at bank and in hand

Included within cash are balances in current accounts and instant access interest bearing accounts.

## 19 Creditors

	Consolidated Group		Charitable Company	
	2019 £m	2019 £m	2019 £m	2018 £m
Trade creditors	(5.0)	(6.1)	(3.3)	(4.1)
Amounts owed to group undertakings	-	-	(0.3)	(1.1)
Other creditors	(4.1)	(4.6)	(3.9)	(4.4)
Obligations under finance lease and hire purchase contracts	(0.2)	(0.1)	-	-
Taxation and social security	(3.0)	(2.9)	(2.9)	(2.7)
Accruals and deferred income	(9.8)	(13.0)	(9.5)	(11.3)
<b>Creditors falling due within one year</b>	<b>(22.1)</b>	<b>(26.7)</b>	<b>(19.9)</b>	<b>(23.6)</b>
Bank loans (falling due between 1 and 5 years)	(29.5)	(29.3)	(29.4)	(29.2)
Obligations under finance lease and hire purchase contracts	(0.4)	(0.2)	-	-
<b>Creditors falling due after one year</b>	<b>(29.9)</b>	<b>(29.5)</b>	<b>(29.4)</b>	<b>(29.2)</b>

Included within other creditors are balances in respect of service users' monies of £3.1m (2018: £3.4m).

The Charity has a £75.0m revolving credit facility with Barclays and HSBC. This not only provides for current working capital needs but also enables the Board to fulfil its strategic ambitions. At the year end £29.5m (2018: £29.3m) was drawn down in relation to this facility. The facility is secured on a proportion of the Charity's land and building portfolio (William Wake House, FitzRoy House, Birmingham, Nottingham, Essex, Cliftonville House and the Braye Centre). The interest on this facility is charged at LIBOR plus a margin which at the year end was 1.1% however this margin can fluctuate based on the Charity's net leverage. The facility is due for repayment in May 2022. A commitment fee of 0.4% was applicable at year end and is charged on the undrawn amount.

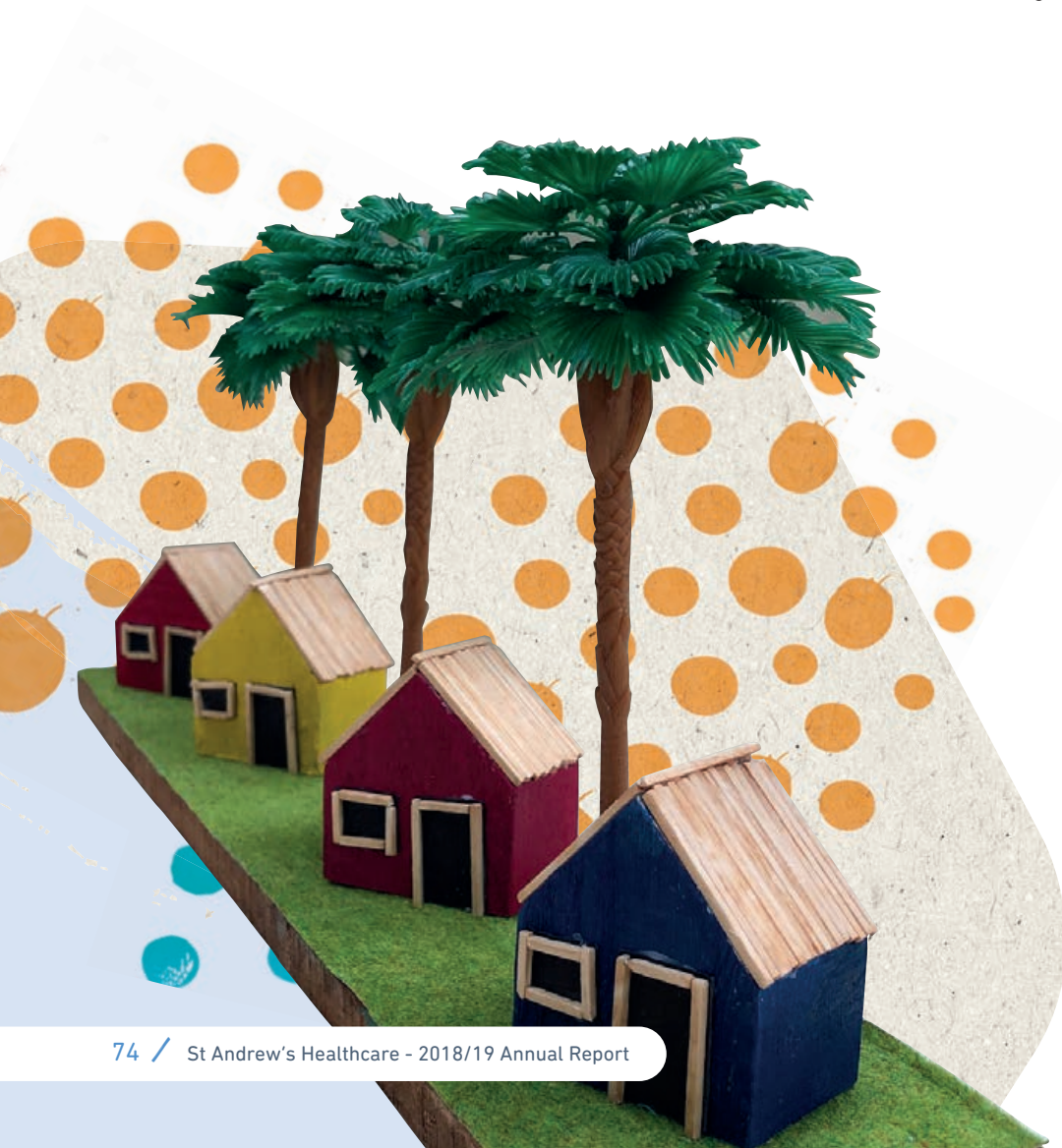
In the prior year £1.7m of non-underlying costs were incurred due to exit charges as a result of refinancing during the year.

## 20 Commitments

At the year end, the Company had future minimum lease payments under non-cancellable operating leases for assets as follows:

	Consolidated Group		Charitable Company	
	2019 £m	2018 £m	2019 £m	2018 £m
<b>Falling due:</b>				
Within one year	0.1	0.1	0.1	0.1
Between one and five years	0.1	0.3	0.1	0.3
Later than five years	-	-	-	-
	<b>0.2</b>	<b>0.4</b>	<b>0.2</b>	<b>0.4</b>

Contractual commitments in relation to the acquisition of tangible and intangible fixed assets are £1.7m at year end (2018: £1.9m).





## 21 Funds of the Charity

### Consolidated Statement of Financial Activities by Fund Type For the year ended 31 March 2019

	Restricted Funds	Unrestricted Funds	Group Total	Restricted Funds	Unrestricted Funds	Group Total
			2019			2018
	£m	£m	£m	£m	£m	£m
<b>Income from:</b>						
Donations	-	0.1	0.1	-	0.3	0.3
Charitable activities	-	182.8	182.8	-	180.0	180.0
Other trading activities	-	21.8	21.8	-	20.9	20.9
Investments	-	0.4	0.4	-	0.3	0.3
<b>Total income</b>	-	205.1	205.1	-	201.5	201.5
<b>Expenditure on:</b>						
Charitable activities	(0.1)	(190.9)	(191.0)	(0.1)	(185.5)	(185.6)
Other trading activities	-	(17.3)	(17.3)	-	(16.6)	(16.6)
Interest payable and similar charges	-	(1.0)	(1.0)	-	(2.8)	(2.8)
	(0.1)	(209.2)	(209.3)	(0.1)	(204.9)	(205.0)
Taxation	-	(0.2)	(0.2)	-	(0.1)	(0.1)
Net gain/(loss) on investments	-	1.0	1.0	-	(0.1)	(0.1)
<b>Net (expenditure)/income</b>	(0.1)	(3.3)	(3.4)	(0.1)	(3.6)	(3.7)
Net income attributable to non-controlling interest share	-	(1.7)	(1.7)	-	(1.6)	(1.6)
<b>Total net (expenditure)/income attributable to Charitable Group</b>	(0.1)	(5.0)	(5.1)	(0.1)	(5.2)	(5.3)
<b>Other recognised gains/(losses)</b>						
Actuarial gains/(losses) on defined benefit pension schemes	-	0.7	0.7	-	-	-
Cash flow hedge gains/(losses) on change in value of hedging instrument	-	(0.4)	(0.4)	-	0.5	0.5
<b>Net movement in funds</b>	(0.1)	(4.7)	(4.8)	(0.1)	(4.7)	(4.8)
<b>Reconciliation of funds:</b>						
Total funds brought forward	1.4	233.8	235.2	1.5	238.5	240.0
Dividends paid	-	-	-	-	-	-
<b>Total funds carried forward</b>	1.3	229.1	230.4	1.4	233.8	235.2

## Summary of Fund Movements

	Funds Net Assets 1 April 2018	Income	Expenditure	Funds Net Assets 31 March 2019	Cash	Fixed Assets
	£m	£m	£m	£m	£m	£m
<b>Huntington's disease fund:</b>	0.4	-	(0.1)	0.3	0.3	-
For the care and wellbeing of people with Huntington's disease						
<b>FitzRoy fund:</b>	1.0	-	-	1.0	-	1.0
Contribution to FitzRoy, a residential facility for adolescents with mental disability						
<b>Total</b>	1.4	-	(0.1)	1.3	0.3	1.0

## 22 Pensions

### Defined contribution pension scheme (Standard Life)

Standard Life run two schemes on behalf of St Andrew's Healthcare:

1. The Auto Enrolment Scheme where the contributions are based on qualifying earnings as defined by the auto enrolment legislation. For the period up to April 2019 these were set at a minimum of 2% for the employer and 3% for the employee. In line with the regulations this rises to 3% employer and 5% employee from April 2019.
2. The Group Personal Pension Scheme (GPP). Members are encouraged to transfer to the Charity's GPP scheme with a minimum employer's contribution of 4% and minimum employee contribution of 3% up to April 2019. In line with regulations this rises to a minimum employer's contribution of 4% and minimum employee contribution of 5% from April 2019. This scheme also provides life insurance of 3 x salary for active employees.

The Charity's contributions are charged to the Statement of Financial Activities each year during the period in which the employee is an active member of the scheme. The costs of administering the scheme and providing for death in service cover are met by the Group.

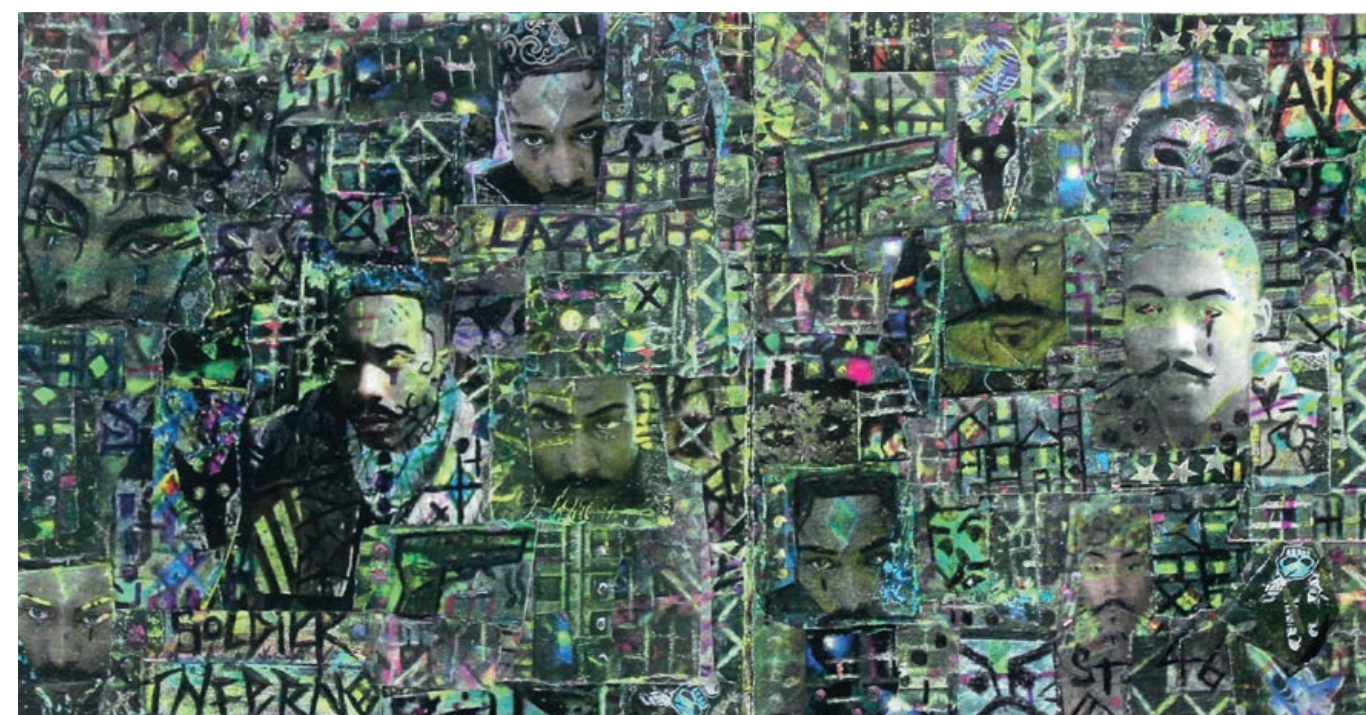
The pension charge for the year for these schemes was £3.2m (2018: £2.8m). As at 31 March 2019 there was an accrual of £0.6m (2018: £0.8m) for these schemes.

### Defined benefit pension scheme (St Andrew's Healthcare Pension Scheme)

The Charity pays £0.5m per annum to meet the expenses of the scheme.

The last full actuarial valuation was carried out as at 31 March 2016 by a qualified independent actuary. After discussions between the Trustee and St Andrew's Healthcare, a Recovery Plan was agreed. The Recovery Plan follows the actuarial valuation of the scheme, which revealed a shortfall in the assets, when measured against the scheme's Technical Provisions, of £7.7m. It will be reviewed, and may be revised, following the Trustee's next valuation under section 224 of the Pensions Act 2004, or earlier if the Trustee and Employer agree. To ensure that the statutory funding objective is met St Andrew's Healthcare agreed to:

- Pay the balance of the amounts held in an Escrow account of £1.0m into the scheme (subsequently paid).
- To correct the remaining shortfall, pay a £0.5m contribution each scheme year to 31 March 2020, which has been paid each year to date.



## 22 Pensions (Continued)

### Actuarial Valuation Report

Financial year ending on	31 March 2019 £m	31 March 2018 £m
<b>Change in defined benefit obligation</b>		
Defined benefit obligation at end of prior year	179.4	194.2
Loss on curtailments / changes / introductions	1.3	0.4
Interest expense	4.6	4.7
Cash flow - benefit payments from plan assets	(7.9)	(9.1)
Remeasurement - effect of changes in assumptions	5.4	(10.8)
<b>Defined benefit obligation at end of year</b>	<b>182.8</b>	<b>179.4</b>
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at end of prior year	202.0	200.4
Interest income	5.2	4.9
Total employer contributions	1.0	1.0
Benefit payments from plan assets	(7.9)	(9.1)
Administrative expenses paid from plan assets	(0.4)	(0.7)
Remeasurement - return on plan assets (excluding interest income)	(0.8)	5.5
<b>Fair value of plan assets at end of year</b>	<b>199.1</b>	<b>202.0</b>
<b>Change in asset ceiling</b>		
Asset ceiling at end of prior year	22.6	6.2
Interest income	0.6	0.1
Remeasurements - changes in asset ceiling (excluding interest income)	(6.9)	16.3
<b>Asset ceiling at end of year</b>	<b>16.3</b>	<b>22.6</b>
<b>Amounts recognised in the Balance Sheet</b>		
Defined benefit obligation	182.8	179.4
Fair value of plan assets	199.1	202.0
Funded status	(16.3)	(22.6)
Effect of asset ceiling	16.3	22.6
<b>Net defined benefit liability / (asset)</b>	<b>-</b>	<b>-</b>
The defined benefit surplus has been restricted to zero on the Balance Sheet, as no refund has been agreed with the pension scheme Trustees.		
<b>Cost relating to defined benefit plans</b>		
Loss on curtailments/changes/introductions	1.3	0.4
Interest expense on DBO	4.6	4.7
Interest (income) on plan assets	(5.2)	(4.9)
Interest expense on effect of (asset ceiling)	0.6	0.1
Administrative expenses and/or taxes	0.4	0.7
<b>Cost relating to defined benefit plans included in Statement of Financial Activity</b>	<b>1.7</b>	<b>1.0</b>
<b>Remeasurements (recognised in other recognised gains/losses)</b>		
Effect of changes in assumptions	5.4	(10.8)
(Return) on plan assets (excluding interest income)	0.8	(5.5)
Changes in asset ceiling (excluding interest income)	(6.9)	16.3
<b>Total remeasurements included in Statement of Financial Activity</b>	<b>(0.7)</b>	<b>-</b>
<b>Total cost related to defined benefit plans recognised in Statement of Financial Activity</b>	<b>1.0</b>	<b>1.0</b>

## 22 Pensions (Continued)

Financial year ending on	31 March 2019 £m	31 March 2018 £m
<b>Net defined benefit liability / (asset) reconciliation</b>		
Cost relating to defined benefit plans included in SOFA	1.7	1.0
Total remeasurements	(0.7)	-
Cash flows - employer contributions	(1.0)	(1.0)
<b>Net defined benefit liability / (asset) as of end of year</b>	<b>-</b>	<b>-</b>
<b>Defined benefit obligation by participant status</b>		
Vested deferreds	65.2	66.4
Retirees	117.6	113.0
<b>Total</b>	<b>182.8</b>	<b>179.4</b>
<b>Fair value of plan assets</b>		
Cash and cash equivalents	33.0	25.9
Equity instruments	98.7	103.8
Debt instruments	57.0	42.4
Other	10.4	29.9
<b>Total</b>	<b>199.1</b>	<b>202.0</b>
<b>Actual return on plan assets</b>	<b>4.4</b>	<b>10.4</b>
<b>Significant actuarial assumptions</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>Weighted-average assumptions to determine defined benefit obligations</b>		
Discount rate	2.40%	2.65%
Pensions-in-payment increase rate	3.00%	3.00%
Deferred pension increase rate	2.20%	2.05%
Price inflation rate	3.20%	3.05%
Post-retirement mortality assumption	S2 light tables CMI_2018_1.25%_Sk7.5	S2 light tables CMI_2017_1.25%
<b>Assumed life expectancy on retirement at age 65</b>		
Retiring today (member age 65)	22.9	23.1
Retiring in 20 years (member age 45 today)	24.2	24.4
<b>Expected cash flows for following year</b>	<b>£m</b>	<b>£m</b>
Expected employer contributions	<b>1.0</b>	<b>1.0</b>
<b>Provision in respect of an unfunded employer-financed retirement benefits scheme (EFRBS)</b>	<b>£m</b>	<b>£m</b>
Discounted present value of EFRBS:	<b>(0.7)</b>	<b>(0.7)</b>



## 23 Financial instruments

	Consolidated Group		Charitable Company	
	2019 £m	2018 £m	2019 £m	2018 £m
<b>Financial assets at fair value</b>				
Derivative financial instruments	0.1	0.5	0.1	0.5
Stock market investments	13.8	12.8	13.8	12.8
Investment in property	0.7	0.4	17.2	16.9
	<b>14.6</b>	<b>13.7</b>	<b>31.1</b>	<b>30.2</b>
<b>Financial assets at amortised cost</b>				
Trade debtors	6.9	5.9	5.5	4.6
Other debtors	6.4	8.8	5.8	6.5
Cash and short term deposits	8.9	4.6	7.2	4.1
	<b>22.2</b>	<b>19.3</b>	<b>18.5</b>	<b>15.2</b>
<b>Financial liabilities measured at amortised cost</b>				
Trade creditors	(5.0)	(6.1)	(3.3)	(4.1)
Accruals	(9.8)	(13.0)	(9.5)	(11.3)
Other creditors	(7.1)	(7.5)	(7.1)	(8.2)
Amortised Bank loans	(29.5)	(29.3)	(29.4)	(29.2)
Obligations under finance lease and hire purchase contracts	(0.6)	(0.3)	-	-
	<b>(52.0)</b>	<b>(56.2)</b>	<b>(49.3)</b>	<b>(52.8)</b>

### Derivative financial instruments – Interest rate swaps

The Charity has entered into two interest rate swaps to hedge the Charity's exposure to interest rate movements on the revolving credit facility as per below:

- 1) To receive interest at LIBOR and pay interest at a fixed 0.765%. The swap is based on a principal amount of £20.0m which is part of the revolving credit facility with Barclays and HSBC and matures in 2022 on the same date as the revolving credit facility. The fair value of the swap is £0.1m (2018: £0.4m).
- 2) To receive interest at LIBOR and pay interest at a fixed 0.5575%. The swap is based on a principal amount of £10.0m which is part of the revolving credit facility with Barclays and HSBC and matures in 2020, 3 years after the start of the revolving credit facility. The fair value of the swap is £nil (2018: £0.1m).

Cash flows on both the loan and the interest rate swaps are paid quarterly. During 2019 a hedging loss of £0.4m (2018: gain £0.5m) was recognised in other recognised gains/losses for changes in the fair value of the interest rate swap.

## 24 Net cash from operating activities

	Total	Total
	2019 £m	2018 £m
<b>Net (expenditure)/income for the reporting period per the statement of financial activities</b>	<b>(3.4)</b>	<b>(3.7)</b>
Taxation	0.2	0.1
Depreciation and amortisation charge	17.1	16.3
Impairment of fixed assets	1.9	2.3
(Gains)/losses on investments	(1.0)	0.1
Dividends, interest and rents from investments	0.6	2.5
(Increase)/decrease in stocks	(0.1)	-
Decrease/(Increase) in debtors	1.4	(0.4)
(Decrease)/increase in creditors	(2.8)	2.4
<b>Net cash generated from operating activities</b>	<b>13.9</b>	<b>19.6</b>



## › Reference and Administrative Details

<b>Registered Name</b>	St Andrew's Healthcare
<b>Charity number</b>	1104951
<b>Company number</b>	5176998
<b>Principal and Registered office</b>	Cliftonville Road Northampton Northamptonshire NN1 5DG
<b>Non-Executive Trustee Directors and Governors</b>	Peter Winslow CBE, Chairman (Executive Chairman from January 2018 to June 2018) Stuart Richmond-Watson, Vice Chairman Frances Jackson Jane Forman Hardy Dr Mike Harris Paul Parsons
<b>Executive Trustee Directors</b>	Katie Fisher, Chief Executive Officer (Appointed 25.06.18) Alexandra Owen, Chief Finance Officer (Appointed 01.04.19) Martin Beer, Chief Finance Officer (Resigned 29.03.19) Martin Kersey, Human Resources Director Dr Alice Parshall, Chief Medical Officer (Resigned 20.04.18) Dean Howells, Director of Nursing and Operations (Resigned 31.01.19) Sanjith Kamath, Executive Medical Director (Appointed 01.05.18) Lisa Cairns, Chief Nurse (Appointed 01.06.19)

### Governors

Anne Burnett (Appointed 04.09.18)	Amanda Lowther
James Charrington	Oliver Mackaness
John Church CBE	The Marchioness of Northampton
William Church	Lavinia Perry
Tim Davy	Rupert Perry
Sir Peter Ellwood	Lady Proby
Deirdre Fenwick	Adrian Spooner
Lord Charles FitzRoy	Johnny Wake
Simon Forster (Resigned 27.06.18)	Lady Braye - Honorary
Alec Foster	James Mackaness - Honorary
William Francklin	The Marquess of Northampton - Honorary
Dr Martin Gaskell	Ian Pasley-Taylor - Honorary
Robert Heygate	Sir John Robinson Bt. - Honorary
Nick Heygate	Stephen Schilizzi - Honorary
Mary Hodges	Sir James Spooner - Honorary
Crispin Holborow	Lady Tennant - Honorary
David Laing	Sir Charles Wake - Honorary

### Company Secretary

Claire Carless

### External Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Donington Court  
Pegasus Business Park  
Herald Way  
East Midlands DE74 2UZ

### External Legal Advisers

Eversheds Sutherland 1 Wood Street London EC2V 7WS	Capsticks 1 St George's Road Wimbledon London SW19 4DR
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### Bankers

Lloyds Banking Group plc 25 Gresham Street London EC2V 7HN	Barclays plc 1 Churchill Place Canary Wharf London E14 5HP	HSBC Bank plc 8 Canada Square London E14 5HQ
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### Investment Managers

Smith & Williamson Investment Management Limited  
25 Moorgate  
London EC2R 6AY





## Getting in touch





For more information about our [comprehensive care services](#) or to make a referral:

**t:** 0800 434 6690 (We welcome text relay calls)

**e:** [enquiries@standrew.co.uk](mailto:enquiries@standrew.co.uk)

**w:** [stah.org](http://stah.org)

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