

# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited

(Registered Company 08570544)

Directors' report and financial statements for the year ended 31 March 2022

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# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

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# **Hampshire Hospitals Contract Services Limited**

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## **Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022**

### **Company information**

Hampshire Hospitals Contract Services Limited is a private company limited by shares.

#### **Directors**

Steve Erskine

Simon Holmes (appointed 3 March 2022)

Steven West (appointed 2 November 2022)

Certain directors benefited from qualifying third party indemnity provision in place during the financial period.

#### **Company secretary**

Owen Floodgate (appointed 3 March 2022)

#### **Registered office**

Basingstoke and North Hampshire Hospital  
Aldermaston Road  
Basingstoke  
Hampshire  
RG24 9NA

# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### Strategic report

The directors present their Strategic Report for the year ended 31 March 2022.

### Principal activities

The principal activity of the company (HHCS) is the operation of outpatient pharmacy services. It also provides healthcare facilities management services.

### Business model

The company was established to explore and take advantage of commercial opportunities in the operation of healthcare facilities, initially for the parent NHS organisation. The company operates two facilities, both of which are run according to NHS standards including all statutory compliance requirements. Costs incurred are passed onto the client organisation through a 'cost-plus' model to avoid unnecessary risk.

In May 2016, the company opened two outpatient pharmacies which prescribe drugs to members of the public and recharge the costs of these drugs to the parent NHS organisation together with a dispensing fee.

### Business review and results

The turnover of the company increased to £12.3m (2021: £11.0m) with a 14% increase in the drugs dispensed through the outpatient pharmacies to £10.9m (2021: £9.6m). It is anticipated that pharmacy turnover will continue to increase in the next financial year. The turnover arising from the operation of healthcare facilities remained static in the year, but the company has recently completed building a new Cardiac Catheterisation Laboratory, including recovery beds and associated facilities at Basingstoke Hospital. The company has commenced providing the facility as a managed healthcare service to its parent hospital and it continues to explore future investment opportunities in healthcare facilities.

The company incurred a small operating loss in the year of £13k (2021: profit of £630k). This was the result of a large increase in administration expenses arising from the accrual of a charitable donation of £150k (2021: nil) to Hampshire Hospitals Charity.

The loss for the year, after taxation, is £220k (2021: profit of £479k).

### Key performance indicators

Key performance indicators are designed around the functioning of the facilities to an agreed quality and availability which have been delivered consistently through the year.

In addition to the company monitoring the operating margin of the business to assess its profitability, it measures payments to Non-NHS trade creditors under the BPPC to ensure continuity of drug supplies to the company. The % of invoices passed for payment to terms was 89.16% (2021: 89.44%).

### Risks and uncertainties

Financial risk is mitigated by the preparation of monthly accounts which are reviewed by the finance department of the parent company and a full reconciliation pack is produced in support of the financial position.

Liquidity risk is managed through monthly and three monthly cashflow predictions which are prepared and reviewed to ensure that the company has sufficient liquidity to meet its' financial obligations.

# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### Directors' report

The directors present their directors' report and financial statements of Hampshire Hospitals Contract Services Limited (Registered Company 08570544) for the year end 31 March 2022.

#### Directors

The directors in office during the year were:

Steve Erskine

Simon Holmes (appointed 3 March 2022)

Lauren Wagner (resigned 20 September 2021)

Gary McRae (resigned 30 November 2021)

Malcolm Ace (resigned 2 July 2022)

#### Proposed dividend

The directors do not recommend the payment of a dividend (2021: £nil).

#### Future developments

The company has built a new Cardiac Catheterisation Laboratory, recovery beds and associated facilities at Basingstoke Hospital which was completed in October 2022 and which will be used to provide a managed healthcare facility to Hampshire Hospitals NHS Foundation Trust. The company is currently exploring the development of a further managed healthcare facility for elective operations.

On 20<sup>th</sup> October 2022 the company signed an agreement with its ultimate parent company, HHFT, to borrow up to £12m in order to continue to deliver certain capital projects over the next 5 years. The loan is repayable over 20 years.

#### Political contributions

There were no political contributions made during the year (2021: £nil).

#### Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

#### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board



Steve Erskine  
Chairman

20 December 2022

# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

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

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

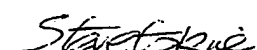
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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

By order of the board



Steve Erskine  
Chairman

20 December 2022

# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### Independent auditor's report to the members

#### Opinion

We have audited the financial statements of Hampshire Hospitals Contract Services Limited for the year ended 31 March 2022 which comprise Statement of Financial Activities, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101, 'Reduced Disclosure Framework'.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

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

We have nothing to report in this regard.

# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

Identifying and assessing risks related to irregularities:

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



# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

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

### Audit response to risks identified:

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

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

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

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

### Use of our report

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



Jamie Lane (Senior Statutory Auditor)  
for and on behalf of Saffery Champness LLP

Chartered Accountants  
Statutory Auditors

Midland House  
2 Poole Road  
Bournemouth  
BH2 5QY

Date: 20 December 2022

# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### Statement of Financial Activities for the year ended 31 March 2022

		2022 £000	2021 £000
	Note		
Turnover	2	12,280	11,018
Cost of sales		<u>(10,386)</u>	<u>(8,631)</u>
Gross Profit		1,894	2,387
Other operating income		19	-
Operating expenses	3	(1,716)	(1,724)
Administrative expenses		<u>(210)</u>	<u>(33)</u>
Operating (loss)/profit		(13)	630
Interest receivable and other similar income		<u>-</u>	<u>-</u>
(Loss)/profit before taxation		(13)	630
Taxation	5	<u>(207)</u>	<u>(151)</u>
(Loss)/profit after tax and other comprehensive income		<u>(220)</u>	<u>479</u>

All results relate to continuing operations.

# Hampshire Hospitals Contract Services Limited

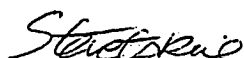
A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### Balance Sheet as at 31 March 2022

		2022 £000	2021 £000
	Note		
<b>Fixed assets</b>			
Tangible assets	6	4,233	1,171
Intangible assets	7	24	29
Investment property	8	7,475	7,738
		<u>11,732</u>	<u>8,938</u>
<b>Current assets</b>			
Stocks	9	895	998
Debtors	10	1,188	1,285
Cash at bank		1,719	2,271
		<u>3,802</u>	<u>4,554</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(2,714)</u>	<u>(725)</u>
<b>Net current assets</b>		<u>1,088</u>	<u>3,829</u>
<b>Total assets less current liabilities</b>		12,820	12,767
<b>Provisions for liabilities</b>	5	(698)	(425)
<b>Net Assets</b>		<u>12,122</u>	<u>12,342</u>
<b>Capital and reserves</b>			
Share capital	12	10,890	10,890
Profit and loss account		1,232	1,452
<b>Shareholder's funds</b>		<u>12,122</u>	<u>12,342</u>

These financial statements were approved by the directors on 20 December 2022 and are signed on their behalf by:



Steve Erskine  
Chairman

# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### Statement of Changes in Equity

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
Balance at 1 April 2021	10,890	1,452	12,342
Loss for the year	-	(220)	(220)
Total comprehensive loss for the year	-	(220)	(220)
Balance at 31 March 2022	<u>10,890</u>	<u>1,232</u>	<u>12,122</u>

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
Balance at 1 April 2020	10,890	973	11,863
Profit for the year	-	479	479
Total comprehensive income for the year	-	479	479
Balance at 31 March 2021	<u>10,890</u>	<u>1,452</u>	<u>12,342</u>

# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### Notes to the accounts

#### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

##### *Basis of preparation*

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound sterling.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a) (iv) of IAS 1, paragraph 73(e) of IAS 16 Property Plant and Equipment, paragraph 118(e) of IAS 38 Intangible Assets, and paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, and;
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets;

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

The company is a wholly owned subsidiary of Hampshire Hospitals NHS Foundation Trust, and its results are included in the consolidated financial statements of Hampshire Hospitals NHS Foundation Trust which are available from the Company Secretary, Basingstoke and North Hampshire Hospital, Aldermaston Road, Basingstoke Road, Basingstoke, RG24 9NA.

##### *Accounting judgments and estimates*

In the course of preparing the financial statements, the directors have assessed the useful economic life of the investment property and other tangible fixed assets. Other than this, no other significant judgements or estimates have been made in the process of applying the Company's accounting policies.

##### *Going concern*

These financial statements are prepared on a going concern basis.

# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### 1. Accounting policies (continued)

#### **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must be met before revenue is recognised:

#### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided when all the of following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the Company will receive the consideration due under the contract.

#### **Sale of goods**

Revenue from the sale of goods is recognised at the point in time when the relevant performance obligation is satisfied, which is when drugs have been physically passed to the customer. There are no contracts whose performance obligations are satisfied over time

#### **Tangible fixed assets**

Depreciation is provided on all tangible fixed assets so as to write off the cost of a tangible fixed asset on a straight-line basis over the expected useful economic life of that asset as follows:

Plant and equipment .....5 - 15 years

Assets are valued at historic cost less accumulated depreciation.

#### **Intangible fixed assets**

Amortisation is charged to the Statement of Financial Activities on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software .....10 years

#### **Investment property**

Investment property is held to earn rentals and for capital appreciation.

Depreciation is provided on all investment property so as to write off the cost on a straight-line basis over the expected useful economic life as follows:

Buildings .....22 - 46 years

Investment property is valued at historic cost less accumulated depreciation.

#### **Stock**

Stock is valued at the lower of cost or net realisable value using the latest invoice price.

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### 1. Accounting policies (continued)

#### *Finance leases*

Where the company enters into a lease which transfers substantially all the risks and rewards incidental to ownership, the lease is treated as a finance lease.

#### *Pensions*

The company contributes to a defined contribution pension scheme on behalf of its employees. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the scheme. The assets of the plan are held separately from the Company in independently administered funds.

#### *Taxation*

The tax expense for the year comprises current and deferred tax. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting date in the country where the Company operates and generates income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are not reversed if and when all conditions for retaining associated tax allowances have been met.

# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### 2. Revenue

	2022	2021
	£'000	£'000
Sale of goods	10,880	9,638
Sale of services	<u>1,400</u>	<u>1,380</u>
	<u><b>12,280</b></u>	<u><b>11,018</b></u>

### 3. Operating Expenses

	2022	2021
	£'000	£'000
Recharges from group undertakings	737	737
Depreciation	623	622
Staff costs	290	267
Other operating expenses	<u>66</u>	<u>98</u>
	<u><b>1,716</b></u>	<u><b>1,724</b></u>

Auditors remuneration consists of the statutory audit fee £14,250 (2020: £13,500) and there has been no non-audit fees paid in the current or prior year.

### 4. Staff Costs and Numbers

	2022	2021
	£'000	£'000
Wages and salaries	252	233
Social security costs	24	22
Other pension costs	<u>14</u>	<u>12</u>
	<u><b>290</b></u>	<u><b>267</b></u>

The average number of persons employed by the company during the year was 9 (2021: 9). The directors did not receive any remuneration during the year (2021: nil)

### 5. Taxation

	2022	2021
	£'000	£'000
UK corporation tax		
Deferred tax	273	86
Tax on (loss)/profit on ordinary activities	<u>(66)</u>	<u>65</u>
	<u><b>207</b></u>	<u><b>151</b></u>



# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### 5. Taxation (continued)

*Factors affecting the tax charge/(credit) for the current period:*

The current tax charge for the period is calculated using the standard rate of corporation tax in the UK of 19% (2021 - 19%) on the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	2022 £000s	2021 £000s
Analysis of tax charge for the period		
Current tax		
UK corporation tax at 19% (2021- 19%)	(31)	65
Adjustments in respect of prior periods	(35)	-
	<u>(66)</u>	<u>65</u>
Deferred tax		
Origination and reversal of timing differences	93	86
Adjustments in respect of prior periods	35	-
Effect of tax rate change on opening balance	145	-
Tax on profit on ordinary activities	<u>273</u>	<u>86</u>
Provision for deferred tax		
Fixed asset timing differences	710	425
Tax losses carried forward and other deductions	(12)	-
Total deferred tax liability	<u>698</u>	<u>425</u>
Movement in provision:		
Provision at start of the period	425	339
Deferred tax charged in the SOFA for the period	273	86
Provision at end of period	<u>698</u>	<u>425</u>
	2022 £000s	2021 £000s
Reconciliation of total tax charge		
(Loss)/profit on ordinary activities before tax	(13)	630
Current tax@ 19% (2021- 19%)	(2)	119
Effects of:		
Fixed asset differences	64	116
Utilisation of trade losses	-	(84)
Remeasurement of deferred tax for changes in tax rates	145	-
Current tax charge	<u>207</u>	<u>151</u>

# Hampshire Hospitals Contract Services Limited

A Subsidiary of Hampshire Hospitals NHS Foundation Trust

## Hampshire Hospitals Contract Services Limited Annual Report and Accounts for the year ended 31 March 2022

### 6. Tangible fixed assets

	Plant & equipment £000	Assets under Construction £000	Total £000
<b>Cost</b>			
At 1 April 2021	4,039	308	4,347
Additions	-	3,416	3,416
At 31 March 2022	4,039	3,724	7,763
<b>Depreciation</b>			
At 1 April 2021	3,176	-	3,176
Charge for year	354	-	354
At 31 March 2022	3,530	-	3,530
<b>Net book value</b>			
At 31 March 2022	509	3,724	4,233
At 31 March 2021	863	308	1,171

### 7. Intangible fixed assets

	Software £000
<b>Cost</b>	
At 1 April 2021	59
Additions	-
At 31 March 2022	59
<b>Depreciation</b>	
At 1 April 2021	30
Charge for year	5
At 31 March 2022	35
<b>Net book value</b>	
At 31 March 2022	24
At 31 March 2021	29

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### 8. Investment Properties

	Investment properties £000
<b>Cost</b>	
At 1 April 2021	8,759
Additions	-
At 31 March 2022	<u>8,759</u>
<b>Depreciation</b>	
At 1 April 2021	1,021
Charge for year	<u>263</u>
At 31 March 2022	<u>1,284</u>
<b>Net book value</b>	
At 31 March 2022	<u><u>7,475</u></u>
At 31 March 2021	<u><u>7,738</u></u>

Investment properties are held at cost less accumulated depreciation and comprise:

Property	Cost £	Net Book Value £	Fair value £
Candover Clinic	6,700,000	5,602,365	6,526,174
MRI Building	501,250	436,921	1,321,263
Pharmacy buildings	200,096	169,730	224,802
Fracture Clinic works	1,358,000	1,266,396	1,299,862

No rental income has been received in the current or prior year from investment properties. Operating expenses totalling £52,000 were incurred in the current year (2021: £35,000).

### 9. Stock

	2022 £'000	2021 £'000
Drugs	<u>895</u>	<u>998</u>
	<u><u>895</u></u>	<u><u>998</u></u>

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### 10. Debtors: Amounts due within one year

	2022	2021
	£'000	£'000
Amounts due from group undertakings	-	809
Other debtors	1	-
Prepayments	4	14
VAT and other taxes	1,183	462
	<u>1,188</u>	<u>1,285</u>

### 11. Creditors: Amounts falling due within one year

	2022	2021
	£'000	£'000
Amounts due to group undertakings	1,801	-
Trade creditors	594	315
Capital creditors	12	12
Accruals	300	327
Other creditors	7	6
Corporation Tax	-	65
	<u>2,714</u>	<u>725</u>

### 12. Called up share capital

	2022	2021
	£'000	£'000
<b>Issued share capital</b>		
Ordinary Shares of £1 each - 10,890,100	<u>10,890</u>	<u>10,890</u>
	<u>10,890</u>	<u>10,890</u>

The company has one class of ordinary shares which carries no rights to fixed income.

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### 13. Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is controlled by Hampshire Hospitals NHS Foundation Trust as a wholly owned subsidiary. The only group financial statements in which these financial statements are consolidated is headed by Hampshire Hospitals NHS Foundation Trust. The consolidated financial statements of Hampshire Hospitals NHS Foundation Trust can be obtained from the Company Secretary, Basingstoke and North Hampshire Hospital, Aldermaston Road, Basingstoke, RG24 9NA.

### 14. Related Parties

The entity has taken advantage of the exemption available under IAS 24 paragraphs 17 and 18A. However, the parent company is a government-related entity and therefore the following has been disclosed.

During the year, the company received income totalling £12,230,935 (2021: £10,966,786) from Hampshire Hospitals NHS Foundation Trust, a government entity, the wholly owned parent of the company.

During the year services were received from an entity that has a common director, however, the company has not been charged. The invoices have been settled by the parent company.

### 15. Capital Commitments

At the year end, the company had capital commitments of £7,139,020 (2021 – £39,507) in respect of assets under construction for orders which were approved but not delivered by suppliers.

### 16. Events after the reporting date

On 20<sup>th</sup> October 2022 the company signed an agreement with its ultimate parent company, HHFT, to borrow up to £12m in order to continue to deliver certain capital projects over the next 5 years. The loan is repayable over 20 years.

These financial statements were authorised for issue by the Board of Directors on 20 December 2022.