



CENTRAL SURREY HEALTH

Annual Report and Financial Statements 2018/19

Company Registered Number 05700920

care



*Helping people live the healthiest lives
they can in their communities*

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2018/19 Year in Numbers

1484



40 SERVICES

95

SITES



53

GP MEMBER PRACTICES

190,523

referrals ↑4.68%



3.87

follow up appointments for every first appointment

847,171

patient appointments



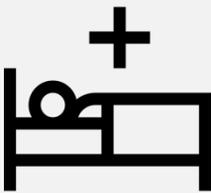
3.96%

Overall DNA rate
(down from 4.23% in 17/18)

100,400

unique patients seen

Average length of stay on-target at



21.6 DAYS



96.6%

SAFETY THERMOMETER
AVE HARM FREE CARE

155,266

School Age Immunisations



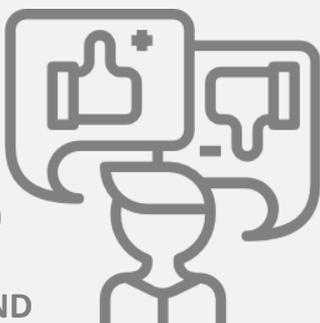
71% UPTAKE
(up from 68% in 17/18)

3,637

FFT RESPONSES

95%

LIKELY TO RECOMMEND



84% of new birth visits done within 18 days
(up from 72% in 17/18)

92% of babies seen within two weeks of referral in March 2019
(up from 43% 12 months earlier)



Introduction from the Chair & Chief Executive

2018-2019 has been a year of review, consolidation and planned investment for CSH Surrey, working closely with system partners to develop new models of care that deliver improved clinical outcomes and patient experience.

The national challenges facing the NHS arising from increasing demand and limited resources are reflected locally. CSH is meeting the challenge of providing higher quality services in the community while simultaneously increasing productivity and efficiency through new models of care, working in close partnership with health and care providers and Surrey Heartlands Health and Care Partnership.

Within Adult Services the models of care are designed to promote healthy communities with a real focus on integrated working with our citizens and provider partners.

One of these is delivered through a new adult community services delivery partnership called Surrey Downs Health and Care, which started on 1st April 2019. This contract brings together CSH, Epsom & St Helier Acute Trust and three GP federations to deliver a complete community service within the Surrey Downs area. The £22m annual contract is structured to support better care across the area and allows each partner to control their resources at the point of delivery.





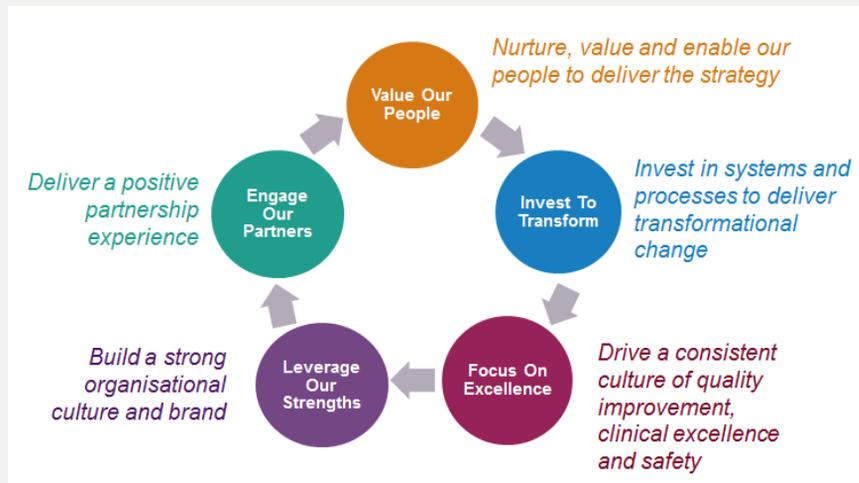
For children and families CSH, along with Surrey and Borders Partnership NHS Foundation Trust and First Community Health and Health, is focused on developing a 'team around the child' approach to deliver the Children and Family Health Surrey service.

Together we are working with partners and agencies across Surrey to support delivery of Surrey Heartlands' children's strategy, with its focus on the first 1000 days of a child's life.

The consolidated reported loss for 2017/18 was primarily from shortfalls in appropriate funding of Continuing Health Care for children, which was supported with additional funding during 2018/19.

As the 2019 year drew to a close we updated our strategy to deliver our Vision of transforming community healthcare in the UK and being the organisation every partner aspires to work with.

To achieve this we are focusing our attention on five key areas shown below.



These are underpinned by our Values, which we developed with our employees to reflect the importance we place on how we deliver care.



We are proud that the quality of our care is felt by our patients and clients, with an average of 95% of those who responded to the Friends and Family Test (FFT) in 2018-2019 saying they were 'likely' or 'extremely likely' to recommend CSH Surrey services to friends and family should they need similar care or treatment.

CSH's strength continues to come from our people and is a key benefit of the employee-owned social enterprise model that we operate.

We are proud that our most recent annual people survey showed a 92% employee engagement index, which supports our belief that if 'we get it right for our people', we will 'get it right for our patients'.



Andy Field
Chair



Stephen Flanagan
Chief Executive

Company Information

Directors

Andy Field (Chairman)
Stephen Flanagan
Kim Lowe
Peter Lock
Caroline Shuldham

Registered number 05700920

Registered office

Ewell Court Clinic
Ewell Court Avenue
Ewell
Epsom
KT19 0DZ

Independent Auditors

BDO LLP
55 Baker Street
London
W1U 7EU



Strategic Report

Principal activities and business review

Central Surrey Health Limited (CSH) trading as 'CSH Surrey' provides both adult and children's community nursing and therapy services to the Surrey area. For the year ending 2019 its principal contracts were with Surrey Downs Clinical Commissioning Group, North West Surrey Clinical Commissioning Group, Epsom and St Helier University Hospitals NHS Trust, Surrey Heartlands Health and Care, and Surrey County Council. In addition it has a number of smaller contracts with a range of other local organisations.

CSH Surrey is a pioneering employee-owned social enterprise organisation working within the health sector. It began trading on 1 October 2006 when over 550 employees from East Elmbridge and Mid Surrey Primary Care Trust transferred into their own employee owned organisation.

CSH Surrey operates as a social enterprise with the focus and

efficiency of a commercial business. By retaining NHS values and operating as a key part of the NHS network, CSH Surrey delivers sustainable investment in its local communities and provides high quality services to its patients, customers and clients.

Adult community services are provided for North West Surrey CCG in a seven plus 3 year contract for £23m pa commencing 1st April 2017. The service covers all aspects of adult community care including district nursing, walk-in centres and community hubs within two community hospitals.

CSH Surrey formed an LLP partnership with Surrey and Borders Partnership NHS FT, called Children and Family Health Surrey, to deliver children's services in a three year contract for the whole of Surrey, across Guildford & Waverley, Surrey Downs, East Surrey and North West Surrey CCGs commencing 1st April 2017.

This contract, for £19m pa, includes aspects of child physical and developmental health, school nursing, health visiting and Continuing Health Care services. This contract has been further extended by two years to 31st March 2022.

On the 1st April 2019 CSH entered into a community services delivery partnership in Surrey Downs call Surrey Downs Health and Care. This contract brings together Epsom & St Helier Acute Trust, three GP federations along with CSH to deliver a complete community service within the Surrey Downs area.

The £22m annual contract is structured to support better care across the area and allows each partner to control their resources at the point of delivery.

CSH remains the main employer for the staff and have seconded approximately 300 of our employees into the contract to deliver community health care, as well as remaining responsible for daily delivery of community services within the three bedded units.

These contracts consolidate CSH Surrey as a significant health system leader for out of hospital care services and provides the platform to provide productivity synergies and further opportunities for improved consistency of clinical outcomes and patient experience across Surrey in partnership with Surrey Heartlands STP.

The Care Quality Commission (CQC) inspected our mid Surrey services in January 2017 and awarded an overall rating of "Good", meaning the CQC considers CSH Surrey to provide quality healthcare services. The CQC awarded 'Outstanding' overall for how caring the inspectors believe our services and teams to be, with service users telling inspectors that privacy and dignity are seen as a priority by our employees.

The CQC noted that colleagues in all services demonstrated an understanding of holistic care and the need to provide emotional support. We believe this top rating for caring reflects one of the key benefits of our employee ownership model and further supports the nationally recognised evidence of the advantages of employee ownership - that when you own something, you care more about it.

We are particularly pleased that all three of our mid Surrey community hospitals and our Adult's community services received overall 'Good' ratings and were awarded 'Good' in all five key inspection areas: safety, effective, caring, responsive and well-led.

We are also pleased that our children's services are rated 'Outstanding' for 'caring' and 'Good' for being effective and responsive.

Key Performance Indicators (KPIs)

CSH Surrey monitors its financial and non-financial performance through KPIs and some of the key measures are summarised below.

Providing quality services is paramount and full details of our non-financial KPIs can be found in our Annual Quality Report, which is published on our website www.cshsurrey.co.uk.

During 2018/2019, an average 95.15% of people who responded to the Friends and Family Test (FFT) said they were 'likely' or 'extremely likely' to recommend CSH Surrey services to friends and family should they need similar care or treatment.

CSH's strength continues to come from our people, and is reflected in the employee owned social enterprise model that we operate. We are proud that our most recent annual employee survey showed a 92% employee engagement index.

Our employees' contributions and commitment to patients enable us to deliver a quality service, with 99% of colleagues (including those without direct patient contact) saying they are motivated to make a difference to patients.

Our recruitment and employment policies and practices reflect our commitment to equality of opportunity and delivering diversity.

We are committed to ensuring our employees have access to learning and development opportunities and we have been awarded a quality assurance award for excellence in training. We also hold full accreditation with the Institute of Leadership and Management (ILM) to deliver leadership and management qualifications.

The first cohort of eleven students were funded through the National Apprenticeship Levy and started their course in September 2018.

This is a great success for CSH and we are expecting to grow the number of apprentice recruits year on year.

Financial risk management objectives and policies

The Directors consider CSH Surrey's exposure to price risk, credit risk, liquidity risk and cash flow risk to be low and consider the information relating to the financial risk management objectives and policies to be immaterial for the assessment of the assets, liabilities, financial position and profit and loss of the company. The Directors will continue to review opportunities to continue to deliver a high quality, efficient and effective health care service as well as growth through winning new contracts.

This report was approved by the board on 22 November 2019 and signed on its behalf.



S Flanagan
Chief Executive

Directors' Report

The Directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The surplus for the year, after taxation, amounted to £159,966 (2018 – Loss £307,909).

After retaining adequate cover for business risk the retained profit will be reinvested in the improvement of nursing and therapy services or other activities which further the vision and mission of CSH.

As a social enterprise CSH does not distribute any of its profits or pay any dividends to shareholders, but is able to reinvest all of its retained profits back into the improvement of services for patients and service users.

Directors

The directors who served during the year were:

- William Caplan (Chairman, resigned 30 September 2019)
- Andrew Field was appointed as Chairman on 1 October 2019.
- Stephen Cass (resigned 16 May 2018)
- Stephen Flanagan
- Clinton Everard (resigned 30 September 2019)
- Peter Lock
- Caroline Shuldham
- Kim Lowe

Company's policy for payment of creditors

The company negotiates payment terms with each of its suppliers and aims to abide by these terms, subject to satisfactory performance by the supplier.

At the year end, the aggregate amounts owed to trade creditors, expressed in terms of days, as a fraction of amounts invoiced by suppliers during the year and adjusted for the higher volumes of invoices processed in the fourth quarter amounted to 31 days (2018: 31 days).

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year.

Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 for the Company's financial statements and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Charitable donations

During the year the company made the following contributions:

- 2018 - £10,000
- 2019 - £10,000

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the role can be adequately fulfilled by a disabled person.

Where existing co-owners become disabled, it is the

company's policy wherever practicable to provide continuing employment under normal terms and conditions.

Co-owner involvement

The co-ownership model is key to the success of the organisation and all co-owners hold an equal share in the company. They are represented on a co-ownership council called The Voice, whose 13 posts are filled via an election process based on geographical localities. The Voice appoints a non-executive director as a Board representative. They hold the Board to account and work with the directors to ensure CSH meets its strategic aims.

The company has four 'guardian' shareholders who were appointed to represent employees in the ownership of the organisation. A guardian trust, Central Surrey Health Trustee Limited exists to oversee these guardian shareholders with the trustees charged with promoting the best interests of the employees.

The five year strategic plan has been reviewed and updated and CSH continues to seek to develop effective partnerships with organisations in the health field and other sectors, with the focus on making significant differences in the health of local communities and in particular to those disadvantaged areas where there are identified health inequalities.

The company has a full-time Community Involvement Co-coordinator as part of its commitment to improve how it engages with its local community and citizens, including service users and patients.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office.

This report was approved by the board on 22 November 2019 and signed on its behalf.



S Flanagan
Chief Executive

Independent Auditors' Report To The Shareholders Of Central Surrey Health Limited

Opinion

We have audited the financial statements of Central Surrey Health Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of cash flows and the related notes, including a summary of 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 March 2019

and of its loss for the year then ended;

- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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

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

- The Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon..

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

other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 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.

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.

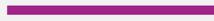
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they 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.

This description forms part of our Auditors' 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 Auditors' 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.

Signed: 
22 November 2019

Stephen Corral
(Senior statutory auditor) for and on behalf of
BDO LLP
55 Baker Street
London
W1U 7EU

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2019**

Company Registration 05700920

		2019	2018
	Note	£	£
			Restated
Turnover		79,876,148	80,512,859
Cost of sales		(68,863,876)	(74,481,264)
Gross profit		11,012,272	6,031,595
Administrative expenses		(10,869,434)	(6,438,624)
Operating profit/(loss)	5	142,837	(407,029)
Interest receivable and similar income		50,420	21,478
Profit/(loss) before tax		193,257	(385,551)
Tax on profit/(loss)	8	33,291	77,642
Profit/(loss) after tax		159,966	(307,909)
Retained earnings at the beginning of the year		2,229,761	2,537,670
		2,229,761	2,537,670
Profit/(Loss) for the year		159,966	(307,909)
Retained earnings at the end of the year		2,389,727	2,229,761

2018 Restated Note; The company has reviewed the allocation of costs between Cost of Sales and Administrative expenses and has retrospectively adjusted the comparatives for consistency.

The notes on pages 26 to 41 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2019**

Company Registration 05700920

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	9	667,491	0
Tangible assets	10	631,560	509,542
Investments	11	12	12
Total fixed assets		1,299,063	509,554
Current assets			
Debtors: amounts falling due within one year	12	6,737,610	4,825,108
Cash at bank and in hand	13	8,556,213	7,430,839
Total current assets		15,293,823	12,255,947
Creditors: amounts falling due within one year	14	(14,183,724)	(10,535,739)
Net current assets		1,110,099	1,720,208
Total assets less current liabilities		2,409,162	2,229,762
Deferred Tax	15	(19,434)	
Net assets		2,389,728	2,229,762
Capital and reserves			
Called up share capital	18	1	1
Profit and loss account		2,389,727	2,229,761
Total capital and reserves		2,389,728	2,229,762

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 November 2019.



S Flanagan
Director

The notes on pages 26 to 41 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

Company Registration 05700920

	2019	2018
	£	£
Cash flows from operating activities		
(Loss)/profit for the financial year	159,966	(307,909)
Adjustments for:		
Depreciation of tangible assets	318,615	412,696
Interest received	(50,420)	(21,478)
Taxation charge	33,291	(77,642)
(Increase) in debtors	(1,926,359)	(2,413,241)
Increase / (decrease) in creditors	3,652,640	6,455,030
Corporation tax paid/received	-	(123,812)
Net cash generated from operating activities	<u>2,187,733</u>	<u>3,923,644</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(440,633)	(293,976)
Purchase of intangible fixed assets	(667,491)	-
Purchase of share in joint ventures	-	(10)
Interest received	50,420	21,478
Net cash used in investing activities	<u>(1,057,704)</u>	<u>(272,508)</u>
Cash flows from financing activities		
Repayment of finance leases	(4,655)	(180,776)
Net cash used in financing activities	<u>(4,655)</u>	<u>(180,776)</u>
Net increase in cash and cash equivalents	1,125,374	3,470,359
Cash and cash equivalents at beginning of year	7,430,839	3,960,480
Cash and cash equivalents at the end of year	<u>8,556,213</u>	<u>7,430,839</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>8,556,213</u>	<u>7,430,839</u>
	<u>8,556,213</u>	<u>7,430,839</u>

The notes on pages 26 to 41 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Central Surrey Health Limited is a private company limited by shares and is incorporated and domiciled in England with registration number 05700920.

The registered office is Ewell Court Clinic, Ewell Court Avenue, Ewell, Epsom KT19 0DZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements are prepared in sterling, which is the functional currency of the entity. The following principal accounting policies have been applied:

2.2 Revenue recognition

The turnover shown in the Statement of income and retained earnings represents the value of services provided in the year.

Income is recognised in the financial statements to the extent that the company fulfilled its contractual obligations to the client through the supply of therapy and community nursing services.

2.3 Intangible and tangible fixed assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

• Medical Equipment	33%
• Fixtures and fittings	25%
• Computer equipment	25%
• Software	20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.4 Joint ventures

Joint ventures are stated at cost less any permanent diminution in value. Income from joint ventures is recognised in profit or loss when the Company becomes entitled to the receipt of the income.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans banks and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased assets (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the Statement of income and retained earnings over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

2.8 Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

2.9 Defined benefit scheme

The organisation is a member of the NHS pension scheme which is an unfunded final salary scheme administered by the Pensions Agency. As the company cannot separately identify its share of assets and liabilities, contributions which are paid for staff who are members of the scheme are charged to the Statement of income and retained earnings as incurred. Refer to note 16 for further details on the scheme.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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 reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the Company to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The directors have reviewed the financial statements and do not consider that there are significant judgments, estimates or assumptions that may cause amounts recognised or disclosed to change in the following reporting periods.

4. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company

	2019	2018
	£	£
United Kingdom	79,876,148	80,512,859
	<u>79,876,148</u>	<u>80,512,859</u>

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets	195,413	254,665
Depreciation on assets under hire purchase	123,202	158,032
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements.	33,000	33,000
Auditor's remuneration for other services	1,850	4,000

6. Employees

Staff costs, including directors' remuneration, were as follows

	2019	2018
	£	£
Wages and salaries	51,720,967	50,710,353
Social security costs	3,890,831	3,807,424
Cost of defined contribution scheme	5,110,090	4,902,432
	<u>60,721,888</u>	<u>59,420,209</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019	2018
	No.	No.
Staff	1,626	1,675
Executive directors	6	6
	<u>1,632</u>	<u>1,681</u>

7. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	324,396	209,319
Company contributions to defined benefit pension schemes	-	22,748
	<u>324,396</u>	<u>232,067</u>

During the year no retirement benefits were accruing for directors (for 2018 this was two) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £135,275 (2018 - £130,188).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £nil (2018 - £18,721)

During the year the organisation transitioned to new Chief Executive Officer and during this time the Chair performed Chief Executive Officer duties for a period of 3 months.

Key management personnel

The total remuneration for key management personnel for the year totaled £1,099,847 (2018: £865,140), being directors' remuneration disclosed above plus remuneration paid to members of the senior management team.

8. Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on profits for the year	(1)	(91,989)
Total current tax	<u>(1)</u>	<u>(91,989)</u>
Deferred tax		
Origination and reversal of timing differences	33,291	14,222
Adjustments in respect of prior years	1	125
Effect of tax rate change on opening balance	-	-
Total deferred tax	<u>33,292</u>	<u>14,347</u>
Taxation on (loss)/profit on ordinary activities	<u>33,291</u>	<u>(77,642)</u>

Factors affecting tax charge for the year

	2019	2018
	£	£
(Loss)/profit on ordinary activities before tax	<u>193,257</u>	(385,551)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	36,719	(73,255)
Effects of:		
Adjustments to tax charge in respect of prior periods	(1)	(91,989)
Losses carried back	-	87,250
Other permanent differences	488	1,900
Adjust deferred tax to average rate of 20%	<u>(3,915)</u>	<u>(1,548)</u>
Total tax charge for the year	<u>33,291</u>	<u>(77,642)</u>

9. Intangible Assets

	Software
	£
Cost or valuation	
At 1 April 2018	-
Additions	667,491
Disposals	-
At 31 March 2019	<u>667,491</u>
Depreciation	
At 1 April 2018	-
Charge for the year	-
Disposals	-
At 31 March 2019	<u>-</u>
Net book value	
At 31 March 2019	<u>667,491</u>
At 31 March 2018	-

10. Tangible Fixed Assets

	Medical Equipment	Computer Equipment Fixtures & Fittings	Total
	£	£	£
Cost or valuation			
At 1 April 2018	154,443	1,553,835	1,708,278
Additions	144,264	296,369	440,633
Disposals	(21,250)	(36,775)	(58,025)
At 31 March 2019	277,457	1,813,428	2,090,886
Depreciation			
At 1 April 2018	70,439	1,128,297	1,198,736
Charge for the year	34,022	284,593	318,615
Disposals	(21,250)	(36,775)	(58,025)
At 31 March 2019	83,211	1,376,115	1,459,326
Net book value			
At 31 March 2019	194,246	437,314	631,560
At 31 March 2018	84,004	425,538	509,542

Included within the net book value of £631,560 is £15,087 (2018: net book value £509,542 was £138,289) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £123,202 (2018: £158,031).

11. Investments

	Investments in subsidiary companies	Investment in joint ventures	Total
	£	£	£
Cost or valuation			
At 1 April 2018	2	10	12
Additions	-	-	-
At 31 March 2019	<u>2</u>	<u>10</u>	<u>12</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of Shares	Holding	Principle Activity
CSH Homecare Limited	Ordinary shares	100%	Social work activities (suspended)

The aggregate of the share capital and reserves as at 31 March 2019 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

	Aggregate of share capital and reserves £
CSH Homecare Limited	2
	<u>2</u>

CSH Homecare Limited did not trade during the year and continues to be suspended. Any balances remaining in the company have been considered immaterial for consolidation purposes.

Participating interests

During the previous year 2018/19 the Company entered into a 50% Joint Venture with Surrey and Borders Partnership NHS Foundation Trust named Surrey Healthy Children and Families LLP to provide community nursing and therapy services for children and families across Surrey and parts of north east Hampshire. The £10 represents the Company's capital account held with the LLP.

Operating losses and gains are borne by the individual partners as subcontractors to the LLP

Following the year end, the company formally retired from CFHS LLP and no longer holds a participating interest.

12. Debtors

	2019 £	2018 £
Trade debtors	5,335,054	4,540,453
Other debtors includes tax debtor of £91,369	97,885	200,671
Prepayments and accrued income	1,304,671	70,126
Deferred taxation (Note 15)	-	13,858
	<u>6,737,610</u>	<u>4,825,108</u>

13. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	5,556,213	130,840
Investments	3,000,000	7,300,000
	<u>8,556,213</u>	<u>7,430,840</u>

14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	574,501	3,870,711
Corporation tax	-	-
Other taxation and social security	965,274	934,819
Obligations under finance lease and hire purchase contracts	-	4,655
Other creditors	4,419	19,731
Accruals and deferred income	12,639,530	5,705,823
	<u>14,183,724</u>	<u>10,535,739</u>

15. Deferred taxation

	2019
	£
At beginning of year	13,858
Charged to profit or loss	(33,292)
At end of year	(19,434)

The deferred tax asset is made up as follows:

	2019	2018
	£	£
Fixed asset and short term timing differences	(19,434)	13,858
	<u>(19,434)</u>	<u>13,858</u>

16. Employee benefits

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of Secretary of State, in England and Wales.

As at 31 March 2019 there were 1,003 participating NHS Trusts, Clinical Commissioning Groups and Support Units, Local Health Boards and Health Authorities, 6,920 participating GP Practice employers and 563 Direction Bodies. As a consequence it is not possible for the organisation to identify its share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it was a defined contribution scheme: the cost of the Scheme is equal to the contributions payable to the Scheme for the accounting period.

The last actuarial valuation was carried out as at 31 March 2016. The results of this valuation set the employer contribution rate payable from 1 April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

FRS102 Accounting valuation

As at 31 March 2019 the pension liabilities of the Scheme were valued at £533.3 billion. This is an increase of £7.2 billion from the liabilities at 31 March 2018 of £526.1 billion. This is due to an actuarial gain of £26.5 billion (£25.5 billion gain relating to the impact of the increase in net discount rate from 2.55% to 2.9%, and £1 billion gain relating to changes in other assumptions and scheme experience) and current year net costs to the liability of £19.3 billion.

As the NHS Pension Scheme is an unfunded scheme, these liabilities are underwritten by the Exchequer, which also funds the year on year difference between the Scheme's contribution income and the actuarially assessed growth in scheme liability, interest charges and other in-year increases in liability.

Defined benefit scheme

The amount recognised in profit or loss as an expense in relation to the NHS Pension Scheme plans was £5,110,090 (2018: £4,902,432).

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	8,556,213	7,430,840
Financial assets that are debt instruments measured at amortised cost	5,341,570	4,270,707
	13,897,783	11,701,547
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(12,331,678)</u>	<u>(8,654,144)</u>

Financial assets measured at fair value through profit or loss, comprise cash and cash equivalents. Financial assets measured at amortised cost comprise trade and other debtors. Financial liabilities measured at amortised cost comprise trade and other creditors, accrued expenses and hire purchase liabilities.

18. Share capital

	2019 £	2018 £
Allotted, called up and fully paid	<u>1</u>	<u>1</u>
4 (2018 - 4) Ordinary shares of £0.25 each	<u>1</u>	<u>1</u>

Each shareholder shall only have one vote, even if more than one share is held. No share shall carry any entitlement to participate in the income or profits of the company.

Any income or profits of the company shall either (a) be retained by the company for working capital purposes, or (b) at the discretion of the directors be distributed to such charity, charities or community interest companies (as incorporated in accordance with the community interest regulations 2005) as they may direct. The ordinary shares are not redeemable.

19. Events after the end of the reporting period

Post year end, the company formally retired from CFHS LLP and no longer holds a participating interest. This change resulted in CSH Surrey becoming a subcontractor to the contract held by Surrey and Borders Partnership NHS FT

On the 1st April 2019 the company moved into a contractual arrangement with Epsom and St Helier University Hospitals NHS Trust to be an active partner delivering community healthcare within the Surrey Downs Health & Care contract. This required 20 co-owners to TUPE and a further 281 co-owners to be seconded.

20. Controlling party

The directors are of the opinion that there is no ultimate controlling party.