ATLAS BFW MANAGEMENT LTD

Annual report and financial statements

For the year ended 31 March 2021

Registered number 10525158

Contents

Officers and professional advisers

Directors

Graham Cowley (Appointed 1 January 2021)
Kevin McGee (Appointed 1 January 2021)
Alan Stuttard (Appointed 1 January 2021)
James Wilkie (Appointed 1 January 2021)
Nicola Latham (Appointed 20 September 2021)

JP Butler (Resigned 21 January 2021)
RT Dixon (Resigned 30 November 2020)
RH Knighton (Resigned 30 November 2020)
Kevin McGee (Resigned 20 September 2021)

Company Secretary

MAW Burrow (Resigned 15 May 2020)
A Bosnjak-Szekeres (Appointed 25 June 2020)

Registered office

Ainscoe House
12 East Park Drive
Blackpool
FY3 8DX

Independent auditors

Deloitte LLP
One Trinity Gardens
Broad Chare
Newcastle Upon Tyne
NE1 2HF

Strategic report

The Directors present their Strategic report for the year ended 31 March 2021.

Review of the business

Atlas BFW Management Ltd (formerly BFW Management Ltd), trading as 'Atlas', has now successfully completed its fourth year of operation.

Continuing growth
The company continues to grow through the ongoing development and delivery of cost-effective estates and facility management services. The company provides a fully managed healthcare facility service to Blackpool Teaching Hospital NHS Foundation Trust. It also provides a range of services to other customers across the local healthcare economy.

The company ended its fourth year with increased turnover of £55,021,969 (2020: £51,963,744), and slightly lower operating profit of £770,359 (2020: £814,016) and pre-tax profit of £714,284 (2020: £780,871).

	2021	2020
Turnover	£55,021,969	£51,963,744
Operating profit	£770,359	£814,016
Operating margin	**1.40 %**	**1.57%**
Current assets	£14,773,728	£14,493,922
Current liabilities	£13,528,583	£13,683,466
Current ratio	**1.09**	**1.06**

The operating margin and current ratio shown above are monitored by the organisation to measure and target improved efficiency and liquidity.

COVID-19
During this year, the company has, through its critical services, successfully contributed strong support to the health economy in dealing with the local impacts of an unprecedented global pandemic.

At the end of the financial year, the country was still in the grip of COVID-19 and its impact, and the company continues to provide vital support to the health economy in this context. Whilst this impacts on the company's operations and introduces uncertainty into the future, the Board are confident of the ongoing need for the services Atlas provides and that the lessons learned from dealing with the pandemic have positioned Atlas better to deliver services that are flexible and relevant going forward.

The Board is extremely proud that our employees continue to meet the many ongoing challenges in ensuring the company continues to fulfil its vital support services to customers and ultimately to patients.

The views of our staff
Our people are at the heart of our business. Their views and input are highly regarded and have helped in the creation of many initiatives throughout our business.

The views of staff are sought in many ways including from a range of formal staff engagement initiatives, including updating our core values in mid-2020, and from the 2020-2021 annual staff satisfaction survey.

Strategic report (continued)

A mini campaign was launched to change the core values, based upon staff feedback, to better reflect the Atlas of 2020. We harnessed the support of Atlas' staff engagement team to provide an extended chance for staff to feedback through 'Your Voice', ensuring all respective teams were bought into the process.

Staff were asked to pick their top five values, carefully created from a selection of words and statements based on survey feedback and existing values. The final values selected were: Client-focus, Accountability, Respect, Enthusiasm ("CARE"), now adopted company-wide.

The annual staff satisfaction survey plays a lead role in seeking employee feedback, forming a key part of the Internal Communications and Engagement strategies.

In 2020-2021, the survey achieved a 53% response rate. When looking at the volume of staff as a percentage of staff feeding back, the 2020-2021 survey was the most engaged in Atlas' history.

Below are some of the results of the staff survey.

- 95% of staff agreed with the statement: "We are extremely focused on our customers' needs." This is an increase of 8% on 2019-2020, with 87% of staff agreeing with the statement.
- 91% of staff agreed with the statement: "I am proud to work for Atlas." This is an increase of 15% on 2019-2020, with 76% of staff agreeing with the statement.
- 87% of staff agreed with the statement: "I intend to stay working for Atlas for at least the next 12 months." This is a new question, so there is no comparison.
- 87% of staff agreed with the statement: "My direct line manager / supervisor supports me and my colleagues." This is a new question, so there is no comparison.
- 85% of staff agreed with the statement: "I feel a valued part of Atlas and my contribution is recognised." This is a new question, so there is no comparison.

The views of our customers

Finding out what customers think about our company, the services we provide and about our staff, provides valuable insight that we can't get from anywhere else. It provides essential information that enables us to continuously improve and develop our services so that we can deliver what our customers want. It also shows where we are doing well and provides opportunity to celebrate our staff's successes.

In 2020-2021, we actively sought feedback through two surveys – one seeking general feedback and the other seeking detailed information to inform the development of a new Computer Aided Facilities Management (CAFM) system.

The total volume of customer respondents for both surveys was 408, providing an extensive insight into what our customers thought and expected. The surveys produced a combined 172 'actionable' comments, grouped in to five key themes, which management are addressing through our quality and improvement management system.

Strategic report (continued)

Below are some of the results of the customer survey.

- 97% of customers who fed back said that our staff were polite and courteous.
- 82% of customers who fed back said they found it easy to log a job with us.
- 80% of customers who fed back said that they were 'satisfied' with the overall experience provided by Atlas.

Some of the comments made by customers were as follows:

"At the start of the Covid-19 pandemic, we needed to refurbish an area to create a space for our End of Life Bereavement team to be in the hospital and a place for staff to come for support and take time out. Atlas' team were extremely helpful, respectful and understanding of the importance of this area. The work was carried out quickly and to a high standard. Nothing was ever too much trouble for them, as they ensured right from the outset, that our needs were being fully met."

"I can honestly say that the whole team involved have been superstars, responding so rapidly to our request for help to create the Hotlabs and being so accommodating, as we had to made adaptions to the rooms along the way. We are really thankful for all their efforts and expertise!"

"We are extremely happy with the high standard of cleanliness in our department since Atlas took over the cleaning contract. The staff are thorough, professional, polite and courteous. The department has never been cleaner."

Excellent service overall and very polite and extremely hard-working Team – thank you"

Atlas' ongoing support for our main customer, Blackpool Teaching Hospital NHS Foundation Trust, has been recognised in its request for Atlas to take over the delivery and operation of its Emergency Village and Critical Care scheme, which is currently under development.

Going Concern

The Directors have considered the adequacy and security of the company's future revenues, costs and associated cash flows and are confident, as far as can be reasonably established, of the appropriateness of the going concern basis on which these financial statements are prepared. Going concern assessment can be found in note 3(b).

Strategic report (continued)

Following the outbreak of the COVID-19 pandemic before the conclusion of the previous financial year, the protective measures put in place in response meant that the company had to adopt alternative approaches for determining appropriate inventories. Further details of this matter and the approaches taken are set out in last year's financial statements (note 13). As a result, the Auditors that year encountered limitations in the scope of the work that they were able to undertake and referred to this in last year's audit opinion. The consequential effect of this is that the Auditors have also had to refer to this matter in the audit opinion for the current year, because the limitation of scope of audit work on opening balances affects the scope of audit of the current year's profit and loss account.

Principal risks and uncertainties

The company operates robust quality and risk management processes which identify and manage key risks to the future operation of the business.

The ongoing impact on the country of the COVID-19 pandemic, the progress that recovery will take and any changes to healthcare planning and funding regimes are uncertain. However, the company's contract with its principal customer, Blackpool Teaching Hospitals NHS Foundation Trust, has a significant number of years remaining and underpins a long-term revenue stream to fund the essential operations Atlas provides.

Future developments

The Directors continue to grow turnover and profits through improvements in the efficiency of operational delivery and the development of services to customers.

In addition, investment in key operational software systems continues with significant developments under construction at year end and expected to be fully operational in the forthcoming year. The Board considers this investment essential to continuously improve the management of operations, the identification and management of risk, and to drive the digital realisation of opportunities to grow cost-effective service offerings for existing and new customers.

The company is active and has a large part to play in promoting sustainability and in supporting the Government's and NHS's "Net Zero" aspirations. Further details are included in the Directors' Report.

Approved by the Board and signed on its behalf

Alan Stuttard

Alan Stuttard
Chair

17th December 2021

Directors' report

The Directors present their report and audited financial statements for the year ended 31 March 2021.

Directors

The Directors who served during the year and up to the date of signing the financial statements are disclosed on page 2.

Employees

On average during the year the company employed 169 staff (2020: 172). Equality and diversity are a major part of the company's employment policy and it is the company's policy to give employment to disabled persons wherever possible.

Directors indemnities

The company maintained throughout the year, and at the approval of the financial statements, liability insurance for its directors and officers. This is a qualifying third-party provision for the purposes of the Companies Act 2006.

Political and charitable donations

The company did not make any political or charitable donations for the year ended 31 March 2021 (2020: £Nil).

Strategic report

Details of significant current and future developments are included in the Strategic Report on page 3.

Directors' report (continued)

The company's involvement in providing services that help to optimise the operation of customers' essential healthcare facilities means that it has a significant role to play in addressing challenges of greenhouse gases and sustainability more generally and in managing related risks of the company and its customers accordingly.

The company has already initiated several schemes that will have a positive impact on future trends in emissions. It will be monitoring and reporting the impact of these schemes going forward and identifying additional initiatives that can be taken to progress the company and its customers towards meeting their "Net Zero" and Green Plan targets.

The company has elected to disclose information about emission of greenhouse gases that result from its activities as follows this year for the first time. This will establish a baseline against which further progress can be monitored, and movement in trends explained by actions taken.

SCOPE 1 tCO_2e	% estimated	Specific exclusions (%)	Current Year
Gas consumption	0	None	8,896.4
Owned transport	0	None	55.7
Total	**0**		**8,952.1**

SCOPE 2 tCO_2e	% estimated	Specific exclusions (%)	Current Year
Purchased Electricity	0	None	1,942.2
Total	**0**		**1,942.2**

SCOPE 3 tCO_2e	% estimated	Specific exclusions (%)	Current Year
Electricity T&D Losses	0	None	167.0
Total	**0**		**167**

Gross Emissions	Specific exclusions (%)	Current Year
Scope 1, Scope2, Scope 3 (tCO_2e)	Exclusions as above	**11,061.3**
Intensity Metric (tCO_2e/1000 m2 GIA)	Exclusions as above	**66.396**

Net Emissions	Current Year
Offsets	0
Net emissions	**11,061.3**
Intensity Metric (tCO_2e/1000 m2 GIA)	**66.396**

Energy Consumption	Exclusions	Current Year
kWh	Exclusions as above	**56,935,402**

Directors' report (continued)

Financial instruments

The main risks arising from the company's financial instruments can be analysed as follows:

Credit risk

The company's principal financial assets are bank balances, cash and trade debtors, which represent the company's maximum exposure to credit risk in relation to financial assets.

The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit agencies. The company's main customer and parent organisation is Blackpool Teaching Hospital NHS Foundation Trust, which is expected to continue to operate for the foreseeable future.

Liquidity risk

The company manages liquidity risk by continuously maintaining adequate cash reserves to ensure that sufficient cash is available to meet all contractual commitments as they fall due. The company has long term contracts in place with Blackpool Teaching Hospitals NHS Foundation Trust which are expected to generate income and cash sufficient to meet liabilities as they fall due.

Independent auditors

Deloitte LLP have been appointed as the independent auditors for the first time this year.

Disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office at the date the Directors' report is approved, the following applies:

- As 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 he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

Statement of directors' responsibilities in respect of financial statements (continued)

Directors' confirmations

Each of the directors in office confirm that, to the best of their knowledge:

- The company financial statements, which have been 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), give a true and fair view of the assets, liabilities, financial position and profit of the company; and

- The Directors' report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

Approved for issue on behalf of the Board

Alan Stuttard

Alan Stuttard
Chair

17th December 2021

Independent Auditor's Report To The Members Of Atlas BFW Management Ltd

Report on the audit of the financial statements

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements of Atlas BFW Management Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

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).

Basis for qualified opinion

Due to safety restrictions imposed by the COVID-19 pandemic, the predecessor auditor was unable to satisfy themselves by using other audit procedures concerning the inventory quantities of £2.698m held at 31 March 2020 and this caused them to qualify their audit opinion on the financial statements relating to that year. We were therefore also unable to determine whether any adjustment to this amount at 31 March 2020 was necessary and, therefore, whether there was any consequential effect on the operating expenses for the year ended 31 March 2021. In addition, were any adjustment to operating expenses be required, the strategic report would also need to be amended.

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 Financial Reporting Council's (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 qualified opinion.

Independent Auditor's Report To The Members Of Atlas BFW Management Ltd (continued)

Conclusions relating to going concern

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

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

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

Other information

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £2.698m held as at 31 March 2020 or whether there was any consequential effect on the operating expenses for the year ended 31 March 2021. We have concluded that where the other information refers to operating profit, it may be materially misstated for the same reason.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Independent Auditor's Report To The Members Of Atlas BFW Management Ltd (continued)

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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- the company's main revenue stream is to provide property and facilities management services to its parent NHS Foundation Trust. We pinpointed the risk of fraud through material misstatement to relate solely to the contract with the Trust. In addressing this risk, we performed detailed testing of all the monthly billings including a sample of reconciling adjustments.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Independent Auditor's Report To The Members Of Atlas BFW Management Ltd (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with any other relevant regulatory authorities.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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.

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Nicola Wright

Nicola Wright, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Newcastle Upon Tyne, United Kingdom

22 December 2021

Profit and loss account

Year ended 31 March 2021

	Note	2021 £	2020 £
Turnover	5	**55,021,969**	51,963,744
Cost of Sales		**(51,205,765)**	(48,466,484)
Gross Profit		**3,816,204**	3,497,260
Administrative expenses		**(3,045,845)**	(2,683,244)
Operating profit	6	**770,359**	814,016
Interest receivable and similar income	9	**933**	20,891
Interest payable and similar expenses	9	**(57,008)**	(54,036)
Net interest expense	9	**(56,075)**	(33,145)
Profit before taxation		**714,284**	780,871
Tax on profit	10	**(129,613)**	(156,003)
Profit for the financial year		**584,671**	624,868

The company had no items of other comprehensive income in the year.

All amounts relate to continuing operations.

Balance sheet

As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	11	**310,755**	106,131
Tangible assets	12	**1,704,669**	1,842,590
		2,015,423	1,948,721
Current assets			
Inventories	13	**2,588,611**	2,698,610
Debtors	14	**3,426,681**	7,370,359
Cash at bank and in hand		**8,758,436**	4,424,953
		14,773,728	14,493,922
Creditors: amounts falling due within one year	15	**(13,528,583)**	(13,683,466)
Net current assets		**1,245,145**	810,456
Total assets less current liabilities		**3,260,568**	2,759,177
Creditors: amounts falling due after more than one year	16	**(1,552,054)**	(1,659,864)
Provision for other liabilities	19	**(40,499)**	(15,969)
Net assets		**1,668,015**	1,083,344
Capital and Reserves			
Called up share capital	21	**100**	100
Retained earnings		**1,667,915**	1,083,244
Total shareholders' funds		**1,668,015**	1,083,344

The notes on pages 19 to 37 are an integral part of these financial statements.

The financial statements on pages 16 to 33 were authorised for issue by the Board of Directors on

17 December 2021 and were signed on its behalf.

Alan Stuttard

Alan Stuttard
Chair

ATLAS BFW MANAGEMENT LTD
Registered number 10525158

Statement of changes in equity
Year ended 31 March 2021

	Called up share capital	Retained earnings	Total shareholders' funds
	£	£	£
Balance as at 1 April 2019	**100**	**458,376**	**458,476**
Profit for the year	-	624,868	624,868
Balance as at 31 March 2020	**100**	**1,083,244**	**1,083,344**
Profit for the year	-	584,671	584,671
Balance as at 31 March 2021	**100**	**1,667,915**	**1,668,015**

Notes to the financial statements

1. General Information

The principal activity of the company is the provision of property and facilities management services to its parent NHS Foundation Trust and other clients.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The registered office address is Ainscoe House, 12 East Park Drive, Blackpool, England, FY3 8DX.

2. Statement of compliance

The individual financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The company has adopted FRS 102 in these financial statements. The principal accounting policies have been applied consistently throughout the financial year.

a) Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Where material the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Going Concern

The company meets its day-to-day working capital requirements through the management of cash flow and by maintaining adequate cash balances. The current financial position of the parent company and the healthcare sector as it continues to deal with COVID-19 and its aftermath creates some uncertainty over the security of the company's revenues and cash flows. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company can continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Before signing the financial statements, the Directors have considered a cash flow forecast for a period of 12 months from the date of signing these financial statements and are satisfied, as much as can be reasonable determined, that the company has sufficient liquid resources to mitigate against any financial pressures arising from the operational and economic effects of the Covid-19 pandemic.

Notes to the financial statements

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated.

The company considers itself a public benefit entity and therefore a qualifying entity as its results are consolidated into the financial statements of Blackpool Teaching Hospitals NHS Foundation Trust, which are publicly available.

As a qualifying entity, the company has taken advantage of the following disclosure exemptions:

(i) the requirements of Section 7 Statement of Cash Flows and paragraph 3.17(d) of FRS 102;
(ii) the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102;
(iii) the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102;
(iv) the requirement to disclose the financial instruments as required from paragraph 11.41 to 11.48C of FRS 102;
(v) the requirement to disclose related party transactions as provided by paragraph 33.1A of FRS 102.

d) Foreign currency

The company's functional and presentation currency is the pound sterling.

e) Revenue recognition

Revenue consists of a property and facilities management service to Blackpool Teaching Hospitals NHS Foundation Trust and other clients.

Revenue is measured as the fair value of the consideration received or receivable and represents the amount receivable for services rendered net of returns, discounts and rebates allowed by the company and value added taxes.

The company recognises revenue in the accounting period in which the services are rendered and the value can be reliably determined.

f) Interest income

Interest income is recognised using the effective interest method.

g) Interest cost

Interest cost represents the finance charge of finance leases calculated by applying the effective interest rate to the amortised cost of the financial liability. The effective interest rate is the implicit rate of interest charged on the lease.

h) Taxation

Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

<u>Current tax and deferred tax for the year</u>
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes to the financial statements

i) Intangible assets

Set up costs are stated at cost less accumulated amortisation and accumulated impairment losses. Set up costs are amortised over their useful economic life, of fifteen years, on a straight-line basis. The set-up costs were reviewed by management and their useful life assessed against the operations of the company. When this assessment was being carried out it was felt that fifteen years represented the useful lives of the asset.

Where factors, such as technological advancement or changes in market price, indicate that the residual value or useful life have changed, the residual value, useful life or amortisation rates are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Assets under construction have not yet been developed to the point where they are operational. They are stated at cost and begin to be depreciated once the assets are operational, and the costs amortised over the assets' expected useful life of 5 years.

j) Tangible assets

Tangible assets are stated at cost (or deemed at cost) less accumulated depreciation and accumulated impairment losses. Costs includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Equipment, fixtures and fittings and information technology are stated at cost less accumulated depreciation and accumulated impairment losses.

(i) Depreciation and residual values

Depreciation on all assets is calculated using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

Equipment:	5-15 years straight line
Information Technology:	5 years straight line

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting year. The effect of any change is accounted for prospectively.

(ii) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of comprehensive income and included in 'Other operating (losses)/gains'.

Notes to the financial statements

k) Leased Assets

At the inception, the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases, Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

l) Inventories

Inventories are stated at the lower of costs and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the year in which the related revenue is recognised. Cost is determined on the first in first out method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

m) Cash and cash equivalents

Cash and cash equivalents consist of deposits held at call with banks.

Notes to the financial statements

n) Financial Instruments

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

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at the transaction price. At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expired.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

o) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p) Post-employment benefits

Defined contribution scheme

A defined contribution scheme is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Defined benefit scheme

A number of employees are members of the NHS Pension Scheme. 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. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the company is taken as equal to the contributions payable to that scheme for the accounting period.

4. Critical accounting judgements and estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The company does not consider that there are any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the financial statements

5. Turnover

All turnover is within the United Kingdom and is derived from the company's principal activity in providing a property and facilities management service to its parent, Blackpool Teaching Hospitals NHS Foundation Trust, and other clients.

6. Operating profit

Operating profit is stated after charging:

	2021	2020
	£	£
Audit fees payable to the company's auditors (no other services fees)	**24,000**	24,000
Operating lease charges	**4,166,343**	4,166,343
Amortisation (note 11)	**8,664**	8,664
Depreciation (note 12)	**137,922**	127,873

7. Staff costs

The average monthly number of employees (including executive Directors) was:

	2021	2020
	£	£
Estates and facilities management	**153**	151
Administration (including directors and senior managers)	**16**	21
	169	172

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	**5,396,159**	5,195,968
Social security costs	**385,035**	346,243
Other pension costs (see note 18)	**434,166**	460,393
	6,215,360	6,002,604

The above figures include agency labour for which social security and pension costs are not borne by thc company.

Notes to the financial statements

8. Directors' remuneration

	2021	2020
	£	£
Aggregate emoluments	**13,316**	22,734
Social security costs	**458**	138
	13,774	22,872
Emoluments of the highest paid director (£000)	**4**	5

There was no compensation paid to any director for loss of office during the year.

Post-employment benefits are accruing for 2 directors (2020: 1).

Contributions of £nil (2020: £8,685) have been made on behalf of the Directors to the defined contribution scheme. No contributions (2020: nil) to the defined benefit scheme have been made on behalf of the Directors.

9. Net interest expense

	2021	2020
	£	£
Interest receivable and similar income – bank interest received	**933**	20,891
Interest payable and similar expenses – finance lease interest	**(57,008)**	(54,036)

Notes to the financial statements

10. Tax on Profit

a. Tax expense included in profit or loss

	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	104,673	148,309
Adjustment in respect of prior years	410	7,795
Total current tax	105,083	156,104
Deferred tax		
Origination and reversal of timing differences	24,530	(101)
Total deferred tax	24,530	(101)
Tax on profit on ordinary activities	129,613	156,003

b. Reconciliation of tax charge

The tax assessed for the year is slightly lower (2020: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2021 of 19% (2020: 19%) due to the following:

	2021	2020
	£	£
Profit before taxation	714,284	780,871
Tax on profit at standard UK tax rate of 19% (2020: 19%)	135,714	148,365
Effects of		
Adjustment in respect of prior years	410	7,795
Other movements including deferred tax and non-deductible expenses	(6,511)	(157)
Tax charge for the year	129,613	156,003

c. Factors affecting future tax charge

The government has announced a 25% rate of corporation tax from 1 April 2023. The government has also announced new capital allowance rates from 1 April 2021, including temporary two-year enhanced rates of up to 130% on qualifying expenditure. These changes will affect the company's future years' corporation and deferred tax charges and related balances.

Notes to the financial statements

11. Intangible assets

	Set-up Costs £	Assets under Construction £	Total £
Accumulated Cost			
At 1 April 2020	129,314	-	129,314
Additions in the year	-	213,288	213,288
At 31 March 2021	**129,314**	213,288	**342,602**
Accumulated Amortisation			
At 1 April 2020	(23,183)	-	(23,183)
Charge in the year	(8,664)	-	(8,664)
As at 31 March 2021	**(31,847)**	**-**	**31,847**
Net book amount			
At 31 March 2020	106,131	-	106,131
At 31 March 2021	**97,467**	**213,288**	**310,755**

The company has recognised an intangible asset relating to the set-up costs incurred upon the company's formation. These costs will be amortised over the remaining term of the healthcare facilities management contract between the company and Blackpool Teaching Hospitals NHS Foundation Trust. Amortisations charges are included within administrative expenses in the profit and loss account.

Assets under construction will begin to be depreciated once the assets become operational.

The company has incurred no research and development expenditure (2020: nil).

Notes to the financial statements

12. Tangible assets

	Equipment	Information Technology	Total
	£	£	£
Accumulated Cost			
At 1 April 2020	2,009,323	6,000	2,015,323
At 31 March 2021	**2,009,323**	**6,000**	**2,015,323**
Accumulated Depreciation			
At 1 April 2020	(170,332)	(2,400)	(172,732)
Charge in the year	(136,722)	(1,200)	(137,922)
At 31 March 2021	**(307,054)**	**(3,600)**	**(310,654)**
Net book amount			
At 31 March 2020	1,838,990	3,600	1,842,590
At 31 March 2021	**1,702,269**	**2,400**	**1,704,669**

The net carrying amount of assets held under finance leases included in equipment is £1,630,508 (2020: £1,758,382).

13. Inventories

	2021	2020
	£	£
Finished goods & goods for resale	2,500,611	2,608,610

The company holds and maintains physical inventories at levels appropriate to meet its operational requirements and to support the delivery of services to its customers. They are organised and managed in several different locations, some in centralised stores and some in decentralised operational locations.

Notes to the financial statements

13. Inventories (continued)

These inventories are recognised and valued in accordance with the company's accounting policies.

The amounts recognised for inventories at year end are determined by applying unit values to the physical quantities of stocks on hand at that time.

In order to validate physical quantities of stocks the company operates a cyclical programme of stocktaking, the frequency of which is set depending on the nature and location of the various inventories on hand.

In the opinion of the Directors, there is no difference between the balance sheet value of inventories and their replacement cost.

Inventories expensed in the year amounted to £17,343,680 (2020: £19,451,521). There have been no impairments in the year.

Inventory is stated after provisions for impairment of £nil (2020: £nil).

14. Debtors

	2021	2020
	£	£
Trade debtors	525,552	1,485,068
Amounts owed by group undertakings	-	5,274,014
Other debtors – VAT recoverable	36,599	-
Prepayments and deferred expenditure	1,382,527	313,830
Accrued income	1,482,003	297,447
	3,426,681	7,370,359

Trade debtors are stated after provisions for impairment of £26,779 (2020: £nil).

All amounts owed by group undertakings (the company's parent) are unsecured, interest free, have no fixed date of repayment and are receivable on demand.

Accrued income relates to work done for the company's main customer, but unbilled at the balance sheet date.

Notes to the financial statements

15. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	5,413,474	5,758,843
Amounts owed to group undertakings	2,403,038	2,568,495
Finance leases	107,809	104,277
Corporation tax payable	104,673	151,947
Other taxation and social security	125,988	91,932
VAT payable	-	716,570
Accruals	2,274,078	2,231,440
Deferred income	3,099,623	2,059,962
	13,528,583	13,683,466

Amounts owed to group undertakings (the company's parent) are interest free, unsecured and are repayable on demand.

Deferred income arises from contract payments received from customers for goods and services which have not been fulfilled at the end of year.

16. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Finance leases	1,552,054	1,659,864

Notes to the financial statements

17. Loans and other borrowings

	2021	2020
	£	£
Finance leases	**1,659,863**	**1,764,141**

The future minimum finance lease payments are as follows:

	2021	2020
	£	£
Not later than one year	161,285	161,285
Later than one year and not later than five years	645,420	645,420
Later than five year	1,231,045	1,392,330
Total gross payments	2,037,750	2,199,035
Less: finance charges	(377,887)	(434,894)
Carrying amount of liability	**1,659,863**	**1,764,141**

The finance leases primarily relate to hospital beds and associated equipment which are leased from a specialist leasing company. There are a number of leases with remaining terms ranging between 12 and 13 years. It is not anticipated the assets will have any value at the end of the lease terms.

The finance leases are guaranteed by the company's parent company.

18. Post-employment schemes

Defined contribution scheme

The company operates defined contribution retirement schemes for all new employees. The assets of the schemes are held separately from those of the company in funds under the control of trustees.

The total cost charged to income of £78,689 (2020: £60,073) in respect of these schemes represents contributions payable by the company at rates specified in the rules of the scheme. As at 31 March 2021, contributions of £5,542 (2020: £4,032) due in respect of the current reporting period had not been paid over to the schemes.

Defined benefit scheme

Past and present employees of the company are covered by the provisions of the NHS Pension Scheme. Details of the benefits payable and rules of the Scheme can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. It is an unfunded defined benefit scheme and is not designed to be run in a way that would enable the company to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the company is taken as equal to the contributions payable to that scheme for the accounting period.

Notes to the financial statements

18. Post-employment schemes (continued)

The total cost charged to income of £355,477 (2020: £400,320) in respect of these schemes represents contributions payable by the company at rates specified in the rules of the scheme. As at 31 March 2021 contributions of £28,717 (2020: £33,976) due in respect of the current reporting period had not been paid over to the scheme.

19. Provision for other liabilities

Deferred tax liability	**2021**	2020
	£	£
Movement in deferred tax liability		
At beginning of year	**15,969**	**16,070**
Charge/(credit) to the profit and loss account in the year	**24,530**	**(101)**
At end of year	**40,499**	**15,969**
The deferred tax liabilities consist of:		
Accelerated capital allowances	**40,499**	**15,969**

The deferred tax liability expected to reverse during the next 12 months is £nil (2020: £1,909). This primarily due to the reversal of timing differences in relation to depreciation on fixed assets.

20. Called up share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	**100**	100

Notes to the financial statements

21. Commitments

Lease commitments

At 31 March, the company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	2021	2020
	£	£
Payment due:		
Not later than one year	**4,166,343**	4,166,343
Later than one year and not later than five years	**16,665,373**	16,665,373
Later than five years	**24,872,841**	29,039,184
Total	**45,704,557**	49,870,900

The company had no other off-balance sheet arrangements relating to leases.

Other commitments

During the year, the company has established a new database that records contracts entered into for the ongoing maintenance of medical devices. At 31 March, the company had the following future other commitments under these contracts:

	2021	2020
	£	£
Payment due:		
Not later than one year	**1,831,134**	-
Later than one year and not later than five years	**1,824,933**	-
Later than five years	**228,704**	-
Total	**3,884,771**	-

Retrospective analysis has not been possible so comparative figures for 2020 are not available.

Notes to the financial statements

22. Controlling parties

The immediate parent undertaking is Blackpool Teaching Hospitals NHS Foundation Trust.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Blackpool Teaching Hospitals NHS Foundation Trust. Copies of the consolidated statements of Blackpool Teaching Hospitals NHS Foundation Trust are available from Victoria Hospital, Whinney Heys Road, Blackpool, FY3 8NR.

The ultimate controlling party is the Department of Health & Social Care.

23. Related party transactions

The company is exempt from disclosing other related party transactions as it is a wholly owned subsidiary of Blackpool Teaching Hospitals NHS Foundation Trust (refer note 23).

24. Events after the reporting period

Following the year-end the company agreed to take over the delivery of the Emergency Village and Critical Care development scheme initiated by the Blackpool Teaching Hospitals NHS Foundation Trust, with effect from 1 October 2021. The development is a £25m scheme, and it has also been agreed that the company will take on the operation of the completed facility in line with the customer's service expectations.