St Helens and Knowsley Teaching Hospitals NHS
NHS Trust

Annual Accounts

2012-13

Contents

Glossary Of Terms And Abbreviations

Current assets/liabilities	Assets or liabilities due to be received/paid over within one year of the SOFP date
FReM	(Government) Financial Reporting Manual
HMRC	Her Majesty's Revenue and Customs
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
MEA	Modern equivalent asset basis, a basis on which to value land and property assets
Non-current assets/ liabilties	Assets or liabilities due to be received/paid over after one year from the SOFP date. In terms of property, plant, equipment and intangible assets this would indicate assets from which would ensue a financial benefit beyond one year
Payables	Amounts owed to suppliers and other organisations, etc (creditors)
PDC	Public dividend capital
PDC dividend	Public dividend capital dividend payable by the Trust to the Department of Health, based on 3.5% of the Trust's net relevant assets
PFI	Private Finance Initiative
PPE	Property, plant and equipment
Receivables	Amounts owed by customers, etc (debtors)
R&D	Research and development
Statement of Changes in Taxpayers' Equity (SOCITE)	Formerly known under UK GAAP as Movements on Reserves
Statement of Comprehensive Income (SOCI)	A combination of the Income and Expenditure Account and Statement of Total Recognised Gains and Losses shown under UK GAAP
Statement of Financial Position (SOFP)	Formerly known under UK GAAP as the Balance Sheet
TFA	Tripartite Formal Agreement
UK GAAP	Generally Accepted Accounting Practice in the United Kingdom

Statement Of The Chief Executive's Responsibilities As The Accountable Officer Of The Trust

The Chief Executive of the NHS has designated that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers' Memorandum issued by the Department of Health. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the Trust;
- the expenditure and income of the Trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an accountable officer.

A Marr

A Marr, Chief Executive Officer
4th June 2013

Statement Of Directors' Responsibilities In Respect Of The Accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure, recognised gains and losses and cashflows for the year. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

- make judgments and estimates which are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

By order of the Board

A Marr

A Marr, Chief Executive Officer
4th June 2012

D Finn

D Finn, Director of Finance, Information and Commercial Services
4th June 2013

Annual Governance Statement

Scope of Responsibility

The Board is accountable for internal control. As Accountable Officer and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The Trust recognises the importance of working constructively with the NHS North of England and from April the NHS Trust Development Agency. We understand the importance of working closely with our local residents, patients, GP's and partner organisations within the local health economy, not only to develop services which meet the health and social needs of the population, but also to manage the risks associated with achievement of our strategic objectives.

Additionally, and critical to the Trust's success, is the relationship with New Hospitals, the special purpose vehicle established to deliver the Private Finance Initiative (PFI).

To support these relationships and delivery of strategic objectives the Trust and its partners have a range of meetings and performance frameworks established. Amongst these are:

- Quarterly Executive Team to Executive Team meetings between the Trust and Merseyside Cluster Commissioners.
- Monthly oversight meetings with NHS North of England.
- Monthly meetings of the Strategic Partnership Board whose membership includes local authorities, community service providers, GP's and Cluster Commissioners.
- Monthly meetings of the FT Programme Management Board whose membership includes Executive and Non Executive Directors and stakeholders from across the health economy.
- Quarterly liaison meetings between the Trust and key members of New Hospitals project team.

The Trust's principal partner organisations are the Merseyside Cluster, an organisation made up of NHS Halton St Helens, NHS Knowsley, Liverpool PCT, and NHS Sefton, in which a series of arrangements are in place relating to their role as both commissioners and strategic partners to the Trust.

The Trust has continued to work hard with all its partners including NHS North of England and the Merseyside Cluster to implement the development plans and milestones set out in the Tripartite Formal Agreement in order to progress the Trusts objective of becoming a Foundation Trust.

Contractual commitments between provider and commissioner are regulated via a standard contact. Joint performance review mechanisms are in place, focusing on the delivery of quality and performance to meet NHS Plan targets.

Central to the organisation's strategic management of risk identification and control is the business planning process which identifies risks and opportunities from a business perspective and how these issues will be managed. In addition, performance monitoring and management of the Trust's strategic objectives, including national and local priorities, is regularly reviewed by the Trust Board and supported through its committees.

The Trust's Corporate Objectives continue to be reflected in Executive Directors' personal objectives agreed on an annual basis and cascaded through the organisation within individual objectives, appraisals and personal development plans.

The Governance Framework of the Organisation

The Trust has reviewed its corporate governance arrangements to ensure compliance with the Code of Corporate Governance as advised by Department of Health and set out in the Trust's Standing Orders, Standing Financial Instructions and Scheme of Reservation and Delegation and any departure is reported to the Audit Committee.

During 2012/13 the Trust reviewed and amended its governance and risk management infrastructure to add greater rigour to its monitoring and management of both clinical and non- clinical issues.

As part of the Trust's work towards becoming a stand-alone Foundation Trust, a number of self-assessments, including external reviews have been undertaken. This has assisted in providing assurance to the Board of the Trust's governance arrangements, and where appropriate recommendations for improvements have been received and actioned.

Board of Directors

The Trust Board is made up of a Chairman, five Non-Executive Directors, a Chief Executive and four Executive Directors. In addition, four non-voting Directors are in regular attendance at meetings of the Board.

The Trust Board receives assurance from the formal reports produced through the governance structure. This process ensures that the management of risk is effective as are the governance systems and processes of internal control.

Executive Management Team

The Executive Management Team, comprising the Chief Executive, four Executive Directors and four Directors ultimately manages all the services of the Trust.

The prime role of Executive Directors Team is to consider the operational issues within the Trust along with the coordination of work programmes required to deliver the strategic objectives of the organisation.

The Executive Directors Team meeting is established as the most senior executive forum within the Trust and acts as the final arbiter on all operational issues.

On a monthly basis the meeting is enhanced by the addition of Assistant Medical Directors and Divisional Medical Directors to create the Clinical Senate, with a focus on key clinical issues.

In addition, each quarter, the first part of the meeting is used to meet with senior representatives of the three Care Groups respectively, to discuss their key issues.

Audit Committee

The Audit Committee has responsibility to review the establishment and maintenance of an effective system of internal control and risk management across the whole of the Trust's activities.

The Committee meets five times per year, and has membership of three Non-Executive Directors with representatives of both Internal and External Audit. The Director of Finance is invited and has attended each of the full committees during the year. The CEO was invited and attended the committee to discuss the process for assuring the Trust Board that there are sound systems of internal control in place at the Trust. In addition the Committee regularly requires the attendance of Directors and occasionally Senior Managers to report on specific areas of risk.

Before each full committee meeting the committee meet with external and internal auditors without any Executive Director present.

The review of governance arrangements in the Trust established a Risk Management Council reporting to the Audit Committee. This Council scrutinises all the Trust's risks, as captured on the Datix electronic database, and ensures that the process for closing-out or escalating risks is appropriate.

Finance Committee

The Finance Committee has responsibility to scrutinise in detail the finance and operational performance of the Trust. The Finance Committee meets six times per year and its membership includes all Directors of the Trust.

The Finance Committee, either directly or through a Council receives periodic reports regarding Losses and Compensations, Contracts and Facilities Management (including PFI), and Business Planning (including management of the Trust Capital Programme).

Quality Committee

The Quality Committee, which replaced the Trust's Governance Board, meets each month with a membership including two Non-Executive Directors, all Executive Directors including the Chief Executive, and the Director of Operations & Performance.

The Committee reviews the monthly Integrated Performance Report primarily from a quality perspective and provides a report to the Trust Board on the performance against the Trust's agreed targets, and where appropriate agreed trajectories.

The Committee scrutinises information on the Trust's performance against internal and external quality targets, in order to provide assurance to the Board that quality is appropriately managed and delivered in accordance with national legislation.

The Quality Committee is supported by four Councils that undertake detailed scrutiny of performance and data in specific areas and report their findings to the Committee. These councils are:

- Clinical Effectiveness Council
- Patient Safety Council
- Patient Experience Council
- Workforce Council

In addition the Quality Committee, either directly or through a Council receives periodic reports regarding CQC registration, Organ Donation, Research and Development, Clinical Audit and Health and Safety (including fire safety, radiation protection).

Risk and Control Framework

Risk is managed in the Trust through a process of risk registers, management and committee scrutiny and escalation through corporate documents such as the Corporate Risk Register and Board Assurance Framework. The following paragraphs detail how risks to the Trust are identified and managed.

Risk assessment

All service and corporate functions undertake risk assessments in accordance with the Trust's procedure. Managers review their services, sites and staff roles to identify any hazards or potential hazards.

Accident / Incident reporting

Capturing accidents and near misses is an efficient and effective system for identifying risk. Effective reporting also allows for rapid action in resolving how and why an incident has occurred and facilitates learning how to avoid repeat occurrences.

Complaint reporting

Any risks identified via the complaints process are captured on Datix, with appropriate action plans put in place and monitored as necessary.

Health and Social Care Regulations

The Trust ensures that systems are in place within the organisation to support in year monitoring against the Health and Social Care Regulations and associated outcomes. Failure to comply with the regulations is risk assessed.

Patient Safety Alerts

Safety alerts are issued by the Central Alerting System, which incorporates alerts on behalf of the: Medicines and Healthcare products Regulatory Agency (MHRA), the National Patients Safety Authority (NPSA), Chief Medical Officers' Public Health Link and NHS Estates as well as specific guidance from the Department of Health. The Trust ensures that the system in place supports distribution, assessment of compliance and where deficits are identified these are acted upon and consistently monitored until all actions completed. Failure to comply with alert actions within the required timescales is deemed as a risk to the organisation and is entered onto the risk register.

Audit

There is an annual programme of clinical and non-clinical audit within the organisation, which has the potential to highlight risks, and the Audit Committee oversees corporate audit activity.

Information Governance and Data Security

The principles of Information Governance require that all reasonable care is taken to protect patient information in NHS organisations. This is not only governed by the law, but also NHS Codes of Practice, Department of Health Guidance and Professional Codes of Conduct.

The Trust is continuously working to ensure compliance with NHS standards and in particular the protection and safe transfer of its information.

The Trust ensures all incidents and risks are identified by the use of security and data audits and also incidents and concerns reported to the IT helpdesk and the Governance Team. A risk assessment is performed on each incident reported, and these are then managed and resolved internally by the Information Governance team.

CQC Standards and the Quality Risk Profile

Overall responsibility for ensuring compliance with the CQC standards is delegated by the Board to the Quality Committee. Each of the Councils has a role in developing the evidence, needed to ensure compliance against a range of relevant standards. The Quality Committee are tasked with undertaking evidence reviews against each of the CQC outcomes which will result in a completed Provider Compliance Assessment for each outcome. Each of the outcome standard indicators are risk assessed and graded based upon information drawn from a number of sources. Any risk rated red, which signals a performance worse than expected, is subject to remedial action.

Corporate Risk Register – Board Assurance Framework

The BAF is used by the Trust Board as a systematic approach to the identification, assessment and mitigation of the principle risks that could hinder the Trust achieving its objectives. The BAF is captured within the monthly Integrated Performance Report and therefore reviewed by the Quality Committee and Finance and Performance Committee on a monthly basis and any key issues highlighted to the Board.

Review of the Effectiveness of Risk Management and Internal Control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

The systems of risk management and internal control are designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide a reasonable and not absolute assurance of effectiveness.

I have formed a view on the effectiveness of these systems in a number of ways:

- The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the framework and on the controls reviewed as part of the work of internal audit. Opinion for 2012/13 has stated that there is an overall significant level of assurance on Trust systems of risk management, control and governance, they are being applied consistently and are designed to support the achievement of Trust objectives.
- Where limited assurance has been provided on individual reviews the Audit Committee has ensured that robust action plans are in place, which are monitored by the Trusts own internal tracking systems, and MIAA's follow up programme to ensure control is improved in these areas. During the year there were five such areas.
- Executive Directors and managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

- The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. MIAA's opinion of the Trust's assurance framework concluded that it is designed and operating to meet the requirements of the annual governance statement with areas for further enhancement noted.
- The Trust continuing to hold CQC Registration without Conditions.
- Independent external financial review and diagnostic.
- Delivery against most key access targets as reported through the Trust's performance framework and reviewed by the Trust Board. I have assurance that every effort is being made to address any missed targets.
- Delivery of financial duties.
- Internal Audit concluded that the systems and processes in place regarding the Assurance Framework are designed and operated to meet the requirements of the annual governance statement. They have also provided significant assurance regarding the systems and processes underpinning the CQC care outcome standards; and significant assurance that there are robust systems and processes in place for the production of the annual Quality Account.
- The ongoing maintenance of the Trust's Risk Register to capture, report upon and monitor improvement against all key risk issues raised.
- Benchmarking results as provided in staff and patient surveys.
- The Trust Board being actively engaged in the governance and assurance process in identifying, quantifying, monitoring and preparing risk mitigation strategies to ensure identified risks are managed appropriately.
- Annual self-assessment using the NHS Information Governance Toolkit. The Toolkit provides assurances of the Trust's systems of information governance in protecting patient information through the principles of confidentiality, integrity and availability of patient information. The MIAA review of the Trust's IG Toolkit Self-Assessment has provided significant assurance.
- The Trust received significant assurance from Internal Audit on the systems and processes in place for the production of the annual Quality Account and that that the approach was reported as robust and grounded.
- The achievement of level 2 compliance with NHSLA assessment.

In the course of the year I have reviewed the systems of control and governance, attended supporting Boards and Committees and reviewed internal and external reports. In doing so I am able to report that identified areas of risk are being appropriately managed and there are no significant areas of risk to report.

The system of internal control has been in place at St Helens and Knowsley Teaching Hospitals NHS Trust for the year ended 31st March 2013 and up to the date of the approval of the annual report and accounts.

A Marr

Ann Marr

Chief Executive Officer

1st April 2013

Independent Auditor's Report To The Directors Of St Helens And Knowsley Teaching Hospitals NHS Trust

We have audited the financial statements of St Helens and Knowsley Teaching Hospitals NHS Trust for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.
We have also audited the information in the Remuneration Report that is subject to audit, being:

- the table of salaries and allowances of senior managers [and related narrative notes]
- the table of pension benefits of senior managers [and related narrative notes]
- the table of pay multiples [and related narrative notes]

This report is made solely to the Board of Directors of St Helens and Knowsley Teaching Hospitals NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust's directors and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of St Helens and Knowsley Teaching Hospitals NHS Trust as at 31 March 2013 and of its expenditure and income for the year then ended
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

Opinion on other matters

In our opinion:

- the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the governance statement does not reflect compliance with the Department of Health's Guidance
- we refer a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have a reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Trust and auditor

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Trust has proper arrangements for:

- securing financial resilience
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that in all significant respects St Helens and Knowsley Teaching Hospitals NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to provide assurance over the Trust's annual quality accounts. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

J Farmer

Julian Farmer
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB
Date: 6th June 2013

Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2013 issued on 6 June 2013 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of St Helens and Knowsley Hospitals Teaching NHS Trust as at 31 March 2013 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

Issue of value for money conclusion

In our audit report for the year ended 31 March 2013 issued on 6 June 2013 we reported that, in our opinion, in all significant respects, St Helens and Knowsley Teaching Hospitals NHS Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

Certificate

In our report dated 6 June 2013, we explained that we could not formally conclude the audit on that date until we had completed the work to provide assurance on the Trust's annual quality accounts. We have now completed this work. No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion and value for money conclusion.
We certify that we have completed the audit of the financial statements of St Helens and Knowsley Teaching Hospitals NHS Trust in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

J Farmer

Julian Farmer
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB
Date: 26th June 2013

Foreword To The Accounts St Helens And Knowsley Teaching Hospitals NHS Trust

These accounts for the year ended 31 March 2013 have been prepared by the St Helens and Knowsley Teaching Hospitals NHS Trust under section 98(2) of the National Health Service Act 1977 (as amended by section 24(2), schedule 2 of the National Health Service and Community Care Act 1990) in the form which the Secretary of State has, with the approval of the Treasury, directed.

After making enquiries, the Directors have a reasonable expectation that the NHS Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Statement of Comprehensive Income for year ended 31 March 2013

	NOTE	**2012-13 £000**	2011-12 £000
Gross employee benefits	9.1	**(158,138)**	(150,690)
Other costs	7	**(93,278)**	(122,791)
Revenue from patient care activities	4	**225,065**	212,596
Other Operating revenue	5	**53,507**	51,268
Operating surplus/(deficit)		**27,156**	(9,617)
Investment revenue	11	**51**	53
Other gains and (losses)	12	**109**	0
Finance costs *	13	**(15,402)**	(14,152)
Surplus/(deficit) for the financial year		**11,914**	(23,716)
Public dividend capital dividends payable		**(1,223)**	(1,740)
Net Gain/(loss) on transfers by absorption		**0**	
Retained surplus/(deficit) for the year		**10,691**	(25,456)

Other Comprehensive Income	**2012-13 £000**	2011-12 £000
Impairments and reversals taken to the revaluation reserve	**(10,496)**	0
Reclassification Adjustments		
On disposal of available for sale financial assets	**0**	0
Total comprehensive income for the year **	**195**	(25,456)

** Last year's original figure has been reduced by £20,000 as a result of recategorising the impact of changes in the discount rate on provisions under operating expenses in accordance with revised national guidelines. Consequently, last year's operating expenses figure has increased by £20,000.*
*** This sums the rows above and the surplus / (deficit) for the year before adjustments for PDC dividend and absorption accounting*

Financial performance for the year ***		
Retained surplus/(deficit) for the year	**10,691**	(25,456)
Prior period adjustment to correct errors	**0**	0
IFRIC 12 adjustment	**(8,405)**	21,481
Impairments	**(1,022)**	4,240
Adjustments in respect of donated asset transactions	**(564)**	40
Adjustment re Absorption accounting	**0**	
Adjusted retained surplus/(deficit)	**700**	305

**** Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.*

Note that prior year performance is not re-assessed following accounting restatements.

PDC dividend: balance receivable/(payable) at 31 March 2013	**26**
PDC dividend: balance receivable/(payable) at 1 April 2012	**0**

The notes on pages 19 to 63 form part of this account.

Statement of Financial Position as at 31 March 2013

	NOTE	31 March 2013 £000s	31 March 2012 £000s
Non-current assets:			
Property, plant and equipment	14	**321,762**	330,248
Intangible assets	15	**876**	833
Investment property	17	**0**	0
Other financial assets	23	**0**	0
Trade and other receivables	21.1	**1,368**	1,487
Total non-current assets		**324,006**	332,568
Current assets:			
Inventories	20	**2,322**	2,424
Trade and other receivables	21.1	**9,413**	7,253
Other financial assets	23	**0**	0
Other current assets	24	**18**	243
Cash and cash equivalents	25	**7,941**	3,821
Total current assets		**19,694**	13,741
Non-current assets held for sale	26	**0**	0
Total current assets		**19,694**	13,741
Total assets		**343,700**	346,309
Current liabilities			
Trade and other payables	27	**(21,169)**	(16,453)
Other liabilities	28	**0**	0
Provisions	34	**(713)**	(1,780)
Borrowings	29	**(4,295)**	(6,517)
Other financial liabilities	30	**0**	0
Total current liabilities		**(26,177)**	(24,750)
Non-current assets plus/less net current assets/liabilities		**317,523**	321,559
Non-current liabilities			
Trade and other payables	27	**0**	0
Other Liabilities	28	**0**	0
Provisions	34	**(2,509)**	(2,444)
Borrowings	29	**(273,658)**	(277,954)
Other financial liabilities	30	**0**	0
Total non-current liabilities		**(276,167)**	(280,398)
Total Assets Employed:		**41,356**	41,161
FINANCED BY:			
TAXPAYERS' EQUITY			
Public Dividend Capital		**62,721**	62,721
Retained earnings		**(34,924)**	(45,819)
Revaluation reserve		**13,559**	24,259
Total Taxpayers' Equity:		**41,356**	41,161

The notes on pages 19 to 63 form part of this account.

The financial statements on pages 15 to 18 were approved by the Board on 4th June 2013 and signed on its behalf by:

Chief Executive: A Marr .... Date: 4th June 2013

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2013

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
Balance at 1 April 2012	**62,721**	**(45,819)**	**24,259**	**0**	**41,161**
Changes in taxpayers' equity for 2012-13					
Retained surplus/(deficit) for the year		10,691			**10,691**
Net gain / (loss) on revaluation of property, plant, equipment			0		**0**
Net gain / (loss) on revaluation of intangible assets			0		**0**
Net gain / (loss) on revaluation of financial assets			0		**0**
Net gain / (loss) on revaluation of assets held for sale			0		**0**
Impairments and reversals			(10,496)		**(10,496)**
Movements in other reserves				0	**0**
Transfers between reserves		204	(204)	0	**0**
Release of reserves to Statement of Comprehensive Income			0		**0**
Reclassification Adjustments					
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0	**0**
Transfers between Revaluation Reserve & Retained Earnings in respect of assets transferred under absorption		0	0		**0**
On Disposal of Available for Sale financial Assets			0		**0**
Reserves eliminated on dissolution	0	0	0	0	**0**
Originating capital for Trust established in year	0				**0**
New PDC Received	0				**0**
PDC Repaid In Year	0				**0**
PDC Written Off	0				**0**
Transferred to NHS Foundation Trust	0	0	0	0	**0**
Other Movements in PDC In Year	0				**0**
Net Actuarial Gain/(Loss) on Pension		0		0	**0**
Net recognised revenue/(expense) for the year	**0**	**10,895**	**(10,700)**	**0**	**195**
Balance at 31 March 2013	**62,721**	**(34,924)**	**13,559**	**0**	**41,356**

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
Balance at 1 April 2011	**62,721**	**(21,840)**	**25,736**	**0**	**66,617**
Changes in taxpayers' equity for the year ended 31 March 2012					
Retained surplus/(deficit) for the year		(25,456)			(25,456)
Net gain / (loss) on revaluation of property, plant, equipment			0		0
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale			0		0
Impairments and reversals			0		0
Movements in other reserves				0	0
Transfers between reserves		1,477	(1,477)	0	0
Release of reserves to Statement of Comprehensive Income			0		0
Reclassification Adjustments					
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0	0
On Disposal of Available for Sale financial Assets			0		0
Reserves eliminated on dissolution	0	0	0	0	0
Originating capital for Trust established in year	0				0
New PDC Received	0				0
PDC Repaid In Year	0				0
PDC Written Off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other Movements in PDC In Year	0				0
Net Actuarial Gain/(Loss) on Pension		0		0	0
Net recognised revenue/(expense) for the year	0	(23,979)	(1,477)	0	(25,456)
Balance at 31 March 2012	**62,721**	**(45,819)**	**24,259**	**0**	**41,161**

Statement Of Cash Flows For The Year Ended 31 March 2013

	NOTE	2012-13 £000s	2011-12 £000s
Cash Flows from Operating Activities			
Operating Surplus/Deficit		**27,156**	(9,597)
Depreciation and Amortisation		**9,725**	10,190
Impairments and Reversals		**(9,427)**	25,017
Other Gains / (Losses) on foreign exchange		**0**	0
Donated Assets received credited to revenue but non-cash		**(661)**	(17)
Government Granted Assets received credited to revenue but non-cash		**0**	0
Interest Paid		**(15,334)**	(14,081)
Dividend (Paid) / Refunded		**(1,249)**	(1,917)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**102**	226
(Increase)/Decrease in Trade and Other Receivables		**(2,014)**	2,443
(Increase)/Decrease in Other Current Assets		**199**	0
Increase/(Decrease) in Trade and Other Payables		**4,928**	(5,678)
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions Utilised		**(661)**	(709)
Increase/(Decrease) in Provisions		**(383)**	1,603
Net Cash Inflow/(Outflow) from Operating Activities		**12,381**	7,480
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received		**50**	52
(Payments) for Property, Plant and Equipment		**(2,759)**	(2,881)
(Payments) for Intangible Assets		**(351)**	(174)
Proceeds of disposal of assets held for sale (PPE)		**656**	0
Net Cash Inflow/(Outflow) from Investing Activities		**(2,404)**	(3,003)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**9,977**	4,477
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(6,518)**	(4,677)
Capital grants and other capital receipts		**661**	70
Net Cash Inflow/(Outflow) from Financing Activities		**(5,857)**	(4,607)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4,120**	(130)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**3,821**	3,951
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	25	**7,941**	3,821

Notes To The Accounts

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the NHS Trusts Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2012-13 NHS Trusts Manual for Accounts issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3 Transforming Community Services (TCS) transactions

Under the TCS initiative, services historically provided by PCTs have transferred to other providers - notably NHS Trusts and NHS Foundation Trusts. Such transfers fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCNE, and is disclosed separately from operating costs.

1.4 Critical accounting judgements and key sources of estimation uncertainty

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

1.4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

'- The Trust's PFI scheme (including the main PFI and Managed Equipment Service) is deemed to fall on the balance sheet as assessed independently under IFRIC 12.

1.4.2 Key sources of estimation uncertainty

The only key area of uncertainty, as at the balance sheet date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is provisions, ie. early retirements, permanent injury benefit awards, public and employer's liability claims and the Carbon Reduction Commitment.

1.5 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the Trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end is not presently accounted for on the basis of materiality.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.6 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not yet taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies 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 NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

1.7 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.9 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment.

Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.10 Depreciation, amortisation and impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

At each reporting period end, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from 2011-12. This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set.

AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

1.11 Donated assets

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.12 Government grants

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.13 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings. For donated and government-granted assets, a transfer is made to or from the relevant reserve to the profit/loss on disposal account so that no profit or loss is recognised in income or expenses. The remaining surplus or deficit in the donated asset or government grant reserve is then transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.14 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the Trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

The Trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.15 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively. However, taking into account the Trust's current estate valuer's approach to assessing asset lives of building assets (which assumes assets are being maintained to original standards), then it is more appropriate for the Trust to treat such expenditure on property assets as a charge to revenue as and when charged through the unitary payment. With regard to the managed equipment service element of the PFI, major lifecycle costs are capitalised.

When lifecycle costs are capitalised and the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

Other assets contributed by the Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the Trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

1.16 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.17 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

1.18 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% in real terms (2.35% for employee early departure obligations including injury benefit provisions).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.19 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 34.

1.20 Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.21 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

1.22 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.23 Financial assets

Financial assets are recognised when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the Trust's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to surplus/deficit on de-recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques as appropriate.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.24 Financial liabilities

Financial liabilities are recognised on the statement of financial position when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are subsequently measured at the higher of:

- The premium received (or imputed) for entering into the guarantee less cumulative amortisation.
- The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Financial liabilities at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.25 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.26 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the Trust's surplus/deficit in the period in which they arise.

1.27 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 43 to the accounts.

1.28 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital represents taxpayers' equity in the NHS Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for donated assets and cash balances with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

1.29 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.30 Subsidiaries

Material entities over which the Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust's or where the subsidiary's accounting date is before 1 January or after 30 June.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'

For 2011-12 and 2012-13 in accordance with the directed accounting policy from the Secretary of State, the Trust does not consolidate the NHS charitable funds for which it is the corporate trustee.

1.31 Associates

Material entities over which the Trust has the power to exercise significant influence so as to obtain economic or other benefits are classified as associates and are recognised in the Trust's accounts using the equity method. The investment is recognised initially at cost and is adjusted subsequently to reflect the Trust's share of the entity's profit/loss and other gains/losses. It is also reduced when any distribution is received by the Trust from the entity.

Associates that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'

1.32 Joint ventures

Material entities over which the Trust has joint control with one or more other parties so as to obtain economic or other benefits are classified as joint ventures.

Joint ventures that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'

1.33 Joint operations

Joint operations are activities undertaken by the Trust in conjunction with one or more other parties but which are not performed through a separate entity. The Trust records its share of the income and expenditure, gains and losses, assets and liabilities and cashflows.

1.34 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Operating Cost Statement on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.35 Accounting Standards that have been issued but have not yet been adopted

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2012-13. The application of the Standards as revised would not have a material impact on the accounts for 2012-13, were they applied in that year:

IAS 19 Revised 2011 Employee Benefits
IAS 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation
IAS 32 Financial Instruments: Presentation
IFRS 7 Financial Instruments: Disclosures
IFRS 9 Financial Instruments - subject to consultation
IFRS 10 Consolidated Financial Statements - subject to consultation
IFRS 11 Joint Arrangements - subject to consultation
IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IPSAS 32 - Service Concession Arrangement - subject to consultation

2. Operating segments

The activities of St Helens and Knowsley Teaching Hospitals NHS Trust are all healthcare-related and treated as a single segment for the purposes of the accounts. The Trust's total revenue for 2012/13 was £278.572m of which primary care trusts provided 98% for patient activities alone.

3. Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. There are no income generation activities where the full cost exceeded £1m.

4. Revenue from patient care activities

	2012-13 £000s	2011-12 £000s
Strategic Health Authorities	**0**	0
NHS Trusts	**0**	0
Primary Care Trusts - tariff	**172,612**	164,806
Primary Care Trusts - non-tariff	**40,698**	36,724
Primary Care Trusts - market forces factor	**7,434**	7,098
NHS Foundation Trusts	**0**	0
Local Authorities	**0**	0
Department of Health	**0**	0
NHS other	**0**	0
Non-NHS:		
Private patients	**167**	96
Overseas patients (non-reciprocal)	**8**	32
Injury costs recovery *	**1,612**	1,611
Other	**2,534**	2,229
Total Revenue from patient care activities	**225,065**	212,596

** Injury cost recovery income is subject to a provision for impairment of receivables of 12.6% to reflect expected rates of collection.*

*** Main component of this is patient care contracts with non-English NHS bodies.*

5. Other operating revenue

	2012-13 £000s	2011-12 £000s
Recoveries in respect of employee benefits	**0**	0
Patient transport services	**0**	0
Education, training and research	**10,069**	11,332
Charitable and other contributions to revenue expenditure - NHS	**0**	0
Charitable and other contributions to revenue expenditure -non- NHS	**1**	1
Receipt of donations for capital acquisitions	**661**	17
Receipt of Government grants for capital acquisitions	**0**	0
Non-patient care services to other bodies	**14,252**	13,072
Income generation	**1,395**	1,318
Rental revenue from finance leases	**0**	0
Rental revenue from operating leases	**0**	0
Other revenue *	**27,129**	25,528
Total Other Operating Revenue	**53,507**	51,268
Total operating revenue	**278,572**	263,864

** The principal item here is income relating to the Trust's PFI development (£23m). Included in this was £10m transitional funding relating to approved TFA/PFI developments.*

6. Revenue

Revenue is almost totally from the supply of services. Revenue from the sale of goods is immaterial.

7. Operating expenses (excluding employee benefits)

	2012-13 £000s	2011-12 £000s
Services from other NHS trusts	**854**	779
Services from PCTs	**45**	44
Services from other NHS bodies	**65**	52
Services from foundation trusts	**5,352**	4,996
Purchase of healthcare from non NHS bodies	**1,095**	438
Trust Chair and Non-executive Directors	**65**	58
Supplies and services - clinical	**33,699**	31,068
Supplies and services - general	**1,514**	1,309
Consultancy services	**315**	140
Establishment	**3,899**	3,694
Transport	**326**	303
Premises	**12,278**	10,444
Impairments and Reversals of Receivables	**134**	146
Inventories write down	**212**	0
Depreciation	**9,390**	9,823
Amortisation	**335**	367
Impairments and reversals of property, plant and equipment	**(9,427)**	25,017
Audit fees*	**92**	111
Other auditor's remuneration	**0**	8
Clinical negligence	**4,550**	4,163
Research and development (excluding staff costs)	**0**	0
Education and Training	**486**	563
Change in Discount Rate **	**206**	20
Other ***	**27,793**	29,248
Total Operating expenses (excluding employee benefits)	**93,278**	122,791
Employee benefits		
Employee benefits excluding Board members	**157,303**	149,861
Board members	**835**	829
Total employee benefits	**158,138**	150,690
Total operating expenses	**251,416**	273,481

** This includes £84k audit fee for 2012/13 for Grant Thornton and residual audit fees from the Audit Commission.*
*** This fell originally under "other finance costs" last year but has been recategorised under operating expenses in line with revised national guidelines.*
**** The main component here is PFI service costs of which £22.5m is included under this heading.*

8. Operating Leases

8.1 Trust as lessee

	Land £000s	Buildings £000s	Other £000s	2012-13 Total £000s	2011-12 £000s
Payments recognised as an expense					
Minimum lease payments	0	0	52	52	97
Contingent rents	0	0	0	0	0
Sub-lease payments	0	0	0	0	0
Total	**0**	**0**	**52**	**52**	**97**
Payable:					
No later than one year	0	0	11	11	54
Between one and five years	0	0	6	6	17
After five years	0	0	0	0	0
Total	**0**	**0**	**17**	**17**	**71**
Total future sublease payments expected to be received:				0	0

8.2 Trust as lessor

The Trust has no leases where it is the lessor.

9. Employee benefits and staff numbers

9.1 Employee benefits

	2012-13		
	Total	Permanently employed	Other
	£000s	£000s	£000s
Employee Benefits - Gross Expenditure			
Salaries and wages	**135,048**	124,461	10,587
Social security costs	**9,392**	9,006	386
Employer Contributions to NHS BSA - Pensions Division	**13,698**	13,135	563
Other pension costs	**0**	0	0
Other post-employment benefits	**0**	0	0
Other employment benefits	**0**	0	0
Termination benefits	**0**	0	0
Total employee benefits	**158,138**	**146,602**	**11,536**
Less recoveries in respect of employee benefits (table below)	**0**	0	0
Total - Net Employee Benefits including capitalised costs	**158,138**	**146,602**	**11,536**
Employee costs capitalised	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**158,138**	**146,602**	**11,536**
Employee Benefits 2012-13 - income			
Salaries and wages	**0**	0	0
Social Security costs	**0**	0	0
Employer Contributions to NHS BSA - Pensions Division	**0**	0	0
Other pension costs	**0**	0	0
Other Post Employment Benefits	**0**	0	0
Other Employment Benefits	**0**	0	0
Termination Benefits	**0**	0	0
TOTAL excluding capitalised costs	**0**	**0**	**0**

	Total	Permanently employed	Other
	£000s	£000s	£000s
Gross Employee Benefits & Net expenditure 2011-12			
Salaries and wages	**127,719**	119,435	8,284
Social security costs	**9,221**	8,827	394
Employer Contributions to NHS BSA - Pensions Division	**13,750**	13,162	588
Other pension costs	**0**	0	0
Other post-employment benefits	**0**	0	0
Other employment benefits	**0**	0	0
Termination benefits	**0**	0	0
TOTAL - including capitalised costs	**150,690**	**141,424**	**9,266**
Less recoveries in respect of employee benefits	**0**	0	0
Total - Net Employee Benefits including capitalised costs	**150,690**	**141,424**	**9,266**
Recognised as			
Employee costs capitalised	**0**		
Net Employee Benefits excluding capitalised costs	**150,690**		

9.2 Staff Numbers

	2012-13			2011-12
	Total	**Permanently employed**	**Other**	Total
	Number	**Number**	**Number**	Number
Average Staff Numbers				
Medical and dental	**491.3**	453.3	38.0	479.3
Ambulance staff	**0.0**	0.0	0.0	0.0
Administration and estates	**821.5**	794.0	27.5	821.0
Healthcare assistants and other support staff	**72.9**	72.9	0.0	68.5
Nursing, midwifery and health visiting staff	**1,839.5**	1,703.0	136.5	1,747.5
Nursing, midwifery and health visiting learners	**0.0**	0.0	0.0	0.0
Scientific, therapeutic and technical staff	**437.8**	434.3	3.5	439.6
Social Care Staff	**2.8**	2.8	0.0	0.0
Other	**0.0**	0.0	0.0	0.0
TOTAL	**3,665.7**	**3,460.2**	**205.5**	3,555.9
Of the above - staff engaged on capital projects	**0**	0	0	0

9.3 Staff Sickness absence and ill health retirements

	2012-13	2011-12
	Number	Number
Total Days Lost	41,948	40,302
Total Staff Years	5,385	5,420
Average working Days Lost	7.8	7.4

The above figures are estimates based on data from the calendar year 2012. Please note that these figures also include staff whose costs are not met by the Trust but for which the Trust pays over statutory deductions to HMRC via an agency arrangement.

	2012-13	2011-12
	Number	Number
Number of persons retired early on ill health grounds	**5**	4
	£000s	£000s
Total additional pensions liabilities accrued in the year *	**438**	422

9.4 Exit Packages agreed in 2012-13

Exit package cost band (including any special payment element)	**2012-13** *Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band	2011-12 *Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band
	Number	**Number**	**Number**	Number	Number	Number
Less than £10,000	0	1	1	0	2	2
£10,001-£25,000	0	7	7	0	9	9
£25,001-£50,000	0	8	8	0	13	13
£50,001-£100,000	0	3	3	0	2	2
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Total number of exit packages by type (total cost	**0**	**19**	**19**	0	26	26
Total resource cost (£000s)	**0**	**613**	**613**	0	840	840

* Redundancy and other departure costs have been paid in accordance with the provisions of a local NHS Mutually Agreed Resignation Scheme (MARS). Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

9.5 Pension costs

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, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies 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 NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of the Scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the Scheme liability as at 31 March 2013, is based on the valuation data as at 31 March 2012, updated to 31 March 2013 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the Scheme is contained in the Scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year-ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

The Scheme regulations were changed to allow contribution rates to be set by the Secretary of State for Health with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next formal valuation to be used for funding purposes will be carried out as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011/12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

10 Better Payment Practice Code

10.1 Measure of compliance

	2012-13 Number	2012-13 £000s	2011-12 Number	2011-12 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**47,426**	**118,669**	45,322	107,946
Total Non-NHS Trade Invoices Paid Within Target	**45,712**	**113,207**	44,173	105,200
Percentage of NHS Trade Invoices Paid Within Target	**96.39%**	**95.40%**	97.46%	97.46%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**1,940**	**17,968**	1,867	**16,076**
Total NHS Trade Invoices Paid Within Target	**1,877**	**17,376**	1,848	**16,004**
Percentage of NHS Trade Invoices Paid Within Target	**96.75%**	**96.71%**	98.98%	99.55%

The Better Payment Practice Code requires the Trust to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. The Trust is also an approved signatory to the Government's Prompt Payment Code.

10.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2012-13 £000s	2011-12 £000s
Amounts included in finance costs from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

11 Investment Revenue

	2012-13 £000s	2011-12 £000s
Rental Income		
PFI finance lease revenue (planned)	**0**	0
PFI finance lease revenue (contingent)	**0**	0
Other finance lease revenue	**0**	0
Subtotal	**0**	0
Interest Income		
LIFT: equity dividends receivable	**0**	0
LIFT: loan interest receivable	**0**	0
Bank interest	**51**	53
Other loans and receivables	**0**	0
Impaired financial assets	**0**	0
Other financial assets	**0**	0
Subtotal	**51**	53
Total investment income	**51**	53

12 Other Gains and Losses

	2012-13 £000s	2011-12 £000s
Gain/(Loss) on disposal of assets (PPE) *	**109**	0
Total	**109**	0

** The above arose following a sale of surplus land and buildings including buildings that were originally scheduled for demolition.*

13 Finance Costs

	2012-13 £000s	2011-12 £000s
Interest		
Interest on loans and overdrafts	**0**	0
Interest on obligations under finance leases	**39**	39
Interest on obligations under PFI contracts:		
- main finance cost	**10,058**	10,216
- contingent finance cost	**5,237**	3,826
Interest on late payment of commercial debt	**0**	0
Other interest expense	**0**	0
Total interest expense	**15,334**	14,081
Other finance costs *	**0**	0
Provisions - unwinding of discount	**68**	71
Total	**15,402**	14,152

** Last year's figure was £20,000 which has now been recategrorised under operating expenses in accordance with revised national guidelines.*

14.1 Property, plant and equipment

2012-13	Land £000's	Buildings excluding dwellings £000's	Dwellings £000's
Cost or valuation:			
At 1 April 2012	**12,700**	**298,697**	**0**
Additions of Assets Under Construction			
Additions Purchased	0	0	0
Additions Donated	0	0	0
Additions Government Granted	0	0	0
Additions Leased	0	0	0
Reclassifications	0	0	0
Reclassifications as Held for Sale and reversals	(328)	(249)	0
Disposals other than for sale	0	(13)	0
Upward revaluation/positive indexation	0	0	0
Impairments/negative indexation	(595)	(11,026)	0
Reversal of Impairments	0	1,125	0
Transfers to NHS Foundation Trust	0	0	0
Transfer (to)/from Other Public Sector bodies	0	0	0
Cumulative depreciation netted off cost following revaluation	0	1,976	0
At 31 March 2013	**11,777**	**290,510**	**0**
Depreciation			
At 1 April 2012	**0**	**3,711**	**0**
Reclassifications	0	0	0
Reclassifications as Held for Sale and reversals	(30)	0	0
Disposals other than for sale	0	(13)	0
Upward revaluation/positive indexation	0	0	0
Impairments	30	30	0
Reversal of Impairments	0	(9,487)	0
Charged During the Year	0	3,783	0
Transfers to NHS Foundation Trust	0	0	0
Transfer (to)/from Other Public Sector bodies	0	0	0
Cumulative depreciation netted off cost following revaluation	0	1,976	0
At 31 March 2013	**0**	**0**	**0**
Net Book Value at 31 March 2013	**11,777**	**290,510**	**0**
Purchased	11,777	290,510	0
Donated	0	0	0
Government Granted	0	0	0
Total at 31 March 2013	**11,777**	**290,510**	**0**
Asset financing:			
Owned	11,777	19,278	0
Held on finance lease	0	0	0
On-SOFP PFI contracts	0	271,232	0
PFI residual: interests	0	0	0
Total at 31 March 2013	**11,777**	**290,510**	**0**

Revaluation Reserve Balance for Property, Plant & Equipment	Land £000's	Buildings £000's	Dwellings £000's
At 1 April 2012	6,705	17,068	0
Movements (see * below)	(750)	(9,947)	0
At 31 March 2013	**5,955**	**7,121**	**0**

** Movements relate to the elimination of the reserve as a result of the disposal of assets and as a result of the revaluation of Trust land and buildings as at 3*

Assets under construction & payments on account £000's	Plant & machinery £000's	Transport equipment £000's	Information technology £000's	Furniture & fittings £000's	Total £000's
0	**37,693**	**86**	**12,609**	**6,208**	**367,993**
0					**0**
	1,238	0	628	0	**1,866**
0	654	0	0	0	**654**
0	0	0	0	0	**0**
	0	0	0	0	**0**
0	0	0	0	0	**0**
0	0	0	0	0	**(577)**
0	(232)	0	(1)	0	**(246)**
0	0	0	0	0	**0**
0	0	0	0	0	**(11,621)**
0	0	0	0	0	**1,125**
0	0	0	0	0	**0**
0	0	0	0	0	**0**
0					**1,976**
0	**39,353**	**86**	**13,236**	**6,208**	**361,170**
0	**21,279**	**70**	**9,001**	**3,684**	**37,745**
0	0	0	0	0	**0**
0	0	0	0	0	**(30)**
0	(232)	0	(1)	0	**(246)**
0	0	0	0	0	**0**
0	0	0	0	0	**60**
0	0	0	0	0	**(9,487)**
0	3,613	7	1,532	455	**9,390**
0	0	0	0	0	**0**
0	0	0	0	0	**0**
0					**1,976**
0	**24,660**	**77**	**10,532**	**4,139**	**39,408**
0	**14,693**	**9**	**2,704**	**2,069**	**321,762**
0	14,015	9	2,699	2,069	**321,079**
0	678	0	5	0	**683**
0	0	0	0	0	**0**
0	**14,693**	**9**	**2,704**	**2,069**	**321,762**
0	10,723	9	2,704	2,069	**46,560**
0	362	0	0	0	**362**
0	3,608	0	0	0	**274,840**
0	0	0	0	0	**0**
0	**14,693**	**9**	**2,704**	**2,069**	**321,762**

Assets under construction & payments on account £000's	Plant & machinery £000's	Transport equipment £000's	Information technology £000's	Furniture & fittings £000's	Total £000's
0	429	2	0	55	**24,259**
0	(3)	0	0	0	**(10,700)**
0	**426**	**2**	**0**	**55**	**13,559**

1 March 2013 by DTZ Debenhams Tie Leung.The last full revaluation prior to this was undertaken in 2008/9.

14.2 Property, plant and equipment prior year

2011-12	Land	Buildings excluding dwellings	Dwellings
	£000s	£000s	£000s
Cost or valuation:			
At 1 April 2011	**12,700**	**291,902**	**0**
Additions - purchased	0	16,923	0
Additions - donated	0	0	0
Additions - government granted	0	0	0
Reclassifications	0	15,000	0
Reclassifications as Held for Sale and reversals	0	0	0
Disposals other than by sale	0	(8,205)	0
Revaluation & indexation gains	0	0	0
Impairments	0	0	0
Reversals of impairments	0	0	0
In-year transfers to/from NHS bodies	0	0	0
Transfer to NHS Foundation Trust	0	0	0
Cumulative dep netted off cost following revaluation	0	(16,923)	0
At 31 March 2012	**12,700**	**298,697**	**0**
Depreciation			
At 1 April 2011	**0**	**0**	**0**
Reclassifications		0	0
Reclassifications as Held for Sale and reversals	0	0	0
Disposals other than for sale	0	(8,205)	0
Upward revaluation/positive indexation	0	0	0
Impairments	0	25,017	0
Reversal of Impairments	0	0	0
Charged During the Year	0	3,822	0
Transfers to NHS Bodies	0	0	0
Transfer to NHS Foundation Trust	0	0	0
Cumulative dep netted off cost following revaluation	0	(16,923)	0
At 31 March 2012	**0**	**3,711**	**0**
Net book value at 31 March 2012	**12,700**	**294,986**	**0**
Purchased	12,700	294,900	0
Donated	0	86	0
Government Granted	0	0	0
Total at 31 March 2012	**12,700**	**294,986**	**0**
Asset financing:			
Owned	12,700	18,703	0
Held on finance lease	0	0	0
On-SOFP PFI contracts	0	276,283	0
PFI residual: interests	0	0	0
Total at 31 March 2012	**12,700**	**294,986**	**0**

Assets under construction & payments on account £000s	Plant & machinery £000s	Transport equipment £000s	Information technology £000s	Furniture & fittings £000s	Total £000s
15,000	**36,515**	**127**	**12,006**	**5,940**	**374,190**
0	2,811	0	604	283	20,621
0	17	0	0	0	17
0	0	0	0	0	0
(15,000)	0	0	0	0	0
0	0	0	0	0	0
0	(1,650)	(41)	(1)	(15)	(9,912)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	(16,923)
0	**37,693**	**86**	**12,609**	**6,208**	**367,993**
0	**19,255**	**99**	**7,260**	**3,126**	**29,740**
0	0	0	0	0	0
0	0	0	0	0	0
0	(1,650)	(41)	(1)	(15)	(9,912)
0	0	0	0	0	0
0	0	0	0	0	25,017
0	0	0	0	0	0
0	3,674	12	1,742	573	9,823
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	(16,923)
0	**21,279**	**70**	**9,001**	**3,684**	**37,745**
0	**16,414**	**16**	**3,608**	**2,524**	**330,248**
0	16,297	16	3,601	2,524	330,038
0	117	0	7	0	210
0	0	0	0	0	0
0	**16,414**	**16**	**3,608**	**2,524**	**330,248**
0	11,357	16	3,608	2,524	48,908
0	506	0	0	0	506
0	4,551	0	0	0	280,834
0	0	0	0	0	0
0	**16,414**	**16**	**3,608**	**2,524**	**330,248**

14.3 Property, plant and equipment

Equipment is depreciated evenly over the estimated life of the asset. The ranges of asset lives used for different categories of plant and equipment are shown below:

- Plant and machinery	5 to 15 years
- Transport equipment	7 years
- Information Technology	5 to 8 years
- Furniture and fittings	7 to 10 years

Building asset lives will vary according to their latest valuation. At the end of March 2013 the range of asset lives for these assets fell between 13 years and 82 years.

Assets at a cost of £661,000 were donated by other non-NHS organisations or financed by Trust's charitable funds.

In 2012/13 the Trust revalued its land and building assets on a modern equivalent asset basis as at 31 March 2013. The revaluation was done by a professionally qualified valuer (FRICS) of the firm DTZ (Debenham Tie Leung).

15.1 Intangible non-current assets

2012-13	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**0**	**3,722**	**0**	**0**	**0**	**3,722**
Additions - purchased	0	371	0	0	0	**371**
Additions - internally generated	0	0	0	0	0	**0**
Additions - donated	0	7	0	0	0	**7**
Additions - government granted	0	0	0	0	0	**0**
Additions - leased	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as Held for Sale and Reversals	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments charged to reserves	0	0	0	0	0	**0**
Reversal of impairments charged to reserves	0	0	0	0	0	**0**
Transfer to NHS Foundation Trust	0	0	0	0	0	**0**
Transfer (to)/from Other Public Sector bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**4,100**	**0**	**0**	**0**	**4,100**
Amortisation						
At 1 April 2012	**0**	**2,889**	**0**	**0**	**0**	**2,889**
Reclassifications	0	0	0	0	0	**0**
Reclassified as Held for Sale and Reversals	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	0	0	0	0	**0**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	0	335	0	0	0	**335**
Transfer to NHS Foundation Trust	0	0	0	0	0	**0**
Transfer (to)/from Other Public Sector bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**3,224**	**0**	**0**	**0**	**3,224**
Net Book Value at 31 March 2013	**0**	**876**	**0**	**0**	**0**	**876**
Net book value at 31 March 2013 comprises:						
Purchased	0	869	0	0	0	**869**
Donated	0	7	0	0	0	**7**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2013	**0**	**876**	**0**	**0**	**0**	**876**

Revaluation reserve balance for intangible non-current assets

	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	0	0	0	0	0	**0**
Movements	0	0	0	0	0	**0**
At 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**

15.2 Intangible non-current assets

2011-12	Software internally generated £000s	Software purchased £000s	Licences & trademarks £000s	Patents £000s	Development expenditure £000s	Total £000s
Cost or valuation:						
At 1 April 2011	**0**	**3,476**	**0**	**0**	**0**	**3,476**
Additions - purchased	0	246	0	0	0	246
Additions - internally generated	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Less cumulative depreciation written down on revaluation	0	0	0	0	0	0
At 31 March 2012	**0**	**3,722**	**0**	**0**	**0**	**3,722**
Amortisation						
At 1 April 2011	**0**	**2,522**	**0**	**0**	**0**	**2,522**
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	0	367	0	0	0	367
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Less cumulative depreciation written down on revaluation	0	0	0	0	0	0
At 31 March 2012	**0**	**2,889**	**0**	**0**	**0**	**2,889**
Net book value at 31 March 2012	**0**	**833**	**0**	**0**	**0**	**833**
Net book value at 31 March 2012 comprises:						
Purchased	0	833	0	0	0	833
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Total at 31 March 2012	**0**	**833**	**0**	**0**	**0**	**833**

All the Trust's intangible assets related to computer software purchases which have been depreciated over 5 years. Cost is deemed to be a fair reflection of fair value.

16 Analysis of impairments and reversals recognised in 2012-13

	2012-13 Total £000s
Property, Plant and Equipment impairments and reversals taken to SoCI	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	**0**
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	(9,252)
Changes in market price	(175)
Total charged to Annually Managed Expenditure	**(9,427)**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve	
Loss or damage resulting from normal operations	0
Over Specification of Assets	0
Abandonment of assets in the course of construction	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	10,312
Changes in market price	184
Total impairments for PPE charged to reserves	**10,496**
Total Impairments of Property, Plant and Equipment *	**1,069**

** The above impairments arose principally as a result of the revaluation of the Trust's estate as at 31st March 2013 by DTZ.*

17 Investment property

The Trust had no investment property as at 31 March 2013 (prior year also nil).

18 Commitments

18.1 Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2013 £000s	31 March 2012 £000s
Property, plant and equipment	**0**	22
Intangible assets	**0**	0
Total	**0**	22

18.2 Other financial commitments

The Trust has no other financial commitments as at 31 March 2013 (prior year also nil).

19 Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with other Central Government Bodies	1,473	0	92	0
Balances with Local Authorities	1,468	0	0	0
Balances with NHS bodies outside the Departmental Group	0	0	16	0
Balances with NHS Trusts and Foundation Trusts	2,305	0	958	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	4,167	1,368	20,103	0
At 31 March 2013	**9,413**	**1,368**	**21,169**	**0**
prior period:				
Balances with other Central Government Bodies	1,407	0	637	0
Balances with Local Authorities	221	0	0	0
Balances with NHS Trusts and Foundation Trusts	1,790	0	1,745	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	3,835	1,487	14,071	0
At 31 March 2012	**7,253**	**1,487**	**16,453**	**0**

20 Inventories

	Drugs £000s	Consumables £000s	Energy £000s	Total £000s
Balance at 1 April 2012	961	1,306	157	**2,424**
Additions	12,861	12,921	920	**26,702**
Inventories recognised as an expense in the period	(12,754)	(12,897)	(941)	**(26,592)**
Write-down of inventories (including losses)	0	(212)	0	**(212)**
Reversal of write-down previously taken to SoCI	0	0	0	**0**
Balance at 31 March 2013	1,068	1,118	136	**2,322**

21.1 Trade and other receivables

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000s	£000s	**£000s**	£000s
NHS receivables - revenue	**2,279**	1,293	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**510**	1,258	**0**	0
Non-NHS receivables - revenue	**1,064**	1,088	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**3,736**	1,688	**1,556**	1,653
Provision for the impairment of receivables	**(405)**	(327)	**(188)**	(166)
VAT	**645**	509	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	0
Interest receivables	**6**	5	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**1,578**	1,739	**0**	0
Total	**9,413**	7,253	**1,368**	1,487
Total current and non current	**10,781**	8,740		
Included in NHS receivables are prepaid pension contributions:	**0**	0		

The great majority of trade is with Primary Care Trusts, as commissioners for NHS patient care services. As Primary Care Trusts are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

21.2 Receivables past their due date but not impaired

	31 March 2013	31 March 2012
	£000s	£000s
By up to three months	**461**	506
By three to six months	**0**	0
By more than six months	**0**	0
Total	**461**	506

No collateral is held against any of these outstanding debts

21.3 Provision for impairment of receivables*

	2012-13	2011-12
	£000s	£000s
Balance at 1 April 2012	**(493)**	(425)
Amount written off during the year	**34**	78
Amount recovered during the year	**0**	0
(Increase)/decrease in receivables impaired	**(134)**	(146)
Balance at 31 March 2013	**(593)**	**(493)**

** Note that the above also includes a provision in respect of injury cost recovery income.*

22 NHS LIFT investments

The Trust had no LIFT investments as 31 March 2013 (prior year also nil).

23.1 Other financial assets - Current

The Trust had no other financial assets investments as 31 March 2013 (prior year also nil).

23.2 Other financial assets - Non Current

The Trust had no other financial assets investments as 31 March 2013 (prior year also nil).

24 Other current assets

	31 March 2013 £000s	31 March 2012 £000s
EU Emissions Trading Scheme Allowance	**18**	243
Other Assets	**0**	0
Total	**18**	243

25 Cash and Cash Equivalents

	31 March 2013 £000s	31 March 2012 £000s
Opening balance	**3,821**	3,951
Net change in year	**4,120**	(130)
Closing balance	**7,941**	3,821
Made up of		
Cash with Government Banking Service	**7,912**	3,785
Commercial banks	**5**	36
Cash in hand	**24**	0
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**7,941**	3,821
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**7,941**	3,821
Patients' money held by the Trust, not included above	**11**	1

26 Non-current assets held for sale

	Land £000s	Buildings, excl. dwellings £000s	Total £000s
Balance at 1 April 2012	0	0	0
Plus assets classified as held for sale in the year	298	249	547
Less assets sold in the year	(298)	(249)	(547)
Balance at 31 March 2013	0	0	0
Liabilities associated with assets held for sale at 31 March 2013	0	0	0
Balance at 31 March 2012	0	0	0
Liabilities associated with assets held for sale at 31 March 2012	0	0	0

27 Trade and other payables

	Current 31 March 2013 £000s	31 March 2012 £000s	Non-current 31 March 2013 £000s	31 March 2012 £000s
Interest payable	**0**	0		
NHS payables - revenue	**283**	74	**0**	0
NHS payables - capital	**0**	0	**0**	0
NHS accruals and deferred income	**782**	2,247	**0**	0
Non-NHS payables - revenue	**2,500**	1,873	**0**	0
Non-NHS payables - capital	**275**	487	**0**	0
Non_NHS accruals and deferred income	**17,254**	11,702	**0**	0
Social security costs	**0**	1		
VAT	**0**	0	**0**	0
Tax	**0**	1		
Payments received on account	**0**	0	**0**	0
Other	**75**	68	**0**	0
Total	**21,169**	16,453	**0**	0
Total payables (current and non-current)	**21,169**	**16,453**		
Included above:				
to Buy Out the Liability for Early Retirements Over 5 Years	0	0		
number of Cases Involved (number)	0	0		
outstanding Pension Contributions at the year end	0	0		

28 Other liabilities

The Trust has no other liabilities as at 31 March 2013 (prior year also nil).

29 Borrowings

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000s	£000s	**£000s**	£000s
Bank overdraft - Government Banking Service	**0**	0		
Bank overdraft - commercial banks	**0**	0		
Loans from Department of Health	**0**	0	**0**	0
Loans from other entities	**0**	0	**0**	0
PFI liabilities:				
Main liability	**4,147**	6,383	**273,452**	277,600
Lifecycle replacement received in advance	**0**	0	**0**	0
LIFT liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**148**	134	**206**	354
Other (describe)	**0**	0	**0**	0
Total	**4,295**	**6,517**	**273,658**	**277,954**
Total other liabilities (current and non-current)	**277,953**	**284,471**		

Loans - repayment of principal falling due in:

	31 March 2013 DH	Other	Total
	£000s	£000s	£000s
0-1 years	0	4,295	**4,295**
1 - 2 Years	0	6,056	**6,056**
2 - 5 Years	0	18,919	**18,919**
Over 5 Years	0	248,683	**248,683**
TOTAL	**0**	**277,953**	**277,953**

Note: Further information on the Trust's borrowings can be found on page 55, Note 32 (finance leases) and on page 57, Note 36 (PFI).

30 Other financial liabilities

The Trust has no other financial liabilities as at 31 March 2013 (prior year also nil).

31 Deferred income

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000s	£000s	**£000s**	£000s
Opening balance at 1 April 2012	581	5,668	0	0
Deferred income addition	409	(5,668)	0	0
Transfer of deferred income	(581)	581	**0**	0
Current deferred Income at 31 March 2013	**409**	581	**0**	0
Total deferred income (current and non-current)	**409**	**581**		

32 Finance lease obligations as lessee

These relate to a medical equipment lease.

Amounts payable under finance leases	**Minimum lease payments**		**Present value of minimum lease payments**	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000s	£000s	**£000s**	£000s
Within one year	**173**	173	**148**	134
Between one and five years	**216**	389	**206**	354
After five years	**0**	0	**0**	0
Less future finance charges	(35)	(74)		
Present value of minimum lease payments	**354**	488	**354**	488
Included in:				
Current borrowings			**148**	134
Non-current borrowings			**206**	354
			354	488

Finance leases as lessee	**31 March 2013 £000s**	31 March 2012 £000s
Future Sublease Payments Expected to be received	0	0
Contingent Rents Recognised as an Expense	0	0

33 Finance lease receivables as lessor

The Trust has no finance lease receivables as at 31 March 2013 (prior year also nil).

34 Provisions

	Total	Pensions to Former Directors	Pensions Relating to Other Staff	Legal Claims	Restruc-turing	Contin-uing Care	Agenda for Change	Other *	Redun-dancy
		Comprising:							
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2012	**4,224**	0	1,009	1,119	0	0	0	2,096	0
Arising During the Year	**402**	0	12	215	0	0	0	175	0
Utilised During the Year	**(661)**	0	(76)	(132)	0	0	0	(453)	0
Reversed Unused	**(1,017)**	0	(19)	(856)	0	0	0	(142)	0
Unwinding of Discount	**68**	0	26	0	0	0	0	42	0
Change in Discount Rate	**206**	0	82	0	0	0	0	124	0
Balance at 31 March 2013	**3,222**	**0**	**1,034**	**346**	**0**	**0**	0	**1,842**	**0**
Expected Timing of Cash Flows **:									
No Later than One Year	**713**	0	80	346	0	0	0	287	0
Later than One Year and not later than Five Years	**707**	0	302	0	0	0	0	405	0
Later than Five Years	**1,802**	0	652	0	0	0	0	1,150	0

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities (£000):

As at 31 March 2013	23,000
As at 31 March 2012	19,884

**The provisions classified under "other" include amounts for permanent injury benefit awards, equal pay, the EU Greenhouse Gas Emissions Trading Scheme and the Carbon Reduction Commitment Scheme.*

*** The timing of cashflows is based on the expected payments (pensions/permanent injury benefits) and expected settlement date of claims (all other). The latter, due to the nature of legal claims, is particularly subject to change.*

35 Contingencies

	31 March 2013 £000s	31 March 2012 £000s
Contingent liabilities		
Equal Pay	**0**	0
Other *	**(41)**	(844)
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	**(41)**	(844)
Contingent Assets		
Contingent Assets *	**0**	43
Net Value of Contingent Assets	**0**	43

** Please note that these liabilities are uncertain. The figures above are in addition to any provisions made in the accounts as shown in note 34. "Other" contingent liabilities relate to legal claims against the Trust.*

36 PFI - additional information

The information below is required by the Department of Heath for inclusion in national statutory accounts:

	2012-13 £000s	2011-12 £000s
Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI		
Total charge to operating expenses in year - OFF SOFP PFI	**0**	0
Service element of on SOFP PFI charged to operating expenses in year	**22,655**	22,727
Total	**22,655**	22,727
Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI		
No Later than One Year	**25,307**	22,690
Later than One Year, No Later than Five Years	**90,271**	89,951
Later than Five Years	**681,996**	679,951
Total	**797,574**	792,592

Imputed "finance lease" obligations for on SOFP PFI contracts due	2012-13 £000s	2011-12 £000s
No Later than One Year	**19,169**	21,677
Later than One Year, No Later than Five Years	**85,281**	81,477
Later than Five Years	**557,056**	556,380
Subtotal	**661,506**	659,534
Less: Interest Element	**(383,907)**	(375,551)
Total	**277,599**	283,983

The PFI arrangement is between the Trust and New Hospitals, the latter being the special purpose vehicle currently acting for Medirest and Vinci. The main scheme is to build two new hospitals at the Trust's two sites in St Helens and Whiston. All construction was complete in November 2012. The contract term runs to August 2047, the price base being uplifted annually by the Retail Price Index as at December, the base RPI having been set in December 2002. For the duration of the arrangement Vinci will provide hard facilities management (FM) services while soft FM services are currently provided by Medirest and are subject to market testing. A benchmarking exercise for Soft FM has resulted in Medirest being awarded a further 5 year contract commencing June 2013. The service will be market tested every 5 years thereafter.

At the end of the arrangement the ownership of the buildings will pass to the Trust. Under IFRIC12 as interpreted for the public sector, the asset is treated as an asset of the Trust; the substance of the contract is that the Trust has a finance lease and payments comprise two elements - imputed finance lease charges and service charges.

The PFI arrangement also incorporates a managed equipment service provided by GE which expires in 2026. In the contract the legal title of equipment remains that of GE for the duration of the contract with the legal title passing to the Trust upon expiry of the MES Contract term when the Trust shall purchase all functioning MES Equipment at a price equivalent to the current net book value.

37 Impact of IFRS treatment - current year

The information below is required by the Department of Heath for budget reconciliation purposes

	Total £000s
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)	
Depreciation charges	4,440
Interest Expense	15,295
Impairment charge - AME	(8,405)
Impairment charge - DEL	0
Other Expenditure	22,655
Revenue Receivable from subleasing	0
Impact on PDC dividend payable	(104)
Total IFRS Expenditure (IFRIC12)	**33,881**
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease income)	(42,830)
Net IFRS change (IFRIC12)	**(8,949)**
Capital Consequences of IFRS : PFI and other items under IFRIC12	
Capital expenditure 2012-13	0
UK GAAP capital expenditure 2012-13 (Reversionary Interest)	2,147

38 Financial Instruments

38.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with primary care trusts and the way those primary care trusts are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the local strategic health authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2013 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with primary care trusts, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

38.2 Financial Assets

	At 'fair value through profit and loss' £000s	Loans and receivables £000s	Available for sale £000s	Total £000s
Embedded derivatives	0			**0**
Receivables - NHS		2,279		**2,279**
Receivables - non-NHS		1,064		**1,064**
Cash at bank and in hand		7,941		**7,941**
Other financial assets	0	0	0	**0**
Total at 31 March 2013	**0**	**11,284**	**0**	**11,284**
Embedded derivatives	0			0
Receivables - NHS		1,293		1,293
Receivables - non-NHS		1,088		1,088
Cash at bank and in hand		3,821		3,821
Other financial assets	0	0	0	0
Total at 31 March 2012	0	6,202	0	6,202

38.3 Financial Liabilities

	At 'fair value through profit and loss' £000s	Other £000s	Total £000s
Embedded derivatives	0		**0**
NHS payables		283	**283**
Non-NHS payables		2,775	**2,775**
Other borrowings		0	**0**
PFI & finance lease obligations		277,953	**277,953**
Other financial liabilities	0	0	**0**
Total at 31 March 2013	**0**	**281,011**	**281,011**
Embedded derivatives	0		0
NHS payables		74	74
Non-NHS payables		2,360	2,360
Other borrowings		0	0
PFI & finance lease obligations		284,471	284,471
Other financial liabilities	0	0	0
Total at 31 March 2012	0	286,905	286,905

39 Events after the end of the reporting period

The Trust has no post balance sheet events to report.

40 Related party transactions

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with St Helens and Knowsley Teaching Hospitals NHS Trust. The Department of Health is regarded as a related party. During the year St Helens and Knowsley Teaching Hospitals has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

- Halton and St Helens Primary Care Trust
- Knowsley Primary Care Trust
- NHS Litigation Authority
- NHS Business Services Authority
- NHS Purchasing and Supply Agency
- North West Strategic Health Authority
- Various other primary care trusts, NHS trusts and NHS foundation trusts.

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the trustees for which are also members of the NHS Trust board. Transactions will need to be disclosed and reference made to the separate Trustees Report and Accounts for the NHS Charity.

41 Losses and special payments

The total number of losses cases in 2012-13 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	**11,841**	**40**
Special payments	**109,273**	**71**
Total losses and special payments	**121,114**	**111**

The total number of losses cases in 2011-12 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	48,590	21
Special payments	139,636	72
Total losses and special payments	188,226	93

There were no cases exceeding £250,000 in 2012-13 (2011-12 also nil).

42 Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

42.1 Breakeven performance

	2005-06 £000s	2006-07 £000s	2007-08 £000s	2008-09 £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s
Turnover	190,323	197,085	268,405	214,116	236,411	252,944	263,864	**278,572**
Retained surplus/(deficit) for the year	106	257	219	(22,687)	(44,653)	(25,613)	(25,456)	**10,691**
Adjustment for:								
Timing/non-cash impacting distortions:								
Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0	0	0	**0**
2006/07 PPA (relating to 1997/98 to 2005/06)	0							
2007/08 PPA (relating to 1997/98 to 2006/07)	0	0						
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	0					
Adjustments for Impairments				22,904	37,155	21,939	25,017	**(9,427)**
Adjustments for impact of policy change re donated/ government grants assets							40	**(564)**
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12*					7,723	3,970	704	**0**
Adsorption Accounting Adjustment								**0**
Other agreed adjustments	0	0	0	0	0	0	0	**0**
Break-even in-year position	**106**	**257**	**219**	**217**	**225**	**296**	**305**	**700**
Break-even cumulative position	**2,114**	**2,371**	**2,590**	**2,807**	**3,032**	**3,328**	**3,633**	**4,333**

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

	2005-06 %	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2012-13 %
Materiality test (I.e. is it equal to or less than 0.5%):								
Break-even in-year position as a percentage of turnover	0.06	0.13	0.08	0.10	0.10	0.12	0.12	**0.25**
Break-even cumulative position as a percentage of turnover	1.11	1.20	0.96	1.31	1.28	1.32	1.38	**1.56**

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

42.2 Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets and therefore the actual capital cost absorption rate is automatically 3.5%.

42.3 External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	£000s	2012-13 £000s	2011-12 £000s
External financing limit		**(10,070)**	(3,967)
Cash flow financing	**(9,977)**		(4,477)
Finance leases taken out in the year	**0**		579
Other capital receipts	**(661)**		(70)
External financing requirement		**(10,638)**	(3,968)
Undershoot/(overshoot)		**568**	1

42.4 Capital resource limit

The Trust is given a capital resource limit which it is not permitted to exceed.

	2012-13 £000s	2011-12 £000s
Gross capital expenditure	**2,898**	20,884
Less: book value of assets disposed of	**(547)**	0
Less: capital grants	**0**	0
Less: donations towards the acquisition of non-current assets	**(661)**	(17)
Charge against the capital resource limit	**1,690**	20,867
Capital resource limit	**2,121**	20,943
(Over)/underspend against the capital resource limit	**431**	76

43 Third party assets

The Trust held cash and cash equivalents which relate to monies held by the NHS Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

The Trust held £11,318 cash and cash equivalents as at 31 March 2013 (prior year £903) which relates to moneys held by the NHS Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.