



**Annual Accounts
2015-2016**

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GLOSSARY OF TERMS AND ABBREVIATIONS

CCG	Clinical Commissioning Group
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/liabilities	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 Trust Development Authority 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 Chief Executive of the NHS Trust Development Authority.

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.

I confirm that, as far as I am aware, there is no relevant audit information of which the Trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Ann Marr

Ann Marr
Chief Executive Officer
26 May 2016

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 cash flows 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

Ann Marr

Ann Marr
Chief Executive Officer
26 May 2016

N Kashu

Nik Kashu
Director of Finance
26 May 2016

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 2016 under the Local Audit and Accountability Act 2014. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2015-16 Government Financial Reporting Manual (the 2015-16 FReM) as contained in the Department of Health Group Manual for Accounts 2015-16 (the 2015-16 MfA) and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury as relevant to the National Health Service in England (the Accounts Direction).

We have also audited the information in the Remuneration and Staff 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 information on exit packages;
- the analysis of staff numbers; and
- the information on pay multiples.

This report is made solely to the Board of Directors of St Helens and Knowsley Teaching Hospitals NHS Trust, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited

Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Directors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose.

Respective responsibilities of Directors, the Accountable Officer 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.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources. We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Section 21(5)(b) of the Local Audit and Accountability Act 2014 requires that our report must not contain our opinion if we are satisfied that proper arrangements are in place.

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 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 Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2015, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that 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 2016.

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.

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 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the National Health Service Act 2006 and the Accounts directions issued thereunder.

Opinion on other matters

In our opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the Accounts Direction made under the National Health Service Act 2006; and
- the other information published together with the audited financial statements in the annual report and accounts is consistent with the financial statements.

Matters on which we report by exception

We are required to report to you if:

- in our opinion the governance statement does not comply with the NHS Trust Development Authority's Guidance; or
- we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014; or
- we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We have nothing to report in these respects.

Certificate

We certify that we have completed the audit of the accounts of St Helens and Knowsley Teaching Hospitals NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Jackie Bellard
for and on behalf of Grant Thornton LLP,
Appointed Auditor

Grant Thornton UK LLP
4 Hardman Street
Manchester, M3 3EB
26 May 2016

Foreword to the accounts St Helens and Knowsley Teaching Hospitals NHS Trust



These accounts for the year ended 31 March 2016 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 2016

	NOTE	2015-16 £000s	2014-15 £000s (Restated)	2014-15 £000s (Original)
Gross employee benefits	9.1	(196,534)	(181,905)	(181,905)
Other operating costs	7	(126,941)	(143,685)	(103,892)
Revenue from patient care activities	4	260,949	252,250	252,250
Other operating revenue	5	52,338	49,424	49,424
Operating surplus/(deficit)		(10,188)	(23,916)	15,877
Investment revenue	11	91	71	71
Other gains and (losses)	12	0	21	21
Finance costs	13	(16,401)	(16,013)	(16,013)
Surplus/(deficit) for the financial year	41.1	(26,498)	(39,837)	(44)
Public dividend capital dividends payable		0	(690)	(690)
Transfers by absorption - gains		0		0
Transfers by absorption - (losses)		0		0
Net Gain/(loss) on transfers by absorption		0	0	0
Retained surplus/(deficit) for the year		(26,498)	(40,527)	(734)
Other Comprehensive Income		2015-16 £000s	2014-15 £000s	2014-15 £000s
Impairments and reversals taken to the revaluation reserve	14.1	(5,787)	(6,438)	(918)
Net gain/(loss) on revaluation of property, plant & equipment		0	3,381	3,381
Total Other Comprehensive Income		(5,787)	(3,057)	2,463
Total comprehensive income for the year*		(32,285)	(43,584)	1,729
Financial performance for the year				
Retained surplus/(deficit) for the year	41.1	(26,498)	(40,527)	(734)
Prior period adjustment to correct errors and other performance adjustments (see note on page 13 under Statement of Financial Position)		0	39,793	0
IFRIC 12 adjustment (including IFRIC 12 impairments)	36	14,259	(1,708)	(1,708)
Impairments (excluding IFRIC 12 impairments)		2,494	(210)	(210)
Adjustments in respect of donated asset reserve elimination		194	101	101
Adjusted retained surplus/(deficit)		(9,551)	(2,551)	(2,551)

*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.

The notes on page 16 to 60 form part of this account.

Statement of Financial Position as at 31 March 2016

	NOTE	31 March 2016 £000s	31 March 2015 (Restated - See note) £000s	31 March 2015 (Original) £000s
Non-current assets:				
Property, plant and equipment	14	243,748	269,606	314,919
Intangible assets	15	2,026	2,648	2,648
Trade and other receivables	21	1,043	1,013	1,013
Total non-current assets		246,817	273,267	318,580
Current assets:				
Inventories	20	3,840	3,112	3,112
Trade and other receivables	21	14,460	14,270	14,270
Cash and cash equivalents	24	1,563	7,788	7,788
Total current assets		19,863	25,170	25,170
Total assets		266,680	298,437	343,750
Current liabilities				
Trade and other payables	26	(31,336)	(26,820)	(26,820)
Provisions	33	(493)	(521)	(521)
Borrowings	28	(6,307)	(6,991)	(6,991)
Total current liabilities		(38,136)	(34,332)	(34,332)
Net current assets/(liabilities)		(18,273)	(9,162)	(9,162)
Total assets less current liabilities		228,544	264,105	309,418
Non-current liabilities				
Trade and other payables	26	(52)	(73)	(73)
Provisions	33	(2,347)	(2,652)	(2,652)
Borrowings	28	(254,555)	(260,862)	(260,862)
DH revenue support loan	28	(3,457)	0	0
Total non-current liabilities		(260,411)	(263,587)	(263,587)
Total assets employed:		(31,867)	518	45,831
FINANCED BY:				
Public Dividend Capital		64,437	64,537	64,537
Retained earnings		(100,951)	(74,468)	(34,675)
Revaluation reserve		4,647	10,449	15,969
Total Taxpayers' Equity:		(31,867)	518	45,831

Note on restatement (prior period adjustment):

The prior period adjustment relates to a material amendment to the value of the Trust's property, plant and equipment. The prior period value has been reduced primarily as a result of VAT now being excluded from the value in line with recent guidance.

The notes on pages 16 to 60 form part of this account.

The financial statements on pages 12 to 15 were approved by the Board on 26th May 2016 and signed on its behalf by

Chief Executive: Ann Marr Date: 26 May 2016

Statement of Changes in Taxpayers' Equity For the year ending 31 March 2016

	Public Dividend capital	Retained earnings	Revaluation reserve	Total reserves
	£000s	£000s	£000s	£000s
Original Opening Balance as at 1 April 2015	64,537	(34,675)	15,969	45,831
Prior period adjustment*		(39,793)	(5,520)	(45,313)
Balance at 1 April 2015 (restated)	64,537	(74,468)	10,449	518
Changes in taxpayers' equity for 2015-16				
Retained surplus/(deficit) for the year		(26,498)		(26,498)
Impairments and reversals			(5,787)	(5,787)
Transfers between reserves		15	(15)	0
Permanent PDC repaid in year	(100)			(100)
Net recognised revenue/(expense) for the year	(100)	(26,483)	(5,802)	(32,385)
Balance at 31 March 2016	64,437	(100,951)	4,647	(31,867)
Balance at 1 April 2014	62,923	(33,946)	13,511	42,488
Changes in taxpayers' equity for the year ended 31 March 2015				
Retained surplus/(deficit) for the year		(734)		(734)
Net gain / (loss) on revaluation of property, plant, equipment			3,381	3,381
Impairments and reversals			(918)	(918)
Transfers between reserves		5	(5)	0
New temporary and permanent PDC received - cash	1,614			1,614
Net recognised revenue/(expense) for the year	1,614	(729)	2,458	3,343
Balance at 31 March 2015	64,537	(34,675)	15,969	45,831

(* See note on page 13 under the Statement of Financial Position).

Statement of Cash Flows for the Year ended 31st March 2016

	NOTE	2015-16 £000s	2014-15 (Restated *) £000s	2014-15 (Original) £000s
Cash Flows from Operating Activities				
Operating surplus/(deficit)		(10,188)	(23,916)	15,877
Depreciation and amortisation	7	8,109	9,226	9,226
Impairments and reversals	16	16,753	37,875	(1,918)
Donated Assets received credited to revenue but non-cash	5	(13)	(90)	(90)
Interest paid		(16,363)	(15,966)	(15,966)
PDC Dividend (paid)/refunded	21.1	173	(836)	(836)
Release of PFI/deferred credit		(67)	0	0
(Increase)/Decrease in Inventories		(728)	(343)	(343)
(Increase)/Decrease in Trade and Other Receivables		(393)	(3,645)	(3,645)
Increase/(Decrease) in Trade and Other Payables		5,095	430	430
Provisions utilised		(337)	(468)	(468)
Increase/(Decrease) in movement in non cash provisions		(30)	200	200
Net Cash Inflow/(Outflow) from Operating Activities		2,011	2,467	2,467
Cash Flows from Investing Activities				
Interest Received		91	70	70
(Payments) for Property, Plant and Equipment		(3,679)	(2,901)	(2,901)
(Payments) for Intangible Assets		(1,094)	(942)	(942)
Proceeds of disposal of assets held for sale (PPE)		0	21	21
Net Cash Inflow/(Outflow) from Investing Activities		(4,682)	(3,752)	(3,752)
Net Cash Inflow / (outflow) before Financing		(2,671)	(1,285)	(1,285)
Cash Flows from Financing Activities				
Gross Temporary (2014/15 only) and Permanent PDC Received		0	1,614	1,614
Gross Temporary (2014/15 only) and Permanent PDC Repaid		(100)	0	0
Loans received from DH - New Revenue Support Loans		3,457	0	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		(6,924)	(6,101)	(6,101)
Capital grants and other capital receipts (excluding donated / government granted cash receipts)		13	90	90
Net Cash Inflow/(Outflow) from Financing Activities		(3,554)	(4,397)	(4,397)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(6,225)	(5,682)	(5,682)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		7,788	13,470	13,470
Effect of exchange rate changes in the balance of cash held in foreign currencies		0	0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	24	1,563	7,788	7,788

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 Department of Health Group Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DH Group Manual for Accounts 2015-16 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 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.

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

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. Movement of assets within the DH Group

Transfers as part of reorganisation 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 SOCI, and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Group are accounted for in line with IAS20 and similarly give rise to income and expenditure entries.

1.4. Charitable Funds

Under the provisions of IAS27, Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact.

The Trust has a related charity (the St Helens and Knowsley Hospitals Charitable Fund, charity registration number 1053125) for which the Trust's Board Directors are trustees. The Trust has decided not to consolidate on the basis of materiality.

1.5. 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

1.5.1. 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.

1.5.2. 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.

1.6. 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.

1.7. 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 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.

Some employees are members of the National Employment Savings Trust (NEST) which is a defined contribution pension scheme and as such the cost to the Trust of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period (see also Note 9.5.)

1.8. 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.

1.9. 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 impairment.

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
- PFI assets - depreciated replacement cost (valued net of VAT)

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.

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.

1.10. 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 £5,000.

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.

1.11. 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.

1.12. Donated assets

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.

1.13. Government grants

Government-grant funded assets are capitalised at their fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.14. 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.

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.

1.15. 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.

1.16. 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.

Where 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.

1.17. 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.

1.18. 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.

1.19. Provisions

Provisions are recognised when the NHS Trust has a present legal or constructive obligation as a result of a past event, it is probable that the NHS 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 rates per HM Treasury paper PES (2015) 08 Discount Rates for Post-Employment Benefits and General 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.

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.

1.20. 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 33.

1.21. 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.

1.22. 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 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.

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 42 to the accounts.

1.28. Public Dividend Capital (PDC) and PDC dividend

Public dividend capital represents taxpayers' equity in the 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 Government Banking Service). 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. 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 Statement of Comprehensive Income 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.

1.31. Accounting Standards that have been issued but have not yet been adopted

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2015-16. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and 15, being for implementation in 2018-19, and the Government implementation date for IFRS 16 still subject to HM Treasury consideration.

IFRS 9 Financial Instruments - application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM; early adoption is not therefore permitted.

IFRS 15 Revenue for Contracts with Customers - application required for accounting periods beginning on or after 1 January 2017, but not yet adopted by the FReM; early adoption is not therefore permitted.

IFRS 16 Leases - application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM; early adoption is not therefore permitted.

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 2015-16 was £313.287m of which 83% related to patient care activities for which clinical commissioning groups provided 90% of the revenue 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

	2015-16 £000s	2014-15 £000s
NHS England	17,014	14,771
Clinical Commissioning Groups	235,013	230,147
Foundation Trusts	1,377	238
Additional income for delivery of healthcare services	100	0
Non-NHS:		
Local Authorities	2,494	2,926
Private patients	375	309
Overseas patients (non-reciprocal)	25	10
Injury costs recovery*	1,278	1,363
Other**	3,273	2,486
Total Revenue from patient care activities	260,949	252,250

* Injury cost recovery income is subject to a provision for impairment of receivables of 21.99% to reflect expected rates of collection.

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

5. Other operating revenue

	2015-16 £000s	2014-15 £000s
Education, training and research	11,264	10,553
Receipt of donations for capital acquisitions - Charity	13	90
Non-patient care services to other bodies*	22,661	18,285
Income generation (Other fees and charges)	2,223	2,264
Other revenue**	16,177	18,232
Total Other Operating Revenue	52,338	49,424
Total operating revenue	313,287	301,674

* These services also include clinical services provided by the Trust to other organisations for their patients.

** The principal item here is income relating to the Trust's PFI development (£13.6m) received from the Department of Health mainly via NHS England.

6. Overseas Visitors Disclosure

	2015-16 £000s	2014-15 £000s
Income recognised during 2015-16 (invoiced amounts and accruals)	25	10
Cash payments received in-year (re receivables at 31 March 2015)	4	8
Cash payments received in-year (iro invoices issued 2014-15)	19	2
Amounts added to provision for impairment of receivables (re receivables at 31 March 2014)	5	0
Amounts added to provision for impairment of receivables (iro invoices issued 2014-15)	0	6
Amounts written off in-year (irrespective of year of recognition)	0	0

7. Operating expenses

	2015-16	2014-15	2014-15
	£000s	(Restated*) £000s	(Original) £000s
Services from other NHS Trusts	1,328	1,238	1,238
Services from CCGs/NHS England	34	107	107
Services from other NHS bodies	7	0	0
Services from NHS Foundation Trusts	2,614	4,538	4,538
Total Services from NHS bodies**	3,983	5,883	5,883
Purchase of healthcare from non-NHS bodies	1,985	1,849	1,849
Trust Chair and Non-executive Directors	62	55	55
Supplies and services - clinical	44,762	39,289	39,289
Supplies and services - general	1,777	1,836	1,836
Consultancy services	200	124	124
Establishment	3,619	3,642	3,642
Transport	269	201	201
Service charges - ON-SOFP PFIs and other service concession arrangements	23,563	22,974	22,974
Business rates paid to local authorities	2,380	1,733	1,733
Premises	9,699	9,017	9,017
Hospitality	106	113	113
Insurance	224	235	235
Legal Fees	50	131	131
Impairments and Reversals of Receivables	130	41	41
Depreciation	7,403	8,724	8,724
Amortisation	706	502	502
Impairments and reversals of property, plant and equipment	16,753	37,875	(1,918)
Internal Audit Fees	103	116	116
Audit fees	66	67	67
Other auditor's remuneration	0	14	14
Clinical negligence	4,435	4,573	4,573
Education and Training	565	514	514
Change in Discount Rate	(15)	251	251
Other	4,116	3,926	3,926
Total Operating expenses (excluding employee benefits)	126,941	143,685	103,892
Employee Benefits			
Employee benefits excluding Board members	195,593	180,985	180,985
Board members	941	920	920
Total Employee Benefits	196,534	181,905	181,905
Total Operating Expenses	323,475	325,590	285,797

* See note on page 13 under the Statement of Financial Position.

** Services from NHS bodies does not include expenditure which falls into any other category.

8 Operating Leases**8.1 St Helens and Knowsley Hospitals NHS Trust as lessee**

	Land £000s	2015-16 Total £000s	2014-15 £000s
Payments recognised as an expense			
Minimum lease payments		86	102
Total		86	102
Payable:			
No later than one year	3	3	53
Between one and five years	0	0	0
After five years	0	0	0
Total	3	3	53

8.2 St Helens and Knowsley Hospitals NHS Trust as lessor

The Trust has no leases where it is the lessor.

9 Employee benefits and staff numbers**9.1 Employee benefits**

	2015-16		
	Total £000s	Permanently employed £000s	Other £000s
Employee Benefits - Gross Expenditure			
Salaries and wages	168,328	150,680	17,648
Social security costs	11,368	10,888	480
Employer contributions to NHS BSA - Pensions Division	16,832	16,122	710
Other pension costs	6	6	0
Total employee benefits	196,534	177,696	18,838
Employee costs capitalised	0	0	0
Gross Employee Benefits excluding capitalised costs	196,534	177,696	18,838
Employee Benefits - Gross Expenditure 2014-15			
Salaries and wages	156,015	142,109	13,906
Social security costs	10,607	10,127	480
Employer Contributions to NHS BSA - Pensions Division	15,397	14,700	697
Other pension costs	4	4	0
TOTAL - including capitalised costs	182,023	166,940	15,083
Employee costs capitalised	118	22	96
Gross Employee Benefits excluding capitalised costs	181,905	166,918	14,987

9.2 Staff Numbers

	2015-16			2014-15
	Total Number	Permanently employed Number	Other Number	Total Number
Average Staff Numbers				
Medical and dental	581	527	54	540
Administration and estates	970	903	67	916
Healthcare assistants (HCAs) and other support staff*	796	672	124	756
Nursing, midwifery and health visiting staff	1,388	1,344	44	1,381
Scientific, therapeutic and technical staff*	468	438	30	331
Social Care Staff	3	3	0	3
Healthcare Science Staff*	291	291	0	261
TOTAL	4,497	4,178	319	4,188
Of the above - staff engaged on capital projects	0	0	0	0

*Please note that the prior year figures for scientific, therapeutic and technical staff figures have been reduced and transferred to the new Healthcare Science staff category and that Nursing HCA staff have been transferred from Nursing into the HCA category where they were included last year.

9.3 Staff Sickness absence and ill health retirements

	2015-16 Number	2014-15 Number
Total Days Lost	51,825	34,398
Total Staff Years	6,167	4,109
Average working Days Lost	8.4	8.4

The above figures, provided by the Department of Health, are estimates based on data from calendar years (eg. 2015 provides the basis for 2015/16). Please note that in both years these figures include some staff whose costs are not met by the Trust but for which the Trust pays over statutory deductions to HMRC via an agency arrangement.

	2015-16 Number	2014-15 Number
Number of persons retired early on ill health grounds	4	3
	£000s	£000s
Total additional pensions liabilities accrued in the year	233	301

9.4 Exit Packages agreed in 2015-16

There were no exit packages agreed in 2015-16 (prior to year also nil).

9.5 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that 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 scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 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. These accounts can be viewed on the NHS Pensions website and are published annually. 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 schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed 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.

c) Scheme provisions

The NHS Pension Scheme provides 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) has been used and replaced 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.

The Pensions Act 2008 introduced new duties on employers to provide access to a workplace pension scheme that meets certain legal requirements. As from 1st April 2013 the Trust chose the National Employment Savings Trust (NEST) to fulfil this role for employees who are unable to join the NHS Pension Scheme due to its restrictions. There are currently 106 employees in the NEST scheme which is a defined contribution pension scheme. A defined contribution pension scheme is where the retirement income a member gets depends on how much has been contributed, investment returns and the amount of charges over time.

10. Better Payment Practice Code

10.1. Measure of compliance

	2015-16 Number	2015-16 £000s	2014-15 Number	2014-15 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	49,465	150,079	39,942	126,112
Total Non-NHS Trade Invoices Paid Within Target	46,617	143,854	37,847	121,598
Percentage of Non-NHS Trade Invoices Paid Within Target	94%	96%	95%	96%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	3,019	10,696	2,503	14,322
Total NHS Trade Invoices Paid Within Target	2,898	9,816	2,382	13,989
Percentage of NHS Trade Invoices Paid Within Target	96%	92%	95%	98%

The Better Payment Practice Code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

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

	2015-16 £000s	2014-15 £000s
Amounts included in finance costs from claims made under this legislation	1	0
Total	1	0

11. Investment Revenue

	2015-16 £000s	2014-15 £000s
Interest revenue		
Bank interest	91	71
Total investment revenue	91	71

12. Other Gains and Losses

	2015-16 £000s	2014-15 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	0	21
Total	0	21

13. Finance Costs

	2015-16 £000s	2014-15 £000s
Interest		
Interest on loans and overdrafts	4	0
Interest on obligations under finance leases	13	27
Interest on obligations under PFI contracts:		
- main finance cost	9,436	9,661
- contingent finance cost	6,913	6,278
Interest on late payment of commercial debt	1	0
Total interest expense	16,367	15,966
Provisions - unwinding of discount	34	47
Total	16,401	16,013

14.1. Property, plant and equipment

	Land £000's	Buildings excluding dwellings £000's	Plant & machinery £000's	Transport equipment £000's	Information technology £000's	Furniture & fittings £000's	Total £000's
2015-16							
Cost or valuation:							
At 1 April 2015	11,777	287,772	41,103	112	8,381	6,208	355,353
Prior period adjustment*	0	(45,313)	0	0	0	0	(45,313)
At 1 April 2015 (restated)	11,777	242,459	41,103	112	8,381	6,208	310,040
Additions Purchased	0	668	2,859	0	526	19	4,072
Additions - Non Cash Donations (i.e. physical assets)	0	0	13	0	0	0	13
Disposals other than for sale	0	0	(1,654)	0	(5,425)	0	(7,079)
Upward revaluation/positive indexation	0	0	0	0	0	0	0
Impairment/reversals charged to operating expenses	(5)	0	0	0	0	0	(5)
Impairments/reversals charged to reserves	(5,272)	(515)	0	0	0	0	(5,787)
Netting off cumulative depreciation (see below)	0	(19,907)	0	0	0	0	(19,907)
At 31 March 2016	6,500	222,705	42,321	112	3,482	6,227	281,347
Depreciation							
At 1 April 2015	0	0	29,366	75	6,126	4,867	40,434
Disposals other than for sale	0	0	(1,654)	0	(5,425)	0	(7,079)
Upward revaluation/positive indexation	0	0	0	0	0	0	0
Impairments/reversals charged to operating expenses	0	16,748	0	0	0	0	16,748
Charged During the Year	0	3,159	3,106	6	784	348	7,403
Netting off against cost (see above)	0	(19,907)	0	0	0	0	(19,907)
At 31 March 2016	0	0	30,818	81	1,485	5,215	37,599
Net Book Value at 31 March 2016	6,500	222,705	11,503	31	1,997	1,012	243,748
Asset financing:							
Owned - Purchased	6,500	14,409	8,085	31	1,887	1,012	31,924
Owned - Donated	0	0	512	0	0	0	512
Held on finance lease	0	0	23	0	110	0	133
On-SOFP PFI contracts	0	208,296	2,883	0	0	0	211,179
Total at 31 March 2016	6,500	222,705	11,503	31	1,997	1,012	243,748

* The prior period adjustment relates to a material amendment to the value of the Trust's property, plant and equipment. This does not affect the Trust's financial performance for that year.

Revaluation Reserve Balance for Property, Plant & Equipment

	Land £000's	Buildings £000's	Plant & machinery £000's	Transport equipment £000's	Information technology £000's	Furniture & fittings £000's	Total £000's
At 1 April 2015 (restated)	5,955	4,064	373	2	0	55	10,449
Movements*	(5,272)	(515)	(15)	0	0	0	(5,802)
At 31 March 2016	683	3,549	358	2	0	55	4,647

*Movements relate mainly to formal revaluation of the Trust estate. A small amount relate to asset disposals.

14.2. Property, plant and equipment prior-year

	Land	Buildings excluding dwellings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
2014-15							
Cost or valuation:							
At 1 April 2014	11,777	290,794	40,054	86	13,971	6,208	362,890
Additions of Assets Under Construction	0	0	0	0	0	0	0
Additions Purchased	0	170	1,686	36	1,163	0	3,055
Additions - Non Cash Donations (i.e. Physical Assets)	0	0	90	0	0	0	90
Additions Leased (including PFI/LIFT)	0	0	36	0	0	0	36
Disposals other than for sale	0	0	(763)	(10)	(6,753)	0	(7,526)
Revaluation	0	3,381	0	0	0	0	3,381
Impairments/negative indexation charged to reserves	0	(918)	0	0	0	0	(918)
Netting off cumulative depreciation (see below)	0	(5,655)	0	0	0	0	(5,655)
At 31 March 2015	11,777	287,772	41,103	112	8,381	6,208	355,353
Depreciation							
At 1 April 2014	0	3,784	26,512	81	11,914	4,518	46,809
Disposals other than for sale	0	0	(763)	(10)	(6,753)	0	(7,526)
Revaluation	0	(5,655)	0	0	0	0	(5,655)
Reversal of Impairments charged to operating expenses	0	3,737	0	0	0	0	3,737
Charged During the Year	0	3,789	3,617	4	965	349	8,724
Netting off against cost (see above)	0	(5,655)	0	0	0	0	(5,655)
At 31 March 2015	0	0	29,366	75	6,126	4,867	40,434
Net Book Value at 31 March 2015	11,777	287,772	11,737	37	2,255	1,341	314,919
Asset financing:							
Owned - Purchased	11,777	19,195	7,713	37	2,099	1,341	42,162
Owned - Donated	0	0	634	0	2	0	636
Held on finance lease	0	0	103	0	154	0	257
On-SOFP PFI contracts	0	268,577	3,287	0	0	0	271,864
Total at 31 March 2015	11,777	287,772	11,737	37	2,255	1,341	314,919

14.3. (contd) 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 4 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 2016 the range of asset lives for these assets fell between 11 years and 76 years.

Assets at a cost of £12,500 were donated by other non-NHS organisations or financed by donations to the Trust's charitable fund.

In 2015-16 the Trust revalued its land and building assets on a modern equivalent asset basis as at 31 March 2016, assuming that the modern equivalent replacement of Whiston and St Helens Hospitals would be a single combined hospital. The revaluation was done by a professionally qualified valuer (FRICS) of the firm Cushman and Wakefield.

15. Intangible non-current assets

15.1 Intangible non-current assets

	IT - in-house & 3rd party software	Computer Licenses	Total
	£000's	£000's	£000's
2015-16			
At 1 April 2015	3,894	668	4,562
Additions Purchased	26	58	84
Disposals other than by sale	(1,147)	(259)	(1,406)
At 31 March 2016	2,773	467	3,240
Amortisation			
At 1 April 2015	1,577	337	1,914
Disposals other than by sale	(1,147)	(259)	(1,406)
Charged during the year	604	102	706
At 31 March 2016	1,034	180	1,214
Net Book Value at 31 March 2016	1,739	287	2,026
Asset Financing: Net book value at 31 March 2016 comprises:			
Purchased	1,532	287	1,819
Donated	207	0	207
Total at 31 March 2016	1,739	287	2,026

15.2. Intangible non-current assets prior year 2014-15

	IT - in-house & 3rd party software	Computer Licenses	Total
	£000s	£000s	£000s
Cost or valuation:			
At 1 April 2014	4,315	687	5,002
Additions - purchased	1,458	267	1,725
Disposals other than by sale	(1,879)	(286)	(2,165)
At 31 March 2015	<u>3,894</u>	<u>668</u>	<u>4,562</u>
Amortisation			
At 1 April 2014	3,030	547	3,577
Disposals other than by sale	(1,879)	(286)	(2,165)
Charged during the year	426	76	502
At 31 March 2015	<u>1,577</u>	<u>337</u>	<u>1,914</u>
Net book value at 31 March 2015	2,317	331	2,648
Net book value at 31 March 2015 comprises:			
Purchased	2,040	331	2,371
Donated	277	0	277
Total at 31 March 2015	<u>2,317</u>	<u>331</u>	<u>2,648</u>

All the Trust's intangible assets are depreciated over 5 years. Cost is deemed to be a fair reflection of fair value.

16. Analysis of impairments and reversals recognised in 2015-16

Property, Plant and Equipment impairments and reversals taken to SoCI

	2015-16 Total £000s
Changes in market price	<u>16,753</u>
Total charged to Annually Managed Expenditure	<u>16,753</u>

The above impairments arose as a result of a formal revaluation of the Trust's land and buildings in 2015-16. (See note 14.1). In 2014-15 there was a reversal of impairment credit of £1,918,000 recognised (prior to the prior year adjustment.)

17. Investment property

The Trust had no investment property as at 31 March 2016 (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 2016 £000s	31 March 2015 £000s
Property, plant and equipment	<u>0</u>	<u>119</u>
Total	<u>0</u>	<u>119</u>

18.2. Other financial commitments

The Trust has no other financial commitments as at 31 March 2016 (prior year also nil).



19. Intra-Government and other balances

	Current receivables	Non-current receivables	Current payables	Non-current payables
	£000s	£000s	£000s	£000s
Balances with Other Central Government Bodies	991	0	10,125	0
Balances with Local Authorities	136	0	42	0
Balances with NHS bodies outside the Departmental Group	0	0	45	0
Balances with NHS bodies inside the Departmental Group	8,469	0	2,900	3,457
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	4,864	1,043	24,531	254,607
At 31 March 2016	14,460	1,043	37,643	258,064
prior period:				
Balances with Other Central Government Bodies	541	0	4,177	0
Balances with Local Authorities	533	0	6	0
Balances with NHS bodies outside the Departmental Group	0	0	9	0
Balances with NHS bodies inside the Departmental Group	8,542	0	2,996	0
Balances with Public Corporations and Trading Funds	0	0	1	0
Balances with Bodies External to Government	4,654	1,013	26,622	260,935
At 31 March 2015	14,270	1,013	33,811	260,935

For the purposes of the above disclosure, "payables" also include those amounts classified under borrowings, other liabilities and other financial liabilities.

20. Inventories

	Drugs	Consumables	Energy	Total	Of which held at NRV
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2015	1,144	1,888	80	3,112	0
Additions	19,549	18,023	746	38,318	0
Inventories recognised as an expense in the period	(18,925)	(17,886)	(779)	(37,590)	0
Balance at 31 March 2016	1,768	2,025	47	3,840	0

None of the above values are held at net realisable value(NRV).

21.1 Trade and other receivables

	Current		Non-current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£000s	£000s	£000s	£000s
NHS receivables - revenue	5,851	7,054	0	0
NHS prepayments and accrued income	2,618	1,315	0	0
Non-NHS receivables - revenue	1,011	1,831	0	0
Non-NHS prepayments and accrued income	3,589	2,722	0	0
PDC Dividend prepaid to DH	0	173		
Provision for the impairment of receivables	(570)	(433)	(281)	(290)
VAT	549	376	0	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	0	111	0	0
Interest receivables	4	4	0	0
Other receivables	1,408	1,117	1,324	1,303
Total	14,460	14,270	1,043	1,013
Total current and non current	15,503	15,283		

There were no prepaid pension contributions in NHS receivables (prior year also nil).

The majority of trade is with Clinical Commissioning Groups, as commissioners for NHS patient care services. As Clinical Commissioning Groups 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 2016	31 March 2015
	£000s	£000s
By up to three months	460	542
By three to six months	114	0
By more than six months	106	0
Total	680	542

21.3. Provision for impairment of receivables*

	2015-16 £000s	2014-15 £000s
Balance at 1 April 2015	(723)	(686)
Amount written off during the year	2	4
(Increase)/decrease in receivables impaired	(130)	(41)
Balance at 31 March 2016	(851)	(723)

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

22. Other Financial Assets

The Trust had no other financial assets as at 31 March 2016 (prior year also nil).

23. Other current assets

The Trust had no other current assets as at 31 March 2016 (prior year also nil).

24. Cash and Cash Equivalents

	31 March 2016 £000s	31 March 2015 £000s
Opening balance	7,788	13,470
Net change in year	(6,225)	5,682
Closing balance	1,563	7,788
Made up of		
Cash with Government Banking Service	1,531	7,754
Commercial banks	12	10
Cash in hand	20	24
Cash and cash equivalents as in statement of financial position	1,563	7,788
Cash and cash equivalents as in statement of cash flows	1,563	7,788
Third Party Assets - Bank balance (not included above)	11	11

25. Non-current assets held for sale

The Trust had no non-current assets held for sale as at 31 March 2016 (prior year also nil).

26. Trade and other payables

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
NHS payables - revenue	1,058	1,898	0	0
NHS accruals and deferred income	1,887	1,107	0	0
Non-NHS payables - revenue	3,173	2,733	0	0
Non-NHS payables - capital	640	1,228	16	32
Non-NHS accruals and deferred income	14,352	15,619	36	41
Social security costs	3,006	1,713		
Accrued Interest on DH Loans	4			
Tax	3,410	2,438		
Other*	3,806	84	0	0
Total	31,336	26,820	52	73
Total payables (current and non-current)	31,388	26,893		
Included above*:				
Outstanding Pension Contributions at the year end	3,698	27		

27. Other liabilities

The Trust has no other liabilities as at 31 March 2016 (prior year also nil).

28. Borrowings

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
Loans from Department of Health	0	0	3,457	0
PFI liabilities:				
Main liability	6,253	6,831	254,475	260,728
Lifecycle replacement received in advance	0	67	0	0
Finance lease liabilities	54	93	80	134
Total	6,307	6,991	258,012	260,862
Total borrowings (current and non-current)	264,319	267,853		

Note: Further information on the Trust's borrowings can be found in Note 31 (finance lease obligations) and on Note 35 (PFI-additional information).

Borrowings / Loans - repayment of principal falling due in:

	31 March 2016		
	DH £000s	Other £000s	Total £000s
0-1 Years	0	6,307	6,307
1 - 2 Years	0	5,851	5,851
2 - 5 Years	3,457	17,840	21,297
Over 5 Years	0	230,864	230,864
TOTAL	3,457	260,862	264,319

29. Other financial liabilities

The Trust has no other financial liabilities as at 31 March 2016 (prior year also nil).

30. Deferred revenue

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
Opening balance at 1 April 2015	896	843	41	0
Deferred revenue addition	743	896	0	42
Transfer of deferred revenue	(896)	(843)	(5)	(1)
Current deferred Income at 31 March 2016	743	896	36	41
Total deferred income (current and non-current)	779	937		

31. Finance lease obligations as lessee (Other)

These relate to medical equipment and IT leases implicit in managed service contracts.

Amounts payable under finance leases (Other)	Minimum lease payments		Present value of minimum lease payments	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
Within one year	62	105	54	93
Between one and five years	84	147	80	134
Less future finance charges	(12)	(25)		
Minimum Lease Payments / Present value of minimum lease payments	134	227	134	227
Included in:				
Current borrowings			54	93
Non-current borrowings			80	134
			134	227

32. Finance lease receivables as lessor

The Trust has no finance lease receivables as at 31 March 2016 (prior year also nil).

33. Provisions

	Comprising:			
	Total	Early Departure Costs	Legal Claims	Other*
	£000s	£000s	£000s	£000s
Balance at 1 April 2015	3,173	1,042	337	1,794
Arising during the year	229	0	228	1
Utilised during the year	(337)	(75)	(154)	(108)
Reversed unused	(244)	(85)	(101)	(58)
Unwinding of discount	34	12	0	22
Change in discount rate	(15)	(4)	0	(11)
Balance at 31 March 2016	2,840	890	310	1,640

Expected Timing of Cash Flows:**

No Later than One Year	493	75	310	108
Later than One Year and not later than Five Years	710	290	0	420
Later than Five Years	1,637	525	0	1,112

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:

As at 31 March 2016	94,652
As at 31 March 2015	42,471

* The provisions classified under "other" include amounts for permanent injury benefit awards.

** The timing of cash flows 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.

34. Contingencies

	31 March 2016	31 March 2015
	£000s	£000s
Contingent liabilities		
NHS Litigation Authority legal claims	(61)	(59)
Other*	(32)	(44)
Net value of contingent liabilities	(93)	(103)

* Legal claims dealt with locally

The Trust had no contingent assets as at 31 March 2016 (prior year also nil).

35. PFI - additional information

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

	2015-16	2014-15
	£000s	£000s
Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI		
Service element of on SOFP PFI charged to operating expenses in year	23,563	22,974
Total	23,563	22,974
Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI		
No Later than One Year	24,917	23,426
Later than One Year, No Later than Five Years	102,422	94,922
Later than Five Years	712,719	688,159
Total	840,058	806,507
Imputed "finance lease" obligations for on SOFP PFI contracts due		
	2015-16	2014-15
	£000s	£000s
No Later than One Year	22,354	23,180
Later than One Year, No Later than Five Years	84,893	88,187
Later than Five Years	525,215	536,693
Subtotal	632,462	648,060
Less: Interest Element	(371,734)	(380,501)
Total	260,728	267,559
Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due		
Analysed by when PFI payments are due	2015-16	2014-15
	£000s	£000s
No Later than One Year	6,253	6,831
Later than One Year, No Later than Five Years	23,612	25,884
Later than Five Years	230,863	234,844
Total	260,728	267,559

Please note that the future commitment figures above exclude inflation that may impact on the figures from 2017-18 onwards.

Number of on SOFP PFI Contracts:

Total Number of on PFI contracts	1
Number of on PFI contracts which individually have a total commitments value in excess of £500m.	1

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, 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 every five years. A benchmarking exercise for soft FM has resulted in Medirest being awarded a further five year contract commencing June 2013.

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 (MES) 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.

36. Impact of IFRS treatment - current year

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

	2015-16 Expenditure £000s	2014-15 Expenditure £000s
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)		
Depreciation charges	3,867	4,476
Interest Expense	16,349	15,939
Impairment charge - AME	14,259	(1,708)
Other expenditure	23,558	22,973
Impact on PDC dividend payable	(1,549)	39
Total IFRS Expenditure (IFRIC12)	56,484	41,719
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease revenue)	46,272	43,899
Net IFRS change (IFRIC12)	10,212	(2,180)

Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12

	2015-16	2014-15
Capital expenditure 2015-16	538	679
UK GAAP capital expenditure 2015-16 (Reversionary Interest)	1,814	2,257

	2015-16 Income/ Expenditure IFRIC 12 YTD £000s	2015-16 Income/ Expenditure ESA 10 YTD £000s
Revenue costs of IFRS12 compared with ESA10		
Depreciation charges	3,867	
Interest Expense (inc contingent rent)	16,349	
Impairment charge - AME	14,259	
Other Expenditure		
Service Charge	23,558	46,272
Impact on PDC Dividend Payable	(1,549)	
Total Revenue Cost under IFRIC12 vs ESA10	56,484	46,272
Revenue Receivable from subleasing	0	0
Net Revenue Cost/(income) under IFRIC12 vs ESA10	56,484	46,272



37. Financial Instruments

37.1. 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 Trust has with Clinical Commissioning Groups (CCGs) and the way those CCGs are financed, the 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 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 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 and 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 NHS Trust Development 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 revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2016 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 CCGs, 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.

37.2. Financial Assets

	Loans and receivables £000s	Total £000s
Receivables - NHS	5,851	5,851
Receivables - non-NHS	1,011	1,011
Cash at bank and in hand	1,563	1,563
Total at 31 March 2016	8,425	8,425
Receivables - NHS	7,054	7,054
Receivables - non-NHS	1,831	1,831
Cash at bank and in hand	7,788	7,788
Total at 31 March 2015	16,673	16,673

37.3. Financial Liabilities

	Other £000s	Total £000s
NHS payables	1,058	1,058
Non-NHS payables	3,813	3,813
Other borrowings	3,457	3,457
PFI & finance lease obligations	260,862	260,862
Total at 31 March 2016	269,190	269,190
NHS payables	1,898	1,898
Non-NHS payables	3,961	3,961
Other borrowings	0	0
PFI & finance lease obligations	267,853	267,853
Total at 31 March 2015	273,712	273,712

38. Events after the end of the reporting period

The Trust has no post balance sheet events to report.

39. 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 NHS Trust 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:

	Income £m	Expenditure £m
St Helens CCG	108	
Knowsley CCG	58	
Halton CCG	36	
Liverpool CCG	18	
NHS England	31	
Health Education England	11	
NHS Business Services Authority		7
NHS Litigation Authority		5

The Trust has also received revenue and capital payments from the Trust's related NHS charity, the St Helens and Knowsley Hospitals Charitable Fund, the trustees for which are also members of the NHS Trust board. Please refer to the separate Trustees Report and Accounts for this charity.

40. Losses and special payments

The total number of losses cases in 2015-16 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	5,222	96
Special payments	178,412	71
Total losses and special payments	183,634	167

The total number of losses cases in 2014-15 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	7,011	105
Special payments	131,360	63
Total losses and special payments	138,371	168

There were no cases exceeding £250,000 in 2015-16 (prior year also nil).



41. 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.

41.1 Breakeven performance

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Turnover	197,085	268,405	214,116	236,411	252,944	263,864	278,572	288,448	301,674	313,287
Retained surplus/(deficit) for the year	257	219	(22,687)	(44,653)	(25,613)	(25,456)	10,691	816	(734)	(26,498)
Adjustment for:										
Timing/non-cash impacting distortions:										
Adjustments for impairments			22,904	37,155	21,939	25,017	(9,427)	0	(1,918)	16,753
Adjustments for impact of policy change re donated/government grants assets						40	(564)	(323)	101	194
Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12*				7,723	3,970	704	0	657	0	0
Break-even in-year position	257	219	217	225	296	305	700	1,150	(2,551)	(9,551)
Break-even cumulative position	2,371	2,590	2,807	3,032	3,328	3,633	4,333	5,483	2,932	(6,619)

*Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, the 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.

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	%	%	%	%	%	%	%	%	%	%
Materiality test (i.e. is it equal to or less than 0.5%):										
Break-even in-year position as a percentage of turnover	0.13	0.08	0.10	0.10	0.12	0.12	0.25	0.40	-0.85	-3.05
Break-even cumulative position as a percentage of turnover	1.20	0.96	1.31	1.28	1.32	1.38	1.56	1.90	0.97	-2.11

The amounts in the above tables in respect of financial years 2005/06 to 2008-

41.2 Capital cost absorption rate

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

41.3 External financing

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

	2015-16 £000s	2014-15 £000s
External financing limit (EFL)	3,224	1,909
Cash flow financing	2,671	1,285
Finance leases taken out in the year	0	36
Other capital receipts	(13)	(90)
External financing requirement	2,658	1,231
Under/(over) spend against EFL	566	678

41.4 Capital resource limit

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

	2015-16 £000s	2014-15 £000s
Gross capital expenditure	4,169	4,906
Less: book value of assets disposed of	0	0
Less: capital grants	0	0
Less: donations towards the acquisition of non-current assets	(13)	(90)
Charge against the capital resource limit	4,156	4,816
Capital resource limit	4,158	5,888
(Over)/underspend against the capital resource limit	2	1,072

42. 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.

	31 March 2016 £000s	31 March 2015 £000s
Third party assets held by the Trust	11	11



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