St Helens and Knowsley Teaching Hospitals NHS
NHS Trust

Annual Accounts 2014 /2015

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Annual Accounts
For the year ending 31st March 2015

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.

Ann Marr

A Marr , Chief Executive Officer
3rd June 2015

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

A Marr , Chief Executive Officer
3rd June 2015

D. Finn

D Finn, Director of Finance
3rd June 2015

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 2015 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

We have also audited the information in the Remuneration Report that is subject to audit, being:

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

This report is made solely to the Board of Directors of St Helens and Knowsley Teaching Hospitals NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2014. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust's Directors and the Trust as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the accounts, 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 also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report which comprises the Strategic Report, the Directors Report, the Governance Statement, and the Directors' Remuneration Report 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.

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 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

Opinion on other matters
In our opinion:

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

Matters on which we report by exception
We report to you if:

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

We have nothing to report in these respects.

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

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources
We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Trust has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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.

Basis for qualified conclusion
In considering the Trust's arrangements for securing financial resilience, we identified the following matter:

- The Trust Board has approved a financial plan for 2015/16 which includes a planned deficit of £9.8million for the year. The planned deficit indicates weaknesses in strategic financial planning as a result of increases in costs and activity and reductions in tariff prices.

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, with the exception of the matter reported in the basis for qualified conclusion paragraph above, we are satisfied that in all significant respects St Helens and Knowsley Teaching Hospitals NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

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 Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Jackie Bellard

for and on behalf of Grant Thornton UK LLP,
Appointed Auditor
Grant Thornton UK LLP
4 Hardman Street
Manchester, M3 3EB
4th June 2015

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

These accounts for the year ended 31 March 2015 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 2015

	NOTE	2014-15 £000s	2013-14 £000s
Gross employee benefits	9.1	**(181,905)**	(167,631)
Other operating costs	7	**(103,892)**	(104,182)
Revenue from patient care activities	4	**252,250**	243,973
Other operating revenue	5	**49,424**	44,475
Operating surplus/(deficit)		**15,877**	**16,635**
Investment revenue	11	**71**	58
Other gains and (losses)	12	**21**	2
Finance costs	13	**(16,013)**	(15,119)
Surplus/(deficit) for the financial year		**(44)**	**1,576**
Public dividend capital dividends payable		**(690)**	(760)
Retained surplus/(deficit) for the year		**(734)**	816

Other Comprehensive Income

	2014-15 £000s	2013-14 £000s
Impairments and reversals taken to the revaluation reserve	**(918)**	0
Net gain/(loss) on revaluation of property, plant & equipment	**3,381**	0
Total comprehensive income for the year*	**1,729**	816

Financial performance for the year

Retained surplus/(deficit) for the year	**(734)**	816
IFRIC 12 adjustment (including IFRIC 12 impairments)	**(1,708)**	657
Impairments (excluding IFRIC 12 impairments)	**(210)**	0
Adjustments in respect of donated gov't grant asset reserve elimination	**101**	(323)
Adjusted retained surplus/(deficit)	**(2,551)**	1,150

*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 pages 78 to 122 form part of this account.

Statement of Financial Position as at 31 March 2015

	NOTE	31 March 2015 £000s	31 March 2014 £000s
Non-current assets:			
Property, plant and equipment	14	**314,919**	316,081
Intangible assets	15	**2,648**	1,425
Trade and other receivables	21	**1,013**	1,184
Total non-current assets		**318,580**	318,690
Current assets:			
Inventories	20	**3,112**	2,769
Trade and other receivables	21	**14,270**	10,307
Cash and cash equivalents	24	**7,788**	13,470
Total current assets		**25,170**	26,546
Total assets		**343,750**	345,236
Current liabilities			
Trade and other payables	26	**(26,820)**	(25,503)
Provisions	33	**(521)**	(778)
Borrowings	28	**(6,991)**	(6,095)
Total current liabilities		**(34,332)**	(32,376)
Net current assets/(liabilities)		**(9,162)**	(5,830)
Total assets less current liablilities		**309,418**	312,860
Non-current liabilities			
Trade and other payables	26	**(73)**	0
Provisions	33	**(2,652)**	(2,616)
Borrowings	28	**(260,862)**	(267,756)
Total non-current liabilities		**(263,587)**	(270,372)
Total assets employed:		**45,831**	42,488
FINANCED BY:			
Public Dividend Capital		**64,537**	62,923
Retained earnings		**(34,675)**	(33,946)
Revaluation reserve		**15,969**	13,511
Other reserves		**0**	0
Total Taxpayers' Equity:		**45,831**	42,488

The notes on pages 78 to 122 form part of this account.

The financial statements on pages 74 to 77 were approved by the Board on 3rd June 2015 and signed on its behalf by:

Chief Executive: Ann Marr **Date:** 3rd June 2015

Statement of Changes in Taxpayers' Equity For the year ending 31 March 2015

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2014	**62,923**	**(33,946)**	**13,511**	**0**	**42,488**
Changes in taxpayers' equity for 2014-15					
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	**0**
Reclassification Adjustments					
New temporary and permanent PDC received - cash	1,614				**1,614**
Net recognised revenue/(expense) for the year	**1,614**	**(729)**	**2,458**	**0**	**3,343**
Balance at 31 March 2015	**64,537**	**(34,675)**	**15,969**	**0**	**45,831**
Balance at 1 April 2013	**62,721**	**(34,924)**	**13,559**	**0**	**41,356**
Changes in taxpayers' equity for the year ended 31 March 2014					
Retained surplus/(deficit) for the year		816			816
Transfers between reserves		48	(48)	0	0
Transfers under Modified Absorption Accounting - PCTs & SHAs		114			**114**
Reclassification Adjustments					
New temporary and permanent PDC received - cash	202				202
Net recognised revenue/(expense) for the year	**202**	**978**	**(48)**	**0**	**1,132**
Balance at 31 March 2014	**62,923**	**(33,946)**	**13,511**	**0**	**42,488**

Statement of Cash Flows for the Year ended 31st March 2015

	NOTE	2014-15 £000s	2013-14 £000s
Cash Flows from Operating Activities			
Operating surplus/(deficit)		**15,877**	16,635
Depreciation and amortisation		**9,226**	9,499
Impairments and reversals		**(1,918)**	0
Donated Assets received credited to revenue but non-cash		**(90)**	(395)
Interest paid		**(15,966)**	(15,061)
Dividend (paid)/refunded		**(836)**	(761)
(Increase)/Decrease in Inventories		**(343)**	(447)
(Increase)/Decrease in Trade and Other Receivables		**(3,645)**	(707)
Increase/(Decrease) in Trade and Other Payables		**430**	4,263
Provisions utilised		**(468)**	(603)
Increase/(Decrease) in movement in non cash provisions		**200**	735
Net Cash Inflow/(Outflow) from Operating Activities		**2,467**	13,158
Cash Flows from Investing Activities			
Interest Received		**70**	60
(Payments) for Property, Plant and Equipment		**(2,901)**	(3,291)
(Payments) for Intangible Assets		**(942)**	(676)
Proceeds of disposal of assets held for sale (PPE)		**21**	2
Net Cash Inflow/(Outflow) from Investing Activities		**(3,752)**	(3,905)
Net Cash Inflow / (Outflow) before Financing		**(1,285)**	9,253
Cash Flows from Financing Activities			
Gross Temporary and Permanent PDC Received		**1,614**	206
Gross Temporary and Permanent PDC Repaid		**0**	(4)
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(6,101)**	(4,321)
Capital grants and other capital receipts (excluding donated / government granted cash receipts)		**90**	395
Net Cash Inflow/(Outflow) from Financing Activities		**(4,397)**	(3,724)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(5,682)**	5,529
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**13,470**	7,941
Cash and Cash Equivalents (and Bank Overdraft) at year end	24	**7,788**	13,470

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 2014-15 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.

For transfers of assets and liabilities from those NHS bodies that closed on 1 April 2013, Treasury agreed that a modified absorption approach should be applied. For these transactions and only in the prior-period, gains and losses are recognised in reserves rather than the SOCI.

1.4. Charitable Funds

Under the provisions of IFRS10, Consolidated 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

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.

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set. AME budgets are set by the Treasury and may be reviewed with Departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean Departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

1.12. 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

The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

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.

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

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

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

Other assets contributed by the Trust to the operator

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

1.17. 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 (2014) 09 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 Treasury FReM does not require the following Standards and Interpretations to be applied in 2014-15. The application of the Standards as revised would not have a material impact on the accounts for 2014-15, were they applied in that year:

IFRS 9 Financial Instruments - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IFRS 15 Revenue from Contracts with Customers

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 2014/15 was £301.674m of which 84% related to patient care activities for which clinical commissioning groups provided 91% 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

	2014-15 £000s	2013-14 £000s
NHS England	**14,771**	14,507
Clinical Commissioning Groups	**230,147**	221,670
Foundation Trusts	**238**	119
Non-NHS:		
Local Authorities	**2,926**	2,828
Private patients	**309**	208
Overseas patients (non-reciprocal)	**10**	19
Injury costs recovery*	**1,363**	1,363
Other**	**2,486**	3,259
Total Revenue from patient care activities	**252,250**	243,973

* Injury cost recovery income is subject to a provision for impairment of receivables of 18.9% to reflect expected rates of collection.

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

5. Other operating revenue

	2014-15 £000s	2013-14 £000s
Education, training and research	**10,553**	9,808
Charitable and other contributions to revenue expenditure -non- NHS	**0**	1
Receipt of donations for capital acquisitions - Charity	**90**	444
Non-patient care services to other bodies	**18,285**	14,230
Income generation	**2,264**	1,923
Other revenue*	**18,232**	18,069
Total Other Operating Revenue	**49,424**	44,475
Total operating revenue	**301,674**	288,448

* The principal item here is income relating to the Trust's PFI development (£13.4m) received from the Departmental of Health mainly via NHS England

6. Overseas Visitors

	2014-15 £000	2013-14 £000s
Income recognised during 2014-15 (invoiced amounts and accruals)	**10**	19
Cash payments received in-year (re receivables at 31 March 2014)	**8**	3
Cash payments received in-year (in respect of invoices issued 2014-15)	**2**	14
Amounts added to provision for impairment of receivables (re receivables at 31 March 2014)	**0**	3
Amounts added to provision for impairment of receivables (in respect of invoices issued 2014-15)	**6**	7
Amounts written off in-year (irrespective of year of recognition)	**0**	1

7. Operating expenses

	2014-15	2013-14 (Restated***)	2013-14 (Original)
	£000s	£000s	£000s
Services from other NHS Trusts	**1,238**	1,202	1,202
Services from CCGs/NHS England	**107**	91	91
Services from other NHS bodies	**0**	112	112
Services from NHS Foundation Trusts	**4,538**	6,184	6,184
Total Services from NHS bodies*	**5,883**	7,589	7,589
Purchase of healthcare from non-NHS bodies	**1,849**	1,773	1,773
Trust Chair and Non-executive Directors	**55**	58	58
Supplies and services - clinical	**39,289**	34,333	34,346
Supplies and services - general	**1,836**	1,642	1,734
Consultancy services	**124**	216	216
Establishment	**3,642**	4,044	4,051
Transport	**201**	183	316
Service charges - ON-SOFP PFIs and other service concession arrangements	**22,974**	25,567	
Business rates paid to local authorities	**1,733**	1,964	
Premises	**9,017**	8,609	10,584
Hospitality	**113**	114	115
Insurance	**235**	221	221
Legal Fees	**131**	95	95
Impairments and Reversals of Receivables	**41**	96	96
Depreciation	**8,724**	9,146	9,146
Amortisation	**502**	353	353
Impairments and reversals of property, plant and equipment	**(1,918)**	0	0
Audit fees	**67**	84	84
Other auditor's remuneration**	**14**	5	5
Clinical negligence	**4,573**	4,614	4,614
Education and Training	**514**	415	416
Change in Discount Rate	**251**	251	251
Other	**4,042**	2,810	28,119
Total Operating expenses (excluding employee benefits)	**103,892**	104,182	104,182
Employee Benefits			
Employee benefits excluding Board members	**180,985**	166,753	166,753
Board members	**920**	878	878
Total Employee Benefits	**181,905**	167,631	167,631
Total Operating Expenses	**285,797**	271,813	271,813

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

** Relates to work undertaken by Grant Thornton's consultancy arm regerading cost improvements.

*** Some lines restated due to new analysis required in 2014-15.

8 Operating Leases

8.1 Trust as lessee

	Land	Other	2014-15 Total	2013-14
	£000s	£000s	£000s	£000s
Payments recognised as an expense				
Minimum lease payments			**102**	49
Total			**102**	49
Payable:				
No later than one year	3	50	**53**	73
Between one and five years	0	0	**0**	50
Total	**3**	**50**	**53**	123

8.2 Trust as lessor

The Trust has no leases where it is the lessor.

9 Employee benefits and staff numbers

9.1 Employee benefits

2014-15	Total	Permanently employed	Other
	£000s	£000s	£000s
Employee Benefits - Gross Expenditure			
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 employee benefits	**182,023**	**166,940**	**15,083**
Employee costs capitalised	**118**	22	96
Gross Employee Benefits excluding capitalised costs	**181,905**	**166,918**	**14,987**

Employee Benefits - Gross Expenditure 2013-14	Total	Permanently employed	Other
	£000s	£000s	£000s
Salaries and wages	142,974	130,984	11,990
Social security costs	10,061	9,579	482
Employer Contributions to NHS BSA - Pensions Division	14,596	13,896	700
TOTAL - including capitalised costs	167,631	154,459	13,172
Employee costs capitalised	0	0	0
Gross Employee Benefits excluding capitalised costs	167,631	154,459	13,172

9.2 Staff Numbers

	2014-15			2013-14
	Total	**Permanently employed**	**Other**	Total
	Number	**Number**	**Number**	Number
Average Staff Numbers				
Medical and dental	**540**	492	48	510
Administration and estates	**916**	860	56	877
Healthcare assistants and other support staff	**74**	74	0	73
Nursing, midwifery and health visiting staff	**2,063**	1,908	155	1,979
Scientific, therapeutic and technical staff	**592**	582	10	461
Social Care Staff	**3**	3	0	3
TOTAL	**4,188**	**3,919**	**269**	3,902
Of the above - staff engaged on capital projects	**2**	1	1	0

9.3 Staff Sickness absence and ill health retirements

	2014-15	2013-14
	Number	Number
Total Days Lost	34,398	31,609
Total Staff Years	4,109	4,032
Average working Days Lost	8	8

The above figures, provided by the Department of Health, are estimates based on data from calendar years (eg. 2014 provides the basis for 2014/15). 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.

	2014-15	2013-14
	Number	Number
Number of persons retired early on ill health grounds	**3**	9
	£000s	£000s
Total additional pensions liabilities accrued in the year	**301**	624

9.4 Exit Packages agreed in 2014-15

	2014-15		2013-14	
Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Total number of exit packages by cost band**	*Number of compulsory redundancies	Total number of exit packages by cost band
	Number	**Number**	Number	Number
£50,001-£100,000	0	0	1	1
Total number of exit packages by type (total cost)	**0**	**0**	1	1
Total resource cost (£s)	**0**	**0**	61,212	61,212

There are no exit packages to report in 2014-15. Redundancy* costs in 2013-14 were paid in accordance with NHS terms and conditions.

9.5. Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. 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 the scheme liability as at 31 March 2015, is based on valuation data as 31 March 2014, updated to 31 March 2015 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

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

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

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 60 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

	2014-15 Number	**2014-15 £000s**	2013-14 Number	2013-14 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**39,942**	**126,112**	42,851	119,545
Total Non-NHS Trade Invoices Paid Within Target	**37,847**	**121,598**	41,084	115,297
Percentage of NHS Trade Invoices Paid Within Target	**95%**	**96%**	96%	96%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**2,503**	**14,322**	1,991	18,036
Total NHS Trade Invoices Paid Within Target	**2,382**	**13,989**	1,903	17,370
Percentage of NHS Trade Invoices Paid Within Target	**95%**	**98%**	96%	96%

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

	2014-15 £000s	2013-14 £000s
Amounts included in finance costs from claims made under this legislation	**0**	1
Total	**0**	1

11. Investment Revenue

	2014-15 £000s	2013-14 £000s
Interest revenue		
Bank interest	**71**	58
Total investment revenue	**71**	58

12. Other Gains and Losses

	2014-15 £000s	2013-14 £000s
Gain/(Loss) on disposal of assets (PPE)	**21**	2
Total	**21**	2

13. Finance Costs

	2014-15 £000s	2013-14 £000s
Interest		
Interest on obligations under finance leases	**27**	38
Interest on obligations under PFI contracts:		
- main finance cost	**9,661**	9,807
- contingent finance cost	**6,278**	5,215
Interest on late payment of commercial debt	**0**	1
Total interest expense	**15,966**	15,061
Provisions - unwinding of discount	**47**	58
Total	**16,013**	15,119

14.1. Property, plant and equipment

2014-15	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
Cost or valuation:							
At 1 April 2014	**11,777**	**290,794**	**40,054**	**86**	**13,971**	**6,208**	**362,890**
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	0	0	36	0	0	0	**36**
Disposals other than for sale	0	0	(763)	(10)	(6,753)	0	**(7,526)**
Upward revaluation/positive indexation	0	3,381	0	0	0	0	**3,381**
Impairments/negative indexation	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)**
Reversal of Impairments	0	(1,918)	0	0	0	0	**(1,918)**
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**

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 2014	5,955	7,121	378	2	0	55	**13,511**
Movements*	0	2,463	(5)	0	0	0	**2,458**
At 31 March 2015	**5,955**	**9,584**	**373**	**2**	**0**	**55**	**15,969**

*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

2013-14	Land	Buildings excluding dwellings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation:							
At 1 April 2013	11,777	290,510	39,353	86	13,236	6,208	**361,170**
Transfers under Modified Absorption Accounting - PCTs & SHAs	0	0	15	0	0	0	**15**
Additions Purchased	0	284	2,328	0	516	0	**3,128**
Additions - Non Cash Donations (i.e. Physical Assets)	0	0	74	0	0	0	**74**
Additions - Purchases from Cash Donations & Government Grants	0	0	29	0	0	0	**29**
Additions Leased	0	0	0	0	219	0	**219**
Disposals other than for sale	0	0	(1,745)	0	0	0	**(1,745)**
At 31 March 2014	**11,777**	**290,794**	**40,054**	**86**	**13,971**	**6,208**	**362,890**
Depreciation							
At 1 April 2013	0	0	24,660	77	10,532	4,139	**39,408**
Disposals other than for sale	0	0	(1,745)	0	0	0	**(1,745)**
Charged During the Year	0	3,784	3,597	4	1,382	379	**9,146**
At 31 March 2014	**0**	**3,784**	**26,512**	**81**	**11,914**	**4,518**	**46,809**
Net Book Value at 31 March 2014	11,777	287,010	13,542	5	2,057	1,690	**316,081**
Asset financing:							
Owned - Purchased	11,777	19,282	9,082	5	1,856	1,690	**43,692**
Owned - Donated	0	0	663	0	4	0	**667**
Held on finance lease	0	0	217	0	197	0	**414**
On-SOFP PFI contracts	0	267,728	3,580	0	0	0	**271,308**
Total at 31 March 2014	**11,777**	**287,010**	**13,542**	**5**	**2,057**	**1,690**	**316,081**

14.3. Property, plant and equipment (contd)

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 2015 the range of asset lives for these assets fell between 11 years and 78 years.

Assets at a cost of £90,000 were donated by other non-NHS organisations or financed by donations to the Trust's charitable fund.

In 2014/15 the Trust revalued its land and building assets on a modern equivalent asset basis as at 31 March 2015. The revaluation was done by a professionally qualified valuer (FRICS) of the firm DTZ (Debenham Tie Leung).

15.1 Intangible non-current assets

2014-15	IT - in-house & 3rd party software	Computer Licenses	Total
	£000's	£000's	£000's
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	**3,894**	**668**	**4,562**
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	**1,577**	**337**	**1,914**
Net Book Value at 31 March 2015	**2,317**	**331**	**2,648**
Asset Financing: Net book value at 31 March 2015 comprises:			
Purchased	2,040	331	**2,371**
Donated	277	0	**277**
Total at 31 March 2015	**2,317**	**331**	**2,648**

Revaluation reserve balance for intangible non-current assets were all zero (last year also zero).

15.2. Intangible non-current assets prior year 2013-14

	IT - in-house & 3rd party software	Computer Licenses	Total
	£000s	£000s	£000s
Cost or valuation:			
At 1 April 2013	0	4,100	4,100
Transfers under Modified Absorption Accounting - PCTs & SHAs	95	0	95
Additions - purchased	406	60	466
Additions - donated	341	0	341
Reclassifications	3,473	(3,473)	0
At 31 March 2014	4,315	687	5,002
Amortisation			
At 1 April 2013	0	3,224	3,224
Reclassifications	2,747	(2,747)	0
Charged during the year	283	70	353
At 31 March 2014	3,030	547	3,577
Net book value at 31 March 2014	1,285	140	1,425
Net book value at 31 March 2014 comprises:			
Purchased	938	140	1,078
Donated	347	0	347
Total at 31 March 2014	1,285	140	1,425

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 2014-15

	2014-15
	Total
	£000s
Property, Plant and Equipment impairments and reversals taken to SoCI	
Changes in market price	(1,918)
Total charged to Annually Managed Expenditure	**(1,918)**

The above impairments arose as a result of a formal revaluation of the Trust's land and buildings in 2014-15. (See note 14.1). There were no impairment charges recognised in the prior year.

17. Investment property

The Trust had no investment property as at 31 March 2015 (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 2015	31 March 2014
	£000s	£000s
Property, plant and equipment	**119**	0
Total	**119**	0

18.2. Other financial commitments

The Trust has no other financial commitments as at 31 March 2015 (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	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**
prior period:				
Balances with Other Central Government Bodies	1,826	0	6,177	0
Balances with Local Authorities	474	0	13	0
Balances with NHS bodies outside the Departmental Group	62	0	0	0
Balances with NHS Trusts and FTs	2,950	0	1,471	0
Balances with Public Corporations and Trading Funds	0	0	2	0
Balances with Bodies External to Government	4,995	1,184	23,935	267,756
At 31 March 2014	**10,307**	**1,184**	**31,598**	**267,756**

For the purposes of the above disclosure, "payables" now 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 2014	**1,083**	**1,570**	**116**	**2,769**	0
Additions	15,241	16,037	890	**32,168**	0
Inventories recognised as an expense in the period	(15,180)	(15,719)	(926)	**(31,825)**	0
Balance at 31 March 2015	**1,144**	**1,888**	**80**	**3,112**	**0**

None of the above values are held at NRV

21.1 Trade and other receivables

	Current		Non-current	
	31 March 2015	31 March 2014	**31 March 2015**	31 March 2014
	£000s	£000s	**£000s**	£000s
NHS receivables - revenue	**7,054**	4,007	**0**	0
NHS prepayments and accrued income	**1,315**	40	**0**	0
Non-NHS receivables - revenue	**1,831**	1,668	**0**	0
Non-NHS prepayments and accrued income	**2,722**	2,920	**0**	0
PDC Dividend prepaid to Department of Health*	**173**	27		
Provision for the impairment of receivables	**(433)**	(422)	**(290)**	(264)
VAT	**376**	161	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**111**	0	**0**	111
Interest receivables	**4**	3	**0**	0
Other receivables	**1,117**	1,903	**1,303**	1,337
Total	**14,270**	10,307	**1,013**	1,184
Total current and non current	**15,283**	11,491		

* New analysis line in 2014-15. The prior year figure was included under other receivables, hence figures restated.

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

The great 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 2015	31 March 2014
	£000s	£000s
By up to three months	**542**	549
By three to six months	**0**	619
By more than six months	**0**	0
Total	**542**	1,168

21.3. Provision for impairment of receivables*

	2014-15 £000s	2013-14 £000s
Balance at 1 April 2014	**(686)**	**(593)**
Amount written off during the year	4	3
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	(41)	(96)
Balance at 31 March 2015	**(723)**	**(686)**

** 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 2015 (prior year also nil).

23. Other current assets

The Trust had no other current assets as at 31 March 2015 (prior year also nil).

24. Cash and Cash Equivalents

	31 March 2015 £000s	31 March 2014 £000s
Opening balance	**13,470**	**7,941**
Net change in year	(5,682)	5,529
Closing balance	**7,788**	**13,470**
Made up of		
Cash with Government Banking Service	7,754	13,434
Commercial banks	10	10
Cash in hand	24	26
Liquid deposits with NLF	0	0
Current investments	0	0
Cash and cash equivalents as in statement of financial position	**7,788**	**13,470**
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	**7,788**	**13,470**
Patients' money held by the Trust, 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 2015 (prior year also nil).

26. Trade and other payables

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	**31 March 2015 £000s**	31 March 2014 £000s
NHS payables - revenue	**1,898**	680	**0**	0
NHS accruals and deferred income	**1,107**	1,030	**0**	0
Non-NHS payables - revenue	**2,733**	1,837	**0**	0
Non-NHS payables - capital	**1,228**	346	**32**	0
Non-NHS accruals and deferred income	**15,619**	15,572	**41**	0
Social security costs	**1,713**	2,831		
Tax	**2,438**	3,107		
Other*	**84**	100	**0**	0
Total	**26,820**	25,503	**73**	0
Total payables (current and non-current)	**26,893**	**25,503**		
Included above*:				
-outstanding Pension Contributions at the year end	**27**	0		

27. Other liabilities

The Trust has no other liabilities as at 31 March 2015 (prior year also nil).

28. Borrowings

	Current		Non-current	
	31 March 2015	31 March 2014	**31 March 2015**	31 March 2014
	£000s	£000s	**£000s**	£000s
PFI liabilities:				
Main liability	**6,831**	5,893	**260,728**	267,559
Lifecycle replacement received in advance	**67**	0	**0**	0
Finance lease liabilities	**93**	202	**134**	197
Total	**6,991**	**6,095**	**260,862**	**267,756**
Total other liabilities (current and non-current)	**267,853**	**273,851**		

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 2015**		
	DH	**Other**	**Total**
	£000s	**£000s**	**£000s**
0-1 Years	0	6,991	**6,991**
1 - 2 Years	0	6,307	**6,307**
2 - 5 Years	0	19,711	**19,711**
Over 5 Years	0	234,844	**234,844**
TOTAL	**0**	**267,853**	**267,853**

29. Other financial liabilities

The Trust has no other financial liabilities as at 31 March 2015 (prior year also nil).

30. Deferred revenue

	Current		Non-current	
	31 March 2015	31 March 2014	**31 March 2015**	31 March 2014
	£000s	£000s	**£000s**	£000s
Opening balance at 1 April 2014	**843**	409	**0**	0
Deferred revenue addition	**896**	843	**42**	0
Transfer of deferred revenue	**(843)**	(409)	**(1)**	0
Current deferred Income at 31 March 2015	**896**	843	**41**	0
Total deferred income (current and non-current)	**937**	843		

31. Finance lease obligations as lessee

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

Amounts payable under finance leases	**Minimum lease payments**		**Present value of minimum lease payments**	
	31 March 2015	**31 March 2014**	**31 March 2015**	**31 March 2014**
	£000s	**£000s**	**£000s**	**£000s**
Within one year	**105**	227	**93**	202
Between one and five years	**147**	218	**134**	197
After five years	**0**	0	**0**	0
Less future finance charges	(25)	(46)		
Minimum Lease Payments / Present value of minimum lease payments	**227**	399	**227**	399
Included in:				
Current borrowings			**93**	202
Non-current borrowings			**134**	197
			227	399

	31 March 2015	31 March 2014
Finance leases as lessee	**£000s**	£000s
Future Sublease Payments Expected to be received	0	0
Contingent Rents Recognised as an Expense	0	0

32. Finance lease receivables as lessor

The Trust has no finance lease receivables as at 31 March 2015 (prior year also nil).

33. Provisions

		Comprising:		
	Total	Early Departure Costs	Legal Claims	Other*
	£000s	£000s	£000s	£000s
Balance at 1 April 2014	**3,394**	1,055	425	1,914
Arising during the year	**203**	3	189	11
Utilised during the year	**(468)**	(76)	(119)	(273)
Reversed unused	**(254)**	(55)	(158)	(41)
Unwinding of discount	**47**	18	0	29
Change in discount rate	**251**	97	0	154
Balance at 31 March 2015	**3,173**	**1,042**	**337**	**1,794**
Expected Timing of Cash Flows:**				
No Later than One Year	**521**	75	337	109
Later than One Year and not later than Five Years	**715**	292	0	423
Later than Five Years	**1,937**	675	0	1,262
Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:				
As at 31 March 2015	42,471			
As at 31 March 2014	32,981			

*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 2015	31 March 2014
	£000s	£000s
Contingent liabilities		
NHS Litigation Authority legal claims	**(59)**	(33)
Other*	**(44)**	(173)
Net value of contingent liabilities	**(103)**	(206)

* Legal claims dealt with locally

The Trust had no contingent assets as at 31 March 2015 (prior year also nil).

35. PFI - additional information

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

	2014-15	2013-14
Charges to operating expenditure and future commitments in respect of on SOFP PFI	**£000s**	£000s
Service element of on SOFP PFI charged to operating expenses in year	**22,974**	25,567
Total	**22,974**	25,567
Payments committed to in respect of the service element of on SOFP PFI		
No Later than One Year	**23,426**	24,245
Later than One Year, No Later than Five Years	**94,922**	90,808
Later than Five Years	**688,159**	678,020
Total	**806,507**	793,073

Imputed "finance lease" obligations for on SOFP PFI contracts due	**2014-15**	2013-14
	£000s	£000s
No Later than One Year	**23,180**	21,832
Later than One Year, No Later than Five Years	**88,187**	86,075
Later than Five Years	**536,693**	551,629
Subtotal	**648,060**	659,536
Less: Interest Element	**(380,501)**	(386,084)
Total	**267,559**	273,452

Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due	**2014-15**	2013-14
Analysed by when PFI payments are due	**£000s**	£000s
No Later than One Year	**6,831**	5,893
Later than One Year, No Later than Five Years	**25,884**	24,574
Later than Five Years	**234,844**	242,985
Total	**267,559**	273,452

Please note that the future commitment figures above exclude inflation that may impact on the figures from 2016-17 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

	2014-15	2013-14
	£000s	£000s
The information below is required by the Department of Heath for budget reconciliation purposes		
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI)		
Depreciation charges	**4,476**	4,422
Interest Expense	**15,939**	15,022
Impairment charge - AME	**(1,708)**	0
Impairment charge - DEL	**0**	0
Other Expenditure	**22,973**	25,567
Revenue Receivable from subleasing	**0**	0
Impact on PDC dividend payable	**39**	(84)
Total IFRS Expenditure (IFRIC12)	**41,719**	**44,927**
Revenue consequences of PFI schemes under UK GAAP / ESA95 (net of any sublease revenue)	**(43,899)**	(44,270)
Net IFRS change (IFRIC12)	**(2,180)**	**657**
Capital Consequences of IFRS : PFI and other items under IFRIC12		
Capital expenditure 2014-15	**679**	890
UK GAAP capital expenditure 2014-15 (Reversionary Interest)	**2,257**	2,180

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 2015 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred mainly 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	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**
Receivables - NHS	4,007	4,007
Receivables - non-NHS	1,668	1,668
Cash at bank and in hand	13,470	13,470
Total at 31 March 2014	19,145	19,145

37.3. Financial Liabilities

	Other £000s	Total £000s
NHS payables	1,898	**1,898**
Non-NHS payables	3,961	**3,961**
PFI & finance lease obligations	267,853	**267,853**
Total at 31 March 2015	**273,712**	**273,712**
NHS payables	680	680
Non-NHS payables	2,183	2,183
PFI & finance lease obligations	273,851	273,851
Total at 31 March 2014	276,714	276,714

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:

St Helens CCG
Knowsley CCG
Halton CCG
Liverpool CCG
NHS England
NHS Litigation Authority
NHS Business Services Authority
Various other CCGs, NHS trusts and NHS foundation trusts.

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 2014-15 and their total value was as follows:	Total Value of Cases	Total Number of Cases
	£s	
Losses	7,011	105
Special payments	131,360	63
Total losses and special payments	138,371	168

The total number of losses cases in 2013-14 and their total value was as follows:	Total Value of Cases	Total Number of Cases
	£s	
Losses	5,642	119
Special payments	260,760	95
Total losses and special payments	266,402	214

There were no cases exceeding £250,000 in 2014-15 (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

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Turnover	190,323	197,085	268,405	214,116	236,411	252,944	263,864	278,572	288,448	**301,674**
Retained surplus/(deficit) for the year	106	257	219	(22,687)	(44,653)	(25,613)	(25,456)	10,691	816	**(734)**
Adjustment for:										
Timing/non-cash impacting distortions:										
Pre FDL(97)24 agreements	0	0	0	0	0	0	0	0	0	**0**
2006/07 PPA (relating to 1997/98 to 2005/06)	0									
2007/08 PPA (relating to 1997/98 to 2006/07)	0	0								
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	0							
Adjustments for impairments				22,904	37,155	21,939	25,017	(9,427)	0	**(1,918)**
Adjustments for impact of policy change re donated/government grants assets							40	(564)	(323)	**101**
Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12*					7,723	3,970	704	0	657	**0**
Absorption accounting adjustment								0	0	**0**
Other agreed adjustments	0	0	0	0	0	0	0	**0**	0	**0**
Break-even in-year position	**106**	**257**	**219**	**217**	**225**	**296**	**305**	**700**	**1,150**	**(2,551)**
Break-even cumulative position	**2,114**	**2,371**	**2,590**	**2,807**	**3,032**	**3,328**	**3,633**	**4,333**	**5,483**	**2,932**

*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.

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	%	%	%	%	%	%	%	%	%	%
Materiality test (I.e. is it equal to or less than 0.5%):										
Break-even in-year position as a percentage of turnover	0.06	0.13	0.08	0.10	0.10	0.12	0.12	0.25	0.40	**-0.85**
Break-even cumulative position as a percentage of turnover	1.11	1.20	0.96	1.31	1.28	1.32	1.38	1.56	1.90	**0.97**

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

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 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.

	2014-15	2013-14
	£000s	£000s
External financing limit (EFL)	**1,909**	(7,842)
Cash flow financing	**1,285**	(9,253)
Unwinding of Discount Adjustment		58
Finance leases taken out in the year	**36**	219
Other capital receipts	**(90)**	(395)
External financing requirement	**1,231**	(9,371)
Under/(over) spend against EFL	**678**	1,529

41.4 Capital resource limit

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

	2014-15	2013-14
	£000s	£000s
Gross capital expenditure	**4,906**	4,257
Less: donations towards the acquisition of non-current assets	**(90)**	(444)
Charge against the capital resource limit	**4,816**	3,813
Capital resource limit	**5,888**	4,311
Underspend against the capital resource limit	**1,072**	498

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 2015	31 March 2014
	£000s	£000s
Third party assets held by the Trust	**11**	11

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