
Data entered below will be used throughout the workbook:

Trust name	The Shrewsbury and Telford Hospital NHS Trust
This year	2014-15
Last year	2013-14
This year ended	31 March 2015
Last year ended	31 March 2014
This year commencing:	1 April 2014
Last year commencing:	1 April 2013

Accounts 2014-15

**Statement of Comprehensive Income for year ended
31 March 2015**

	NOTE	2014-15 £000s	2013-14 £000s
Gross employee benefits	10.1	(216,882)	(208,288)
Other operating costs	8	(114,355)	(103,133)
Revenue from patient care activities	5	295,696	291,954
Other operating revenue	6	21,098	22,152
Operating surplus/(deficit)		(14,443)	2,685
Investment revenue	12	25	25
Other gains and (losses)	13	(47)	(2)
Finance costs	14	(28)	(20)
Surplus/(deficit) for the financial year		(14,493)	2,688
Public dividend capital dividends payable		(6,140)	(5,594)
Retained deficit for the year		(20,633)	(2,906)

Other Comprehensive Income

	2014-15 £000s	2013-14 £000s
Impairments and reversals taken to the revaluation reserve	(9,767)	(140)
Net gain on revaluation of property, plant & equipment	10,884	6,780
Total comprehensive income for the year	(19,516)	3,734

Financial performance for the year

Retained deficit for the year	(20,633)	(2,906)
Impairments	8,363	3,170
Adjustments in respect of donated asset reserve elimination	140	(199)
Adjusted retained surplus/(deficit)	(12,130)	65

A Trust's Reported NHS financial performance position is derived from its retained surplus/(deficit) and adjusted for the following:-

Impairments to Fixed Assets - an impairment charge is not considered part of the organisation's operating position.

Adjustments relating to donated asset reserves which have now been eliminated.

PDC dividends have been overpaid or underpaid in aggregate, the amounts due to or from the Trust are:

PDC dividend: balance receivable at 31 March 2015	<u>63</u>	
PDC dividend: balance receivable at 1 April 2014		<u>68</u>

The notes on pages 6 to 43 form part of this account.

**Statement of Financial Position as at
31 March 2015**

		31 March 2015	31 March 2014
	NOTE	£000s	£000s
Non-current assets:			
Property, plant and equipment	15	195,955	198,173
Intangible assets	16	1,685	1,232
Investment property	18	0	0
Other financial assets		0	0
Trade and other receivables	22.1	1,281	1,384
Total non-current assets		198,921	200,789
Current assets:			
Inventories	21	7,241	6,470
Trade and other receivables	22.1	15,147	12,010
Other financial assets	24	0	0
Other current assets	25	0	0
Cash and cash equivalents	26	1,001	2,200
Sub-total current assets		23,389	20,680
Non-current assets held for sale	27	0	0
Total current assets		23,389	20,680
Total assets		222,310	221,469
Current liabilities			
Trade and other payables	28	(23,175)	(27,477)
Other liabilities	29	0	0
Provisions	35	(570)	(634)
Borrowings	30	0	0
Other financial liabilities	31	0	0
Total current liabilities		(23,745)	(28,111)
Net current assets/(liabilities)		(356)	(7,431)
Total assets less current liabilities		198,565	193,358
Non-current liabilities			
Trade and other payables	28	0	0
Other liabilities	31	0	0
Provisions	35	(265)	(347)
Borrowings	30	0	0
Other financial liabilities	31	0	0
Total non-current liabilities		(265)	(347)
Total assets employed:		198,300	193,011
FINANCED BY:			
Public Dividend Capital		199,606	174,801
Retained earnings		(51,025)	(30,392)
Revaluation reserve		49,719	48,602
Total Taxpayers' Equity:		198,300	193,011

The notes on pages 6 to 43 form part of this account.

The financial statements on pages 2 to 5 were approved by the Board on 4 June 2015 and signed on its behalf by

Chief Executive:

Date:

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

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Total reserves £000s
Balance at 1 April 2014	174,801	(30,392)	48,602	193,011
Changes in taxpayers' equity for 2014-15				
Retained deficit for the year		(20,633)		(20,633)
Net gain / (loss) on revaluation of property, plant, equipment			10,884	10,884
Net gain / (loss) on revaluation of intangible assets			0	0
Net gain / (loss) on revaluation of financial assets			0	0
Net gain / (loss) on revaluation of available for sale financial assets			0	0
Impairments and reversals			(9,767)	(9,767)
Transfers between reserves		0	0	0
Reclassification Adjustments				
On disposal of available for sale financial assets			0	0
Reserves eliminated on dissolution		0	0	0
New temporary and permanent PDC received - cash	41,405			41,405
New temporary and permanent PDC repaid in year	(16,600)			(16,600)
Net recognised revenue/(expense) for the year	24,805	(20,633)	1,117	5,289
Balance at 31 March 2015	199,606	(51,025)	49,719	198,300

Balance at 1 April 2013	153,571	(27,486)	41,962	168,047
Changes in taxpayers' equity for the year ended 31 March 2014				
Retained deficit for the year		(2,906)		(2,906)
Net gain / (loss) on revaluation of property, plant, equipment			6,780	6,780
Net gain / (loss) on revaluation of intangible assets			0	0
Net gain / (loss) on revaluation of financial assets			0	0
Net gain / (loss) on revaluation of assets held for sale			0	0
Impairments and reversals			(140)	(140)
Other gains / (loss)				0
Transfers between reserves		0	0	0
Reclassification Adjustments				
On disposal of available for sale financial assets			0	0
Reserves eliminated on dissolution		0	0	0
New temporary and permanent PDC received - cash	28,730			28,730
New temporary and permanent PDC repaid in year	(7,500)			(7,500)
Net recognised revenue/(expense) for the year	21,230	(2,906)	6,640	24,964
Balance at 31 March 2014	174,801	(30,392)	48,602	193,011

Statement of Cash Flows for the Year ended 31 March 2015

	NOTE	2014-15 £000s	2013-14 £000s
Cash Flows from Operating Activities			
Operating surplus/(deficit)		(14,443)	2,685
Depreciation and amortisation	8	10,963	9,493
Impairments and reversals	8	8,363	3,170
Other gains/(losses) on foreign exchange		0	0
Donated Assets received credited to revenue but non-cash		0	0
Government Granted Assets received credited to revenue but non-cash		0	0
Interest paid		0	0
Dividend paid		(6,135)	(5,589)
Increase in Inventories		(771)	(729)
Increase in Trade and Other Receivables		(3,039)	(780)
(Increase)/Decrease in Other Current Assets		0	0
Decrease in Trade and Other Payables		(2,657)	(3,164)
(Increase)/Decrease in Other Current Liabilities		0	0
Provisions utilised	35	(531)	(415)
Increase in movement in non cash provisions	35	357	416
Net Cash Inflow/(Outflow) from Operating Activities		(7,893)	5,087
Cash Flows from Investing Activities			
Interest Received		25	25
Payments for Property, Plant and Equipment		(17,918)	(26,114)
Payments for Intangible Assets		(224)	(228)
Payments for Investments with DH		0	0
Payments for Other Financial Assets		0	0
Proceeds of disposal of assets held for sale (PPE)		6	0
Proceeds of disposal of assets held for sale (Intangible)		0	0
Proceeds from Disposal of Investment with DH		0	0
Proceeds from Disposal of Other Financial Assets		0	0
Rental Revenue		0	0
Net Cash Outflow from Investing Activities		(18,111)	(26,317)
Net Cash outflow before Financing		(26,004)	(21,230)
Cash Flows from Financing Activities			
Gross Temporary and Permanent PDC Received		41,405	28,730
Gross Temporary and Permanent PDC Repaid		(16,600)	(7,500)
Loans received from DH - New Capital Investment Loans		0	0
Loans received from DH - New Revenue Support Loans (previously known as Working Capital Loans)		0	0
Other Loans Received		0	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal		0	0
Loans repaid to DH - Working Capital Loans/Revenue Support Loans		0	0
Other Loans Repaid		0	0
Capital grants and other capital receipts		0	0
Net Cash Inflow from Financing Activities		24,805	21,230
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,199)	0
Cash and Cash Equivalents at Beginning of the Period	26	2,200	2,200
Effect of exchange rate changes in the balance of cash held in foreign currencies		0	0
Cash and Cash Equivalents at year end	26	1,001	2,200

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.

For the Financial Year 2014/15 the Trust has recorded a deficit of £12.13m, the recurrent nature of the financial position has led the Board to agree a deficit plan of £18.2m for the 2015/16 financial year. In so doing, the Directors have considered the impact of incurring a deficit in terms of cash flow and have included a requirement for additional cash borrowing of £18.2m in the annual NHS Trust Development Agency (NTDA) plan submission.

The Board of Directors has concluded that the Trust is able to demonstrate that it is a going concern on the following basis;

- The Department of Health and NHS Trust Development Agency will confirm to the Trust arrangements for accessing cash financing for organisations that have submitted a deficit plan for 2015/16. The NTDA's Accountability Framework sets out the process where an NHS Trust will be assisted to develop and agreement of a formal recovery plan to address deficit positions.
- The Trust has received a letter from the NTDA stating that it can confirm that it is reasonable for the Directors of The Shrewsbury and Telford Hospital NHS Trust to assume that the NHS Trust Development Authority will make sufficient cash financing available to the organisation over the next twelve month period such that the organisation is able to meet its current liabilities. On this basis they fully support the Trust's view that the NHS organisation Accounts are prepared on a Going Concern basis.
- Robust arrangements are in place for the delivery of cost improvement plans through Executive Director meetings.

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

The Trust had no transfers of assets and liabilities from those NHS bodies that closed on 1 April 2013.

1.4 Charitable Funds

For 2013-14, the divergence from the FReM that NHS Charitable Funds are not consolidated with NHS Trust's own returns is removed. Under the provisions of IFRS10 Consolidated Financial Statements, those Charitable Funds that fall under common control with NHS bodies should be consolidated within the entity's financial statements where material. The Trust considers transactions, assets and liabilities of the NHS Charity are immaterial in 2014-15 but this will be assessed annually depending on the NHS Trust's accounts as well as the NHS Charity's accounts.

1.5 Pooled Budgets

The Trust has no pooled budget arrangements.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.6 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.

1.6.1 Critical judgements in applying accounting policies

The management has had to make no critical judgements, apart from those involving estimations (see below) in the process of applying the Trust's accounting policies.

1.6.2 Key sources of estimation uncertainty

Key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the relevant accounting policy note.

1.7 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 are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay.

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

The NHS 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 NHS 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.

1.8 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.

Notes to the Accounts - 1. Accounting Policies (Continued)

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 NHS body commits itself to the retirement, regardless of the method of payment.

1.9 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.

1.10 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

Notes to the Accounts - 1. Accounting Policies (Continued)

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.

1.11 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.

Notes to the Accounts - 1. Accounting Policies (Continued)

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.

1.12 Depreciation, amortisation and impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives:

Freehold buildings - over estimated useful life not exceeding 88 years.

Leaseholds - over the primary lease term.

Furniture and fittings - 5 to 15 years.

Transport Equipment - 7 to 10 years.

IT equipment - 5 to 10 years.

Plant and machinery - 5 to 20 years.

Intangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives:

Software Licences - 5 years

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 NHS trust expects to obtain economic benefits or service potential from the asset. This is specific to the NHS 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 NHS 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.

1.13 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.

1.14 Government grants

The Trust does not hold any Government grants within this year or prior year.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.15 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.

1.16 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 NHS trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS 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.

1.17 Private Finance Initiative (PFI) transactions

The Trust has no PFI agreements.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.18 Inventories

Inventories are valued at the lower of cost and net realisable value using the replacement cost formula. This is considered to be a reasonable approximation to fair value.

1.19 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 NHS trust's cash management.

1.20 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 rate in real terms (1.3% for employee early departure obligations).

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.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.21 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 NHS trust'. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at note 35.

1.22 Non-clinical risk pooling

The NHS trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS 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.

1.23 Carbon Reduction Commitment Scheme (CRC)

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

1.24 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 NHS 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 NHS 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.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.25 Financial assets

Financial assets are recognised when the NHS 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 NHS 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 NHS 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.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.26 Financial liabilities

Financial liabilities are recognised on the statement of financial position when the NHS 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 NHS 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.

1.27 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.

1.28 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.

1.29 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 44 to the accounts.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.30 Public Dividend Capital (PDC) and PDC dividend

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

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

1.31 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 bodies not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.32 Subsidiaries

There are no material entities in which the Trust has the power to exercise control to obtain economic or other benefits.

The Trust will not be consolidating the results of the NHS Trust's Charity, over which it considers it has the power to exercise control in accordance with IAS27 requirements, due to materiality.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.33 Associates

There are no material entities in which the Trust has the power to exercise significant influence to obtain economic or other benefits.

1.34 Joint arrangements

There are no joint arrangements in which the Trust participates in with one or more other parties.

1.35 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 SOCNE/SOCI 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.

1.36 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. Pooled budget

The Trust has no pooled budget arrangements.

3. Operating segments

The Trust operates in one material segment which is the provision of healthcare services. The Trust, through the use of its Patient Level Costing system, provides Income and Expenditure positions for each of the Care Groups to reflect the Trust's management and internal reporting structure.

	Scheduled Care Group	Unscheduled Care Group	Womens & Childrens Care Group	TOTAL	Budget*	Variance	TOTAL
	2014-15 £000s	2014-15 £000s	2014-15 £000s	2014-15 £000s	2014-15 £000s	2014-15 £000s	2013-14 £000s
Income	154,557	109,620	52,617	316,794	316,706	88	310,106
Costs	149,961	108,279	53,671	311,911	311,943	(32)	298,758
Finance Costs	3,006	2,121	1,063	6,190	6,067	123	5,591
Depreciation and Amortisation	5,324	3,757	1,882	10,963	11,035	(72)	9,493
Impairments	4,061	2,866	1,436	8,363	7,194	1,169	3,170
Surplus/(Deficit)	(7,795)	(7,403)	(5,435)	(20,633)	(19,533)	(1,100)	(6,906)
Donated Assets Adjustment	68	48	24	140	139	1	(199)
NTDA Support	0	0	0	0	0	0	4,000
Impairments	4,061	2,866	1,436	8,363	7,194	1,169	3,170
Trust Surplus/(Deficit)	(3,666)	(4,489)	(3,975)	(12,130)	(12,200)	70	65

* The budget figures are based on the Trust's 2014/15 adjusted budget.

4. Income generation activities

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

5. Revenue from patient care activities	2014-15 £000s	2013-14 £000s
NHS Trusts	468	418
NHS England*	48,019	48,665
Clinical Commissioning Groups**	219,930	212,948
Foundation Trusts	533	570
NHS Other (including Public Health England and Prop Co)	173	60
Non-NHS:		
Local Authorities	83	0
Private patients	1,569	1,916
Overseas patients (non-reciprocal)	62	28
Injury costs recovery***	1,281	1,384
Other****	23,578	25,965
Total Revenue from patient care activities	295,696	291,954

* Includes £4m support in 2013-14.

** Includes £1m transitional support from Shropshire CCG in 2014-15.

*** Injury cost recovery income is subject to a provision for impairment of receivables of 18.9% (previously 15.8% to October 2014) to reflect expected rates of collection.

**** Non-NHS-Other includes income of £23.5m from Welsh bodies (2013-14: £25.7m).

6. Other operating revenue	2014-15 £000s	2013-14 £000s
Education, training and research	11,229	12,196
Receipt of donations for capital acquisitions	893	1,150
Non-patient care services to other bodies	2,402	2,635
Income generation	2,885	2,564
Other revenue	3,689	3,607
Total Other Operating Revenue	21,098	22,152
Total operating revenue	316,794	314,106

7. Overseas Visitors Disclosure	2014-15 £000	2013-14 £000s
Income recognised during 2014-15 (invoiced amounts and accruals)	62	28
Cash payments received in-year (re receivables at 31 March 2014)	7	7
Cash payments received in-year (iro invoices issued 2014-15)	26	29
Amounts added to provision for impairment of receivables (re receivables at 31 March 2014)	0	8
Amounts added to provision for impairment of receivables (iron invoices issued 2014-15)	22	0
Amounts written off in-year (irrespective of year of recognition)	1	4

8. Operating expenses	2014-15	2013-14
	£000s	£000s
Purchase of healthcare from non-NHS bodies	780	1,434
Trust Chair and Non-executive Directors	76	57
Supplies and services - clinical	59,178	53,871
Supplies and services - general	5,145	4,928
Consultancy services	572	333
Establishment	4,552	4,436
Transport	2,627	3,854
Business rates paid to local authorities	962	12,992
Premises	12,428	12,992
Hospitality	3	0
Insurance	90	49
Legal Fees	76	152
Impairments and Reversals of Receivables	457	407
Inventories write down	77	94
Depreciation	10,506	9,077
Amortisation	457	416
Impairments and reversals of property, plant and equipment	8,363	3,170
Audit fees	146	135
Clinical negligence	6,494	6,343
Education and Training	762	637
Other	604	748
Total Operating expenses (excluding employee benefits)	<u>114,355</u>	<u>103,133</u>
Employee Benefits		
Employee benefits excluding Board members	215,518	206,793
Board members	1,364	1,495
Total Employee Benefits	<u>216,882</u>	<u>208,288</u>
Total Operating Expenses	<u><u>331,237</u></u>	<u><u>311,421</u></u>

9 Operating Leases

The Trust has two operating leases relating to investments in replacing the boiler plants. The term of the lease at the Princess Royal Hospital is 14 years 6 months and commenced in July 2002. The term of the lease at the Royal Shrewsbury Hospital is 15 years and commenced 1 April 2007.

The Trust has a contract for computerised digital imaging and archiving service contracts within Radiology. The term of the contract, which covers the Royal Shrewsbury Hospital and the Princess Royal Hospital, is 7 years and commenced on 17 March 2012.

The Trust has a lease for printing services for both hospitals. The lease commenced 1 September 2009 for 5 years but has been extended for a further two years.

The Trust has two property leases for off site office accommodation and an off site sterile services facility with lease terms of 5 years (3 year break point) and 20 years respectively both commencing 1 April 2010. An extension to the lease for the off site office accommodation is currently being negotiated.

The Trust has entered into leases for the provision of staff and office accommodation facilities at the Royal Shrewsbury Hospital.

The Trust has several managed service contracts for the provision of services within the Pathology department.

The Trust also leases cars and adhoc medical equipment.

9.1 Trust as lessee	2014-15			2013-14 £000s
	Buildings £000s	Other £000s	Total £000s	
Payments recognised as an expense				
Minimum lease payments	664	4,675	5,339	4,224
Contingent rents	0	0	0	0
Sub-lease payments	0	0	0	0
Total	664	4,675	5,339	4,224
Payable:				
No later than one year	304	4,852	5,156	3,609
Between one and five years	1,047	10,637	11,684	10,004
After five years	3,377	2,284	5,661	7,130
Total	4,728	17,773	22,501	20,743

9.2 Trust as lessor

The Trust does not have any leasing arrangements where it acts as a lessor.

10 Employee benefits and staff numbers

10.1 Employee benefits

	Total £000s	Permanently employed £000s	Other £000s
Employee Benefits - Gross Expenditure 2014-15			
Salaries and wages	185,346	170,783	14,563
Social security costs	12,913	12,913	0
Employer Contributions to NHS BSA - Pensions Division	19,970	19,970	0
Other pension costs	0	0	0
Termination benefits	0	0	0
Total employee benefits	218,229	203,666	14,563
Employee costs capitalised	1,347	1,225	122
Gross Employee Benefits excluding capitalised costs	216,882	202,441	14,441

	Total £000s	Permanently employed £000s	Other £000s
Employee Benefits - Gross Expenditure 2013-14			
Salaries and wages	177,139	165,029	12,110
Social security costs	12,494	12,494	0
Employer Contributions to NHS BSA - Pensions Division	19,598	19,598	0
Other pension costs	0	0	0
Termination benefits	11	11	0
TOTAL - including capitalised costs	209,242	197,132	12,110
Employee costs capitalised	954	906	48
Gross Employee Benefits excluding capitalised costs	208,288	196,226	12,062

10.2 Staff Numbers

	Total Number	2014-15 Permanently employed Number	Other Number	2013-14 Total Number
Average Staff Numbers				
Medical and dental	611	552	59	585
Administration and estates	992	912	80	982
Healthcare assistants and other support staff	1,116	968	148	1,096
Nursing, midwifery and health visiting staff	1,555	1,405	150	1,497
Nursing, midwifery and health visiting learners	26	26	0	25
Scientific, therapeutic and technical staff	824	810	14	800
TOTAL	5,124	4,673	451	4,985
Of the above - staff engaged on capital projects	27	26	1	20

10.3 Staff Sickness absence and ill health retirements

	2014-15 Number	2013-14 Number
Total Days Lost	44,730	42,054
Total Staff Years	4,652	4,551
Average working Days Lost	9.62	9.24

These figures are calendar year figures (January - December) not financial year figures.

	2014-15 Number	2013-14 Number
Number of persons retired early on ill health grounds	6	5
Total additional pensions liabilities accrued in the year	£000s 179	£000s 490

10.4 Exit Packages agreed in 2014-15

Exit package cost band (including any special payment element)	2014-15			2013-14		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Less than £10,000	0	0	0	0	0	0
£10,000-£25,000	0	0	0	1	0	1
£25,001-£50,000	0	0	0	0	0	0
£50,001-£100,000	0	0	0	0	0	0
£100,001 - £150,000	0	1	1	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Total number of exit packages by type (total cost)	0	1	1	1	0	1
Total resource cost (£s)	0	102,566	102,566	10,629	0	10,629

This disclosure reports the number and value of exit packages agreed in the year. A provision was set up in the previous period to cover the costs of this departure (see note 35).

Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

10.5 Exit packages - Other Departures analysis

	2014-15		2013-14	
	Agreements	Total value of agreements	Agreements	Total value of agreements
	Number	£000s	Number	£000s
Voluntary redundancies including early retirement contractual costs	0	0	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	0	0	0	0
Exit payments following Employment Tribunals or court orders	1	103	0	0
Non-contractual payments requiring HMT approval	0	0	0	0
Total	1	103	0	0

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

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

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

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

11 Better Payment Practice Code

11.1 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	98,562	117,609	88,688	119,794
Total Non-NHS Trade Invoices Paid Within Target	45,856	68,944	37,251	78,739
Percentage of NHS Trade Invoices Paid Within Target	<u>46.53%</u>	<u>58.62%</u>	<u>42.00%</u>	<u>65.73%</u>
NHS Payables				
Total NHS Trade Invoices Paid in the Year	2,691	13,230	2,380	11,302
Total NHS Trade Invoices Paid Within Target	1,637	7,887	1,550	8,014
Percentage of NHS Trade Invoices Paid Within Target	<u>60.83%</u>	<u>59.61%</u>	<u>65.13%</u>	<u>70.91%</u>

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.

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

There were no amounts paid under this act during this year or the prior year.

12 Investment Revenue

	2014-15 £000s	2013-14 £000s
Interest revenue		
Bank interest	25	25
Total investment revenue	<u>25</u>	<u>25</u>

13 Other Gains and Losses

	2014-15 £000s	2013-14 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	(47)	(2)
Total	<u>(47)</u>	<u>(2)</u>

14 Finance Costs

	2014-15 £000s	2013-14 £000s
Provisions - unwinding of discount	28	20
Total	<u>28</u>	<u>20</u>

15.1 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
2014-15									
Cost or valuation:									
At 1 April 2014	26,693	111,096	2,269	34,166	41,940	408	11,063	5,218	232,853
Additions of Assets Under Construction				3,491					3,491
Additions Purchased	0	5,843	0		4,352	0	1,486	52	11,733
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0	0	0	0
Additions - Purchases from Cash Donations & Government Grants	0	166	0	0	724	0	3	0	893
Additions Leased	0	0	0		0	0	0	0	0
Reclassifications	374	30,978	2	(33,888)	1,749	0	228	28	(529)
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	(374)	(13,111)	(209)	0	(1,900)	0	0	0	(15,594)
Upward revaluation/positive indexation	551	10,283	50	0	0	0	0	0	10,884
Impairments/negative indexation	0	(8,596)	(1,171)	0	0	0	0	0	(9,767)
Reversal of Impairments	0	0	0	0	0	0	0	0	0
At 31 March 2015	27,244	136,659	941	3,769	46,865	408	12,780	5,298	233,964
Depreciation									
At 1 April 2014	0	468	0	0	23,458	154	7,780	2,820	34,680
Reclassifications	0	0	0		0	0	1	0	1
Reclassifications as Held for Sale and reversals	0	0	0		0	0	0	0	0
Disposals other than for sale	(374)	(13,111)	(209)		(1,847)	0	0	0	(15,541)
Upward revaluation/positive indexation	0	0	0		0	0	0	0	0
Impairments	374	8,930	146	0	184	0	0	0	9,634
Reversal of Impairments	0	(1,271)	0	0	0	0	0	0	(1,271)
Charged During the Year	0	5,588	63		3,428	35	1,034	358	10,506
At 31 March 2015	0	604	0	0	25,223	189	8,815	3,178	38,009
Net Book Value at 31 March 2015	27,244	136,055	941	3,769	21,642	219	3,965	2,120	195,955
Asset financing:									
Owned - Purchased	27,244	129,412	941	3,769	17,969	219	3,924	1,909	185,387
Owned - Donated	0	6,643	0	0	3,673	0	41	211	10,568
Owned - Government Granted	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
Total at 31 March 2015	27,244	136,055	941	3,769	21,642	219	3,965	2,120	195,955

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2014	10,178	35,493	1,679	0	1,252	0	0	0	48,602
In year movements	551	1,687	(1,121)	0	0	0	0	0	1,117
At 31 March 2015	10,729	37,180	558	0	1,252	0	0	0	49,719

Additions to Assets Under Construction in 2014-15

	£000's
Land	0
Buildings excl Dwellings	1,414
Dwellings	0
Plant & Machinery	2,077
Balance as at YTD	3,491

15.2 Property, plant and equipment prior-year

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
2013-14	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation:									
At 1 April 2013	26,640	109,857	2,714	12,993	37,068	408	9,718	5,092	204,490
Additions of Assets Under Construction				24,168					24,168
Additions Purchased	0	1,576	0		2,180	0	1,331	107	5,194
Additions - Non Cash Donations (i.e. Physical Assets)	0	0	0	0	0	0	0	0	0
Additions - Purchases from Cash Donations & Government Grants	0	0	0	0	1,136	0	14	0	1,150
Additions Leased	0	0	0		0	0	0	0	0
Reclassifications	0	1,137	(433)	(2,995)	2,272	0	0	19	0
Reclassifications as Held for Sale and Reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	(3,225)	0	0	(716)	0	0	0	(3,941)
Revaluation	53	1,891	(12)	0	0	0	0	0	1,932
Impairments/negative indexation charged to reserves	0	(140)	0	0	0	0	0	0	(140)
Reversal of Impairments charged to reserves	0	0	0	0	0	0	0	0	0
At 31 March 2014	26,693	111,096	2,269	34,166	41,940	408	11,063	5,218	232,853
Depreciation									
At 1 April 2013	0	302	0	0	21,474	119	6,880	2,445	31,220
Reclassifications	0	0	0		(19)	0	0	19	0
Reclassifications as Held for Sale and Reversals	0	0	0		0	0	0	0	0
Disposals other than for sale	0	(3,225)	0		(714)	0	0	0	(3,939)
Revaluation	0	(4,714)	(134)		0	0	0	0	(4,848)
Impairments/negative indexation charged to operating expenses	0	3,170	0	0	0	0	0	0	3,170
Reversal of Impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Charged During the Year	0	4,935	134		2,717	35	900	356	9,077
At 31 March 2014	0	468	0	0	23,458	154	7,780	2,820	34,680
Net Book Value at 31 March 2014	26,693	110,628	2,269	34,166	18,482	254	3,283	2,398	198,173
Asset financing:									
Owned - Purchased	26,693	104,051	2,269	34,166	14,820	254	3,214	2,152	187,619
Owned - Donated	0	6,577	0	0	3,662	0	69	246	10,554
Owned - Government Granted	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
Total at 31 March 2014	26,693	110,628	2,269	34,166	18,482	254	3,283	2,398	198,173

15.3 (cont). Property, plant and equipment

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives:

Freehold buildings - over estimated useful life not exceeding 88 years.

Leaseholds - over the primary lease term.

Furniture and fittings - 5 to 15 years.

Transport Equipment - 7 to 10 years.

IT equipment - 5 to 10 years.

Plant and machinery - 5 to 20 years.

The majority of donated assets have been donated by the Friends of the Royal Shrewsbury Hospital; Friends of The Princess Royal Hospital Telford; The Shrewsbury and Telford Hospital NHS Trust Charitable Funds and the Lingen Davies Cancer Relief Fund.

16.1 Intangible non-current assets

	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
2014-15	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2014	99	2,288	0	0	0	2,387
Additions Purchased	380	0	0	0	0	380
Additions Internally Generated	0	0	0	0	0	0
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0
Additions - Purchases from Cash Donations and Government Grants	0	0	0	0	0	0
Additions Leased	0	0	0	0	0	0
Reclassifications	2,774	(2,245)	0	0	0	529
Reclassified as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments charged to reserves	0	0	0	0	0	0
Reversal of impairments charged to reserves	0	0	0	0	0	0
At 31 March 2015	3,253	43	0	0	0	3,296
Amortisation						
At 1 April 2014	13	1,142	0	0	0	1,155
Reclassifications	1,123	(1,124)	0	0	0	(1)
Reclassified as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	448	9	0	0	0	457
At 31 March 2015	1,584	27	0	0	0	1,611
Net Book Value at 31 March 2015	1,669	16	0	0	0	1,685
Asset Financing: Net book value at 31 March 2015 comprises:						
Purchased	1,649	16	0	0	0	1,665
Donated	20	0	0	0	0	20
Government Granted	0	0	0	0	0	0
Finance Leased	0	0	0	0	0	0
Total at 31 March 2015	1,669	16	0	0	0	1,685
Revaluation reserve balance for intangible non-current assets						
	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2014	0	0	0	0	0	0
In year movements	0	0	0	0	0	0
At 31 March 2015	0	0	0	0	0	0

16.2 Intangible non-current assets prior year

	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
	£000s	£000s	£000s	£000s	£000s	£000s
2013-14						
Cost or valuation:						
At 1 April 2013	53	2,016	0	0	0	2,069
Additions - purchased	46	272	0	0	0	318
Additions - internally generated	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Additions Leased	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
At 31 March 2014	<u>99</u>	<u>2,288</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,387</u>
Amortisation						
At 1 April 2013	3	736	0	0	0	739
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	10	406	0	0	0	416
At 31 March 2014	<u>13</u>	<u>1,142</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,155</u>
Net book value at 31 March 2014	86	1,146	0	0	0	1,232
Net book value at 31 March 2014 comprises:						
Purchased	86	1,114	0	0	0	1,200
Donated	0	32	0	0	0	32
Government Granted	0	0	0	0	0	0
Total at 31 March 2014	<u>86</u>	<u>1,146</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,232</u>

16.3 Intangible non-current assets

The intangible assets held by the Trust relate to the purchase of software licenses and software that has been internally generated. These assets are written down over a useful economic life of 5 years.

There are no revaluation reserve balances for intangible assets.

17 Analysis of impairments and reversals recognised in 2014-15

	2014-15
	Total
	£000s
Property, Plant and Equipment impairments and reversals taken to SoCI	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	8,363
Changes in market price	0
Total charged to Annually Managed Expenditure	8,363
Total Impairments of Property, Plant and Equipment charged to SoCI	8,363
Intangible assets impairments and reversals charged to SoCI	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total charged to Annually Managed Expenditure	0
Total Impairments of Intangibles charged to SoCI	0
Financial Assets charged to SoCI	
Loss or damage resulting from normal operations	0
Total charged to Departmental Expenditure Limit	0
Loss as a result of catastrophe	0
Other	0
Total charged to Annually Managed Expenditure	0
Total Impairments of Financial Assets charged to SoCI	0
Non-current assets held for sale - impairments and reversals charged to SoCI.	
Loss or damage resulting from normal operations	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total charged to Annually Managed Expenditure	0
Total impairments of non-current assets held for sale charged to SoCI	0
Total Impairments charged to SoCI - DEL	0
Total Impairments charged to SoCI - AME	8,363
Overall Total Impairments	8,363
Donated and Gov Granted Assets, included above	
PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	0
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	0

Two assets, Ward 2 and 3 and Management Centre at PRH, were taken out of use and impaired during 2013/14, during 2014/15 these assets were brought back into use and a partial reversal of the previously charged impairment has been actioned of £105,956 and £1,164,942 respectively. A five year revaluation was undertaken by the District Valuer in July 2014 resulting in an impairment of £343,310. Brought into use revaluations were undertaken for the Women and Children's Centre and associated services resulting in impairment of £7,482,259. An interim year end revaluation was undertaken at 31 March 2015 by the District Valuer resulting in impairment of £1,624,938. The CT Scanner at RSH, has been impaired down to market value, giving an impairment of £183,857.

17 Analysis of impairments and reversals recognised in 2014-15

	Total £000s	Property Plant and Equipment £000s	Intangible Assets £000s	Financial Assets £000s	Non-Current Assets Held for Sale £000s
Impairments and reversals taken to SoCI					
Loss or damage resulting from normal operations	0	0	0	0	0
Over-specification of assets	0	0	0	0	0
Abandonment of assets in the course of construction	0	0	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0	0	0
Unforeseen obsolescence	0	0	0	0	0
Loss as a result of catastrophe	0	0	0	0	0
Other	8,363	8,363	0	0	0
Changes in market price	0	0	0	0	0
Total charged to Annually Managed Expenditure	8,363	8,363	0	0	0
Total Impairments of Property, Plant and Equipment changed to SoCI	8,363	8,363	0	0	0

Donated and Gov Granted Assets, included above

	£000s
PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	0
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	0

Two assets, Ward 2 and 3 and Management Centre at PRH, were taken out of use and impaired during 2013/14, during 2014/15 these assets were brought back into use and a partial reversal of the previously charged impairment has been actioned of £105,956 and £1,164,942 respectively. A five year revaluation was undertaken by the District Valuer in July 2014 resulting in an impairment of £343,310. Brought into use revaluations were undertaken for the Women and Children's Centre and associated services resulting in impairment of £7,482,259. An interim year end revaluation was undertaken at 31 March 2015 by the District Valuer resulting in impairment of £1,624,938. The CT Scanner at RSH, has been impaired down to market value, giving an impairment of £183,857.

18 Investment property

The Trust has no investment property.

19 Commitments

19.1 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	1,651	2,054
Intangible assets	28	0
Total	1,679	2,054

19.2 Other financial commitments

The Trust has not entered into any non-cancellable contracts in the current year (2013-14: none).

20 Intra-Government and other balances

	Current	Non-current	Current	Non-current
	receivables	receivables	payables	payables
	£000s	£000s	£000s	£000s
Balances with Other Central Government Bodies	1,442	0	249	0
Balances with Local Authorities	40	0	29	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS bodies inside the Departmental Group	8,869	0	1,335	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	4,796	1,281	21,562	0
At 31 March 2015	15,147	1,281	23,175	0
Prior period:				
Balances with Other Central Government Bodies	6,888	0	3,224	0
Balances with Local Authorities	46	0	0	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and FTs	1,295	0	1,417	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	3,781	1,384	22,836	0
At 31 March 2014	12,010	1,384	27,477	0

21 Inventories	Drugs £000s	Consumables £000s	Energy £000s	Total £000s	Of which held at NRV £000s
Balance at 1 April 2014	2,074	4,154	242	6,470	6,470
Additions	187	671	0	858	858
Inventories recognised as an expense in the period	0	0	(10)	(10)	(10)
Write-down of inventories (including losses)	(77)	0	0	(77)	(77)
Balance at 31 March 2015	2,184	4,825	232	7,241	7,241

22.1 Trade and other receivables

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s
NHS receivables - revenue	6,741	3,501	0	0
NHS prepayments and accrued income	2,065	1,713	0	0
Non-NHS receivables - revenue	1,667	3,321	0	0
Non-NHS prepayments and accrued income	3,445	2,150	0	0
PDC Dividend prepaid to DH	63			
Provision for the impairment of receivables	(507)	(468)	0	0
VAT	680	451	0	0
Interest receivables	2	2	0	0
Other receivables	991	1,340 *	1,281	1,384 *
Total	15,147	12,010	1,281	1,384
Total current and non current	16,428	13,394		

*2013-14 figures have been reclassified from 'Non-NHS receivables - revenue'.

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.

22.2 Receivables past their due date but not impaired

	31 March 2015 £000s	31 March 2014 £000s
By up to three months	7,165	5,266
By three to six months	347	979
By more than six months	895	578
Total	8,407	6,823

22.3 Provision for impairment of receivables

	2014-15 £000s	2013-14 £000s
Balance at 1 April 2014	(468)	(428)
Amount written off during the year	418	367
Amount recovered during the year	8	6
Increase in receivables impaired	(465)	(413)
Balance at 31 March 2015	(507)	(468)

Injury cost recovery income is subject to a provision for impairment of receivables of 18.9% (previously 15.8% to October 2014) to reflect expected rates of collection.

Invoices raised to overseas visitors are provided for immediately as a high number of these invoices are not collected.

Specific provisions are made against any invoices that are outstanding and deemed to be non-collectable including those that have been sent to the Trust's debt collection agency.

23 NHS LIFT investments

The Trust has no NHS LIFT investments.

24.1 Other Financial Assets - Current

There were no financial assets in this year or the prior year.

25 Other current assets

There were no other current assets in this year or the prior year.

26 Cash and Cash Equivalents

	31 March 2015 £000s	31 March 2014 £000s
Opening balance	2,200	2,200
Net change in year	(1,199)	0
Closing balance	<u>1,001</u>	<u>2,200</u>
Made up of		
Cash with Government Banking Service	969	2,187
Cash in hand	32	13
Cash and cash equivalents as in statement of financial position	<u>1,001</u>	<u>2,200</u>
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	<u>1,001</u>	<u>2,200</u>
Patients' money held by the Trust, not included above	<u>2</u>	<u>2</u>

27 Non-current assets held for sale

There were no non-current assets held for sale in this year or the prior year.

28 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	576	1,077	0	0
NHS accruals and deferred income	759	892	0	0
Non-NHS payables - revenue	4,903	9,369	0	0
Non-NHS payables - capital	6,539	8,184	0	0
Non-NHS accruals and deferred income	10,112	5,246	0	0
Social security costs	60	0		
Tax	86	0		
Payments received on account	16	12	0	0
Other	124	2,697 *	0	0
Total	23,175	27,477	0	0
Total payables (current and non-current)	23,175	27,477		

*2013-14 figure has been reclassified from 'Non-NHS payables - revenue'.

Included in 'Other' above:

outstanding Pension Contributions at the year end	79	2,656
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2014-15: The majority of outstanding pension contributions were paid on 27 March 2015.

29 Other liabilities

There were no other liabilities in this year or the prior year.

30 Borrowings

There were no borrowings in this year or the prior year.

31 Other financial liabilities

There were no other financial liabilities in this year or the prior year.

32 Deferred revenue

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s
Opening balance at 1 April 2014	145	754	0	0
Deferred revenue addition	1,085	145	0	0
Transfer of deferred revenue	(145)	(754)	0	0
Current deferred income at 31 March 2015	1,085	145	0	0
Total deferred income (current and non-current)	1,085	145		

33 Finance lease obligations as lessee

The Trust did not have any finance leases in this year or the prior year.

34 Finance lease receivables as lessor

The Trust did not have any leasing arrangements where it acted as a lessor in this year or the prior year.

35 Provisions

	Total	Early Departure Costs	Legal Claims	Restructuring	Other
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2014	981	125	212	110	534
Arising during the year	430	2	161	0	267
Utilised during the year	(531)	(45)	(124)	(103)	(259)
Reversed unused	(73)	0	(56)	(7)	(10)
Unwinding of discount	28	14	0	0	14
Balance at 31 March 2015	835	96	193	0	546
Expected Timing of Cash Flows:					
No Later than One Year	570	47	193	0	330
Later than One Year and not later than Five Years	199	49	0	0	150
Later than Five Years	66	0	0	0	66

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

	£000s
As at 31 March 2015	73,085
As at 31 March 2014	64,621

Pensions relating to other staff is a provision for future payments payable to the NHS Pensions Agency in respect of former employees who took early retirement.

Legal claims relate to NHSLA non clinical cases with employees and members of the general public.

Restructuring provision related to direct expenditure arising from changes within the Trust's senior management team.

Other provision relates to Injury Benefits relating to former staff and contains provisions payable to former employees forced to retire due to injury suffered in the workplace (£284k) and the CRC scheme (£262k).

36 Contingencies

	31 March 2015 £000s	31 March 2014 £000s
Contingent liabilities		
NHS Litigation Authority legal claims	(122)	(123)
Net value of contingent liabilities	(122)	(123)

The contingent liabilities represent the difference between the expected values of provisions for legal claims carried at note 35 and the maximum potential liability that could arise from these claims.

37 PFI and LIFT

The Trust has no PFI or LIFT commitments.

38 Impact of IFRS treatment - current year

The Trust has no transactions that require disclosure within this note.

39 Financial Instruments

39.1 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 and the way those Clinical Commissioning Groups 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. The Trust's treasury activity is subject to review by the Trust's internal auditors.

Currency risk

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

Interest rate risk

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

Credit risk

Because the majority of the Trust's 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 under contracts with Clinical Commissioning Groups, 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.

39.2 Financial Assets

	At 'fair value through profit and loss' £000s	Loans and receivables £000s	Total £000s
Embedded derivatives	0		0
Receivables - NHS		8,806	8,806
Receivables - non-NHS		6,721	6,721
Cash at bank and in hand		1,001	1,001
Other financial assets	0	0	0
Total at 31 March 2015	0	16,528	16,528
Embedded derivatives	0		0
Receivables - NHS		5,843	5,843
Receivables - non-NHS		6,430	6,430
Cash at bank and in hand		2,200	2,200
Other financial assets	0	0	0
Total at 31 March 2014	0	14,473	14,473

39.3 Financial Liabilities

	At 'fair value through profit and loss' £000s	Other £000s	Total £000s
Embedded derivatives	0		0
NHS payables		1,335	1,335
Non-NHS payables		20,739	20,739
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	193	193
Total at 31 March 2015	0	22,267	22,267
Embedded derivatives	0		0
NHS payables		1,969	1,969
Non-NHS payables		25,351	25,351
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	322	322
Total at 31 March 2014	0	27,642	27,642

The fair value of financial assets and financial liabilities are equal to the carrying amount.

40 Events after the end of the reporting period

There are no material events after the reporting period that require adjusting or disclosing within these financial statements.

41 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 the Shrewsbury and Telford Hospital NHS Trust.

The Department of Health is regarded as a related party. During the year the 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:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
Shropshire CCG	0	126,967	0	4,649
Telford and Wrekin CCG	0	88,604	0	1,293
NHS England	0	48,029	0	653
Health Education England	0	11,258	0	4
NHS Litigation Authority	6,746	0	0	0
NHS Blood and Transplant	2,034	0	40	0
Robert Jones and Agnes Hunt Orthopaedic Hospital NHS FT	1,124	2,052	63	133
Mid Cheshire Hospitals NHS FT	1,005	0	7	0
Shropshire Community Health NHS Trust	804	2,130	360	572
The Royal Wolverhampton NHS Trust	543	877	141	16
University Hospital of North Midlands NHS Trust	370	444	253	168
Other Government departments:				
Betsi Cadwaladr University Local Health Board	0	1,191	0	13
Powys Local Health Board	0	21,611	0	625
National Health Service Pension Scheme	19,970	0	79	0
HM Revenue and Customs Trust Statement	12,913	3,848	146	680
Linked Charity:				
The Shrewsbury and Telford Hospital NHS Trust Charity	0	475	0	2

The Trust has received revenue and capital payments from a number of charitable funds, certain of the trustees for which are also members of the Trust Board. The audited accounts/the summary financial statements of the Funds Held on Trust will be published separately.

42 Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses	534,620	588
Special payments	200,590	63
Total losses and special payments	735,210	651

The total number of losses cases in 2013-14 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	501,640	514
Special payments	140,755	74
Total losses and special payments	642,395	588

There are no cases individually over £300,000.

43. 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.

43.1 Breakeven performance

	2005-06 £000s	2006-07 £000s	2007-08 £000s	2008-09 £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	2013-14 £000s	2014-15 £000s
Turnover	189,152	205,748	227,241	247,233	262,882	277,980	299,850	309,362	314,106	316,794
Retained surplus/(deficit) for the year	(12,142)	(2,840)	4,102	4,127	(11,652)	(325)	(1,167)	3,216	(2,906)	(20,633)
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	(5,635)							
Adjustments for impairments				30	12,364	351	1,053	2,148	3,170	8,363
Adjustments for impact of policy change re donated/government grants assets							173	(5,283)	(199)	140
Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12*					0	0	0	0	0	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	(12,142)	(2,840)	(1,533)	4,157	712	26	59	81	65	(12,130)
Break-even cumulative position	(22,675)	(25,515)	(27,048)	(22,891)	(22,179)	(22,153)	(22,094)	(22,013)	(21,948)	(34,078)

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

	2005-06 %	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2012-13 %	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	-6.42	-1.38	-0.67	1.68	0.27	0.01	0.02	0.03	0.02	-3.83
Break-even cumulative position as a percentage of turnover	-11.99	-12.40	-11.90	-9.26	-8.44	-7.97	-7.37	-7.12	-6.99	-10.76

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.

43.2 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%.

43.3 External financing

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

	2014-15 £000s	2013-14 £000s
External financing limit (EFL)	<u>26,005</u>	<u>21,260</u>
Cash flow financing	26,004	21,230
Unwinding of Discount Adjustment	20	20
External financing requirement	<u>26,004</u>	<u>21,250</u>
Under/(over) spend against EFL	<u>1</u>	<u>10</u>

43.4 Capital resource limit

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

	2014-15 £000s	2013-14 £000s
Gross capital expenditure	16,498	30,830
Less: book value of assets disposed of	0	0
Less: capital grants	0	0
Less: donations towards the acquisition of non-current assets	(893)	(1,150)
Charge against the capital resource limit	<u>15,605</u>	<u>29,680</u>
Capital resource limit	<u>15,605</u>	<u>29,680</u>
(Over)/underspend against the capital resource limit	<u>0</u>	<u>0</u>

44 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 £000s	31 March 2014 £000s
Third party assets held by the Trust	<u>2</u>	<u>2</u>