Appendix 2

Staff Survey Results

Table A2a Response Rate	2014		2013		
	SaTH	National Average for Acute Trusts	SaTH	National Average for Acute Trusts	Change
Response Rate	46%	42%	55%	48%	-9%

Table A2b Top 5 Improved Scores			
	2014	2013	Change
Staff have had an appraisal / review in the last 12 months	84%	77%	7%
Received equality and diversity training in the last 12 months	49%	43%	6%
Agreed that they would be happy with standard of care for friend/relative	54%	48%	6%
Agreed that they know who are senior managers are where they work	76%	71%	5%
Agreed that patient / service user care is the organisation's top priority	60%	55%	5%

Table A2c Top 5 Declined Scores			
	2014	2013	Change
Staff saying that in an average week they have not worked additional UNPAID hours over and above the hours for which they are contracted	42%	46%	-3%
Agreed that they have adequate materials, supplies and equipment to do their work	47%	50%	-3%
Staff have never personally experienced HBA from public in last 12 months	70%	73%	-3%
Agreed that there are enough staff at their organisation for them to do their job properly	24%	26%	-1%
Organisation is fair with regards to career progression / promotion	88%	89%	-1%

Table A2d Staff Engagement Score	2014		2013		
	SaTH	Sector Score	SaTH	Sector Score	Change
Response Rate	3.62	3.68	3.12	-	+0.05

Table A2e Staff Engagement: Key Findings	2014		2013		
	SaTH	Sector Score	SaTH	Sector Score	Change
Key Finding 24: Advocacy	3.45	3.62	3.35	3.61	+0.10
Key Finding 22: Involvement	3.62	3.63	3.56	3.64	+0.06
Key Finding 25: Motivation	3.78	3.80	3.79	3.83	-0.01

Appendix 3

Staff Profile Statistics

Profile of staff substantively employed by the Trust at 31 March 2015[1]

Table A3a Age	31 March 2015		31 March 2014
	Head Count	Percentage	Percentage
16-20	29	1%	1%
21-30	1012	18%	18%
31-40	1223	22%	22%
41-50	1609	30%	30%
51-60	1399	25%	25%
61+	320	6%	6%
Total	**5592**	**100%**	

Table A3b Disability	31 March 2015		31 March 2014
	Head Count	Percentage	Percentage
Yes	134	2%	2%
No	3990	71%	69%
Not recorded/disclosed	1468	26%	29%
Total	**5592**	**100%**	

Table A3c Ethnicity	31 March 2015		31 March 2014
	Head Count	Percentage	Percentage
Asian or Asian British	306	5%	5%
Black or Black British	75	1%	1%
Chinese or Other	122	2%	2%
Mixed	46	1%	1%
White	4958	89%	89%
Not recorded/disclosed	85	2%	2%
Total	**5592**	**100%**	

Table A3d Gender	31 March 2015		31 March 2014
	Head Count	Percentage	Percentage
Female	4451	80%	80%
Male	1141	20%	20%
Total	**5592**	**100%**	

[1] Does not include Bank Staff

Table A3e Relationship Status	31 March 2015		31 March 2014
	Head Count	Percentage	Percentage
Civil Partnership	10	0%	0%
Divorced	387	7%	7%
Legally Separated	73	1%	1%
Married	3230	58%	59%
Single	1676	30%	29%
Widowed	56	1%	1%
Not Recorded/Disclosed	160	3%	3%
Total	**5592**	**100%**	

Table A3f Religion/Culture	31 March 2015		31 March 2014
	Head Count	Percentage	Percentage
Atheism	434	8%	6%
Buddhism	24	0%	0%
Christianity	2721	49%	48%
Hinduism	91	2%	2%
Islam	89	2%	2%
Judaism	4	0%	0%
Sikhism	20	0%	0%
Other	158	3%	2%
I do not wish to disclose	2051	37%	39%
Total	**5592**	**100%**	

Table A3g Sexual Orientation	31 March 2015		31 March 2014
	Head Count	Percentage	Percentage
Bisexual	19	0%	0%
Gay	19	0%	0%
Heterosexual	3547	63%	60%
Lesbian	4	0%	0%
I do not wish to disclose	2003	35%	39%
Total	**5592**	**100%**	

Appendix 4

NHS Foundation Trust Membership

The tables below provide information about NHS Foundation Trust Membership

Table A4a Changes in membership	Public Constituency	Staff Constituency
	Head Count	Head Count
Members at 1 April 2014	9,223	6,206
New members joining during the year	816	857
Members leaving during the year	536	1,137
Members at 31 March 2015	9,503	5,926

Table A4b Staff membership at 31 March 2015	Staff Constituency
	Head Count at March 2015
Total Members	5,857
Of which Bank Staff	493
Of which Fixed Term Temporary Staff	106
Total OpT Outs	181
Of which Bank Staff	22
Of which Fixed Term Temporary Staff	2
Opt Outs (excluding Bank / Temporary) percentage	2.99%

Source: Electronic Staff Record

Table A4c Public membership by sub-constituency	Public Constituency
	Head Count
Powys	1,145
Telford and Wrekin	2,930
North Shropshire	1,722
South Shropshire	1,438
Central Shropshire	2,268

Table A4d Representativeness of public membership		Number of members	Eligible Members
		Head Count / Households	Head Count / Households
Age:	0-16 (see note)	42	115,073
	17-21	443	34,201
	21+	8,728	454,265
Ethnicity	White	8,610	576,885
	Mixed	34	6,002
	Asian/Asian British	224	10,979
	Black/Black British	70	2,601
	Other	8	994
Socioeconomic grouping:	ABC1	2,618	37,533
	C2	2,670	49,045
	D	2,095	44,283
	E	2,045	43,678
Gender	Female	3,982	299,252
	Male	5,234	304,286

- Whilst our minimum age for membership of the Trust is 14, the standard reporting template provided by Monitor the independent regulator of NHS Foundation Trusts requires the total population of "eligible members" aged 0 to 16 rather than solely those aged 14-16 who may be considered for membership under the Trust's draft Constitution.
- All data are based on headcount other than socioeconomic grouping data which are based on households.
- 290 members have not stated their date of birth. 557 have not stated their ethnicity. 287 have not stated their gender.

Appendix 5

Remuneration Tables

The Shrewsbury and Telford Hospital NHS Trust Remuneration Tables for the Period Ended 31 March 2015

Table A6a Remuneration	Year Ended 31 March 2015						Year Ended 31 March 2014					
Name and Title	Salary (bands of £5000) £000	Expenses Payments (taxable) (Total to nearest £100) £00	Performance Pay and Bonuses (bands of £5000) £000	Long Term Performance Pay and Bonuses (bands of £5000) £000	All pension-related benefits (bands of £2500) £000	Total (bands of £5000) £000	Salary (bands of £5000) £000	Expenses Payments (taxable) (Total to nearest £100) £00	Performance Pay and Bonuses (bands of £5000) £000	Long Term Performance Pay and Bonuses (bands of £5000) £000	All pension-related benefits (bands of £2500) £000	Total (bands of £5000) £000
Professor Peter Latchford, Chairman from 01/11/13	30-35	-	-	-	-	**30-35**	10-15	-	-	-	-	**10-15**
Mr Martin Beardwell, Non-Executive Director/Acting Chair (to 31/10/13)	-	-	-	-	-	**-**	10-15	-	-	-	-	**10-15**
Brian Newman, Non-Executive Director from 01/04/14	5-10	-	-	-	-	**5-10**	-	-	-	-	-	**-**
Dennis Jones, Non-Executive Director	5-10	-	-	-	-	**5-10**	5-10	-	-	-	-	**5-10**
Donna Leeding, Non-Executive Director from 16/09/13	5-10	-	-	-	-	**5-10**	0-5	-	-	-	-	**0-5**
Harmesh Darbhanga, Non-Executive Director from 16/09/13	5-10	-	-	-	-	**5-10**	0-5	-	-	-	-	**0-5**
Dr Peter Vernon, Non-Executive Director (to 12/09/13)	-	-	-	-	-	**-**	0-5	-	-	-	-	**0-5**
Dr Robin Hooper, Non-Executive Director	5-10	-	-	-	-	**5-10**	5-10	-	-	-	-	**5-10**
Dr Simon Walford, Non-Executive Director	5-10	-	-	-	-	**5-10**	5-10	-	-	-	-	**5-10**
Peter Herring, Chief Executive *	175-180	-	-	-	-	**175-180**	185-190	-	-	-	252.5-255	**440-445**
Deborah Kadum, Chief Operating Officer	110-115	-	-	-	-	**110-115**	110-115	-	-	-	125-127.5	**235-240**
Dr Edwin Borman, Medical Director	170-175	-	-	-	-	**170-175**	170-175	-	-	-	267.5-270	**435-440**
Neil Nisbet, Finance Director	115-120	17	-	-	-	**115-120**	115-120	17	-	-	10-12.5	**125-130**
Sarah Bloomfield, Director of Nursing and Quality from 09/09/13	105-110	-	-	-	0-2.5	**110-115**	50-55	-	-	-	90-92.5	**145-150**
Vicky Morris, Chief Nurse to 08/09/13	-	-	-	-	-	**-**	40-45	5	-	-	0-2.5	**40-45**

Table A6b Pension Entitlements	Year Ended 31 March 2015										
Name and Title	Real increase (decrease) in pension at age 60 (bands of £2500) £000	Proportionate increase (decrease) in pension at age 60 (bands of £2500) £000	Real increase (decrease) in pension lump sum at aged 60 (bands of £2500) £000	Proportionate increase (decrease) in pension lump sum at aged 60 (bands of £2500) £000	Total accrued pension at age 60 at 31/03/15 (bands of £5000) £000	Lump sum at age 60 related to accrued pension at 31/03/15 (bands of £5000) £000	Cash equivalent transfer value at 31/03/14 £000	Real increase (decrease) in cash equivalent transfer value £000	Cash equivalent transfer value at 31/03/15 £000	Proportionate increase (decrease) in cash equivalent transfer value £000	Employer's contribution to stakeholder pension £000
Peter Herring, Chief Executive *	0	0	0	0	55-60	15-20	0	0	0**	130	-
Dr Edwin Borman, Medical Director	0-2.5	0-2.5	0-2.5	2.5-5	65-70	200-205	1,246	52	1,332	-	-
Deborah Kadum, Chief Operating Officer	0-2.5	0-2.5	0-2.5	0-2.5	35-40	115-120	685	26	730	16	-
Neil Nisbet Finance Director	0-2.5	0-2.5	0-2.5	0-2.5	40-45	120-125	718	28	766	-	-
Sarah Bloomfield, Director of Nursing and Quality	0-2.5	0-2.5	0-2.5	2.5-5	20-25	70-75	280	17	304	-	-

- The tables above set out the salary and pension entitlements of senior managers, namely the directors who were voting members of the Trust Board during the year.
- Remuneration figures represent actual remuneration rather than full-year effect.
- * As reported in the Annual Report 2013/14, at the beginning of 2014/15 the Chief Executive exercised his right in accordance with NHS Terms and Conditions and the Trust's retirement policy (HR19) to retire from the NHS Pension Scheme and request to continue working (paragraph 8.2), which was accepted by the Trust Board. His remuneration reduced to reflect 24 hour retirement from the NHS Pension Scheme and part time hours during the following month. He received his pension lump sum with annual pension benefits deferred until his retirement from employment from the Trust which will be in 2015/16. This means that from 2014/15 the Chief Executive is no longer a contributing member of the NHS Pension Scheme.
- ** CETV is zero (0) as employee is in receipt of benefits from 1 May 2014.

These tables are subject to audit review.

Appendix 6

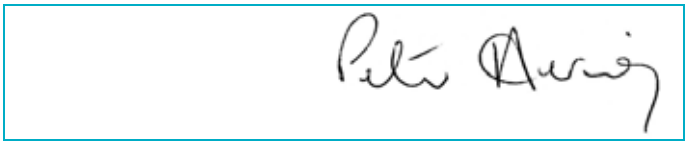
Annual Accounts 2014/15

Statement of the Chief Executive's Responsibilities as the Accountable Officer of The Shrewsbury and Telford Hospital NHS Trust

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

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

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



Peter Herring
Chief Executive
4 June 2015

Annual Governance Statement

1 Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of The Shrewsbury and Telford Hospital NHS Trust policies, aims and objectives. I also have responsibility for safeguarding quality standards, public funds and the organisation's assets for which I am personally responsible in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the Trust is administered prudently and economically and that resources are applied efficiently and effectively. I acknowledge my responsibilities as set out in the NHS Accountable Officer Memorandum, including recording the stewardship of the organisation to supplement the annual accounts.

In the delivery of my responsibilities and objectives, I am accountable to the Board and my performance is reviewed regularly and formally by the Chairman on behalf of the Board. During 2014/15, the organisation routinely reported on financial, operational, and strategic matters to the Trust Development Authority (TDA). During 2014/15 meetings were held with senior officers at the TDA in relation to performance and the Trust's trajectory towards achieving full compliance against required targets under the Accountability Framework.

2 The governance framework of the organisation

2.1 The Board Committee Structure

The Trust Board has overall responsibility for the activity, integrity, and strategy of the Trust and is accountable, through its Chair, to the TDA. The role of the Board is largely supervisory and strategic, and it also has the following key functions:

- To set strategic direction, define Trust objectives and agree Trust operating plans;
- To monitor performance and ensure corrective action is taken where required;
- To ensure financial stewardship;
- To ensure high standards of corporate and clinical governance;
- To appoint, appraise and remunerate directors;
- To ensure dialogue with external stakeholders.

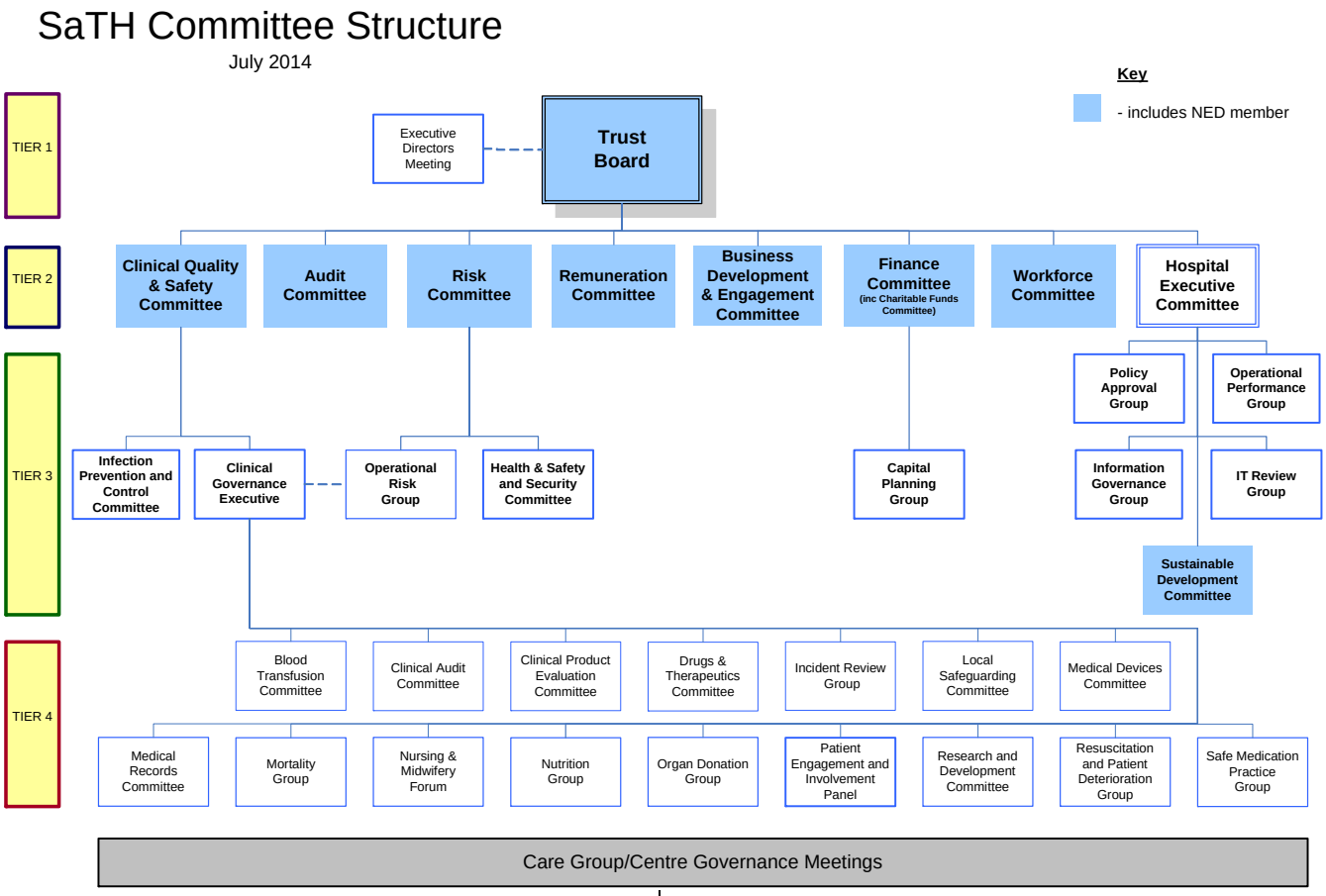
The Director of Corporate Governance is the Trust Secretary and provides senior leadership in corporate governance. The Board approves an annual schedule of business and a monthly update which identifies the key reports to be presented in the coming quarter. Exception reports to the Board ensure that the Board considers the key issues and makes the most effective use of its time. Tier 2 Assurance Committees also report through the Chair of the Committee and written summaries to the Board. The Trust Board met a total of twelve times in public during the year and Board papers are published on the Trust website.

Trust Board Attendance	Year Ended 31/03/15
Name and Title	**Attendance**
Peter Latchford **Chairman**	12 of 12
Brian Newman **Non-Executive Director**	9 of 12
Dennis Jones **Non-Executive Director**	10 of 12
Donna Leeding **Non-Executive Director**	6 of 12
Harmesh Darbhanga **Non-Executive Director**	8 of 12
Dr Robin Hooper **Non-Executive Director**	6 of 12
Dr Simon Walford **Non-Executive Director**	11 of 12
Peter Herring **Chief Executive**	12 of 12
Debbie Kadum **Chief Operating Officer**	12 of 12
Dr Edwin Borman **Medical Director**	11 of 12
Neil Nisbet **Finance Director**	12 of 12*
Sarah Bloomfield **Director of Nursing & Quality**	12 of 12*

*includes representation by a deputy at one meeting

The Trust's Standing Orders, Standing Financial Instructions and Reservation and Delegation of Powers were updated in February 2015 to take account of changes to the Trust's governance arrangements and legislation. The Standing Orders were adhered to throughout the year and no suspensions were recorded.

The Trust's policy on Standards of Business conduct was revised in 2014 to take account of new requirements following the enactment of The Bribery Act (2010). The policy includes amendments from our Local Counter Fraud Specialist to clarify the requirements on declaration of gifts who recommended that the requirement to declare interests be extended to wider groups of staff. This recommendation has been implemented to include all permanent medical staff; all staff at band 8 and above; specialist nurses; and all procurement and stores staff.



The Board's Register of Interests was kept updated during the year.

2.2 Board Performance

Membership of the Board of Directors is made up of the Trust Chair, six independent Non-Executive Directors, and five Executive Directors (including the Chief Executive). There were no changes in personnel of Executive and Non-Executives during the year.

Directors are required to adhere to the highest standard of conduct in the performance of their duties. In respect of their interaction with others, the Trust Board operates under an explicit Code of Conduct, which is compliant with the NHS Code of Governance. The Board of Directors of the Trust are required to agree and adhere to the commitments set out in the Code of Conduct, which includes the principles set out by the Nolan Committee on Standards in Public Life. Once appointed, Board Members are required to sign a declaration to confirm that they will comply with the Code in all respects.

2.3 Board Committees

The Board has overall responsibility for the effectiveness of the governance framework and requires that each of its sub-committees has agreed terms of reference which describes the duties, responsibilities and accountabilities, and describes the process for assessing and monitoring effectiveness. The Board has standing orders, reservation, and delegation of powers and standing financial instructions in place which are reviewed annually.

The Board operates with the support of seven Tier 2 committees accountable to the Trust Board. All have at least one Non-Executive Director member who may also be the Chair, apart from the Hospital Executive Committee, which is the Trust's senior management meeting. The chairs of each of the sub-committees routinely present written and verbal reports to the Board highlighting key issues and decisions at their meetings. Approved minutes of each sub-committee area also presented at public Board meetings. All meetings were quorate during the year.

Two of the Tier 2 Committees are Non-Executive Committees (Audit, Remuneration). Although these Committees have a membership consisting of only Non-Executive Directors, other Directors will attend as required.

The Audit Committee is the senior board committee responsible for oversight and scrutiny of the Trust's systems of internal control and risk management. It ensures that there are effective internal audit arrangements in place that meet mandatory NHS Internal Audit Standards and provides independent assurance to the Board. The Committee reviews

the work and findings of External Audit and maintains oversight of the Trust's Counter Fraud arrangements. Attendance through the year was in line with the requirements of the Terms of Reference. The Audit Committee met five times during 2014/15. It was chaired by a Non-Executive Director, who submits a regular report to the Trust Board. Items brought to the attention of the Board included

Items brought to the attention of the Board included:

- The Committee was pleased to receive assurance from Internal Audit that in terms of Recommendation Tracking, and Declarations of Interest/Code of Business Conduct the Trust was out-performing some flagship FT clients.
- The Workforce Pay Controls Audit, requested by the Board, was brought back to Audit Committee. There was discussion around the current nursing template and the plan to externally benchmark SaTH's position with peers, whilst recognizing that this issue and that of nurse agency was a national issue. It was noted that Workforce Committee will be providing assurance to the Board on progress and that any recommendations that needed to be revised would be agreed in this forum.
- Noted that Internal Audit has raised the on-going problems in relation to timely signing of commissioner contracts. This is likely to be an even more protracted process this year as there are problems around the tariff. The Contracts Team were asked to provide assurance to Audit Committee around the processes in place.

Two other Committees are chaired by a Non-Executive Director, (Finance (including charitable funds), and Quality and Safety). Minutes of these meetings demonstrate that Non-Executive Directors oversee progress and provide challenge to the Directors. The Chairs of Finance Committee and Quality & Safety Committee are also members of the Audit Committee.

The remaining three Committees (Hospital Executive Committee, Risk Committee and Workforce Committee) are executive in nature, although the Risk Committee and Workforce Committee have Non-Executive members.

The Risk Committee is a quarterly committee with NED membership. It is chaired by the Chief Executive. It is responsible for providing leadership for the co-ordination and prioritisation of clinical, nonclinical, and organisational risk, ensuring that all significant risks are properly considered and communicated to the Trust Board. The Committee provides assurance to the Trust Board that the systems for risk management and internal control are effective.

2.4 Corporate Governance

Work continues to assure compliance with the Board Governance Assurance Framework; (mandated as part of the Foundation Trust development process), to ensure the Trust Board is fit to lead the organisation towards achieving Foundation Trust status and beyond. The Board Governance Assurance Framework was reviewed by the Audit Committee in February 2015. There were two 'red flags'. One is the requirement to have an independent evaluation of Board effectiveness and the committee structure within two years. It has been agreed that this review will not take place until the new Chief Executive has been in post for a year. The second red flag concerns Board succession planning. The Audit Committee recommended that a skill matrix and Equality and Diversity self-assessment is used.

Through its governance arrangements and the reviews undertaken by Deloitte and the construction of the Board Governance Memorandum, I am assured that the Trust complies with the HM Treasury/Cabinet Office Corporate Governance Code and does not have any significant departures from the Code.

2.5 Quality Governance

The Director of Nursing and Quality has delegated responsibility for Quality and Safety. The performance of Quality has been monitored closely by the Board with detailed, monthly performance reviews. Scrutiny of this aspect is also part of the role of the Quality and Safety Committee. The Trust has worked with clinical staff to establish Key Performance Indicators to monitor quality from the ward to the Board.

The annual clinical audit plan is linked to the Trust priorities and risks and is monitored by the Clinical Audit Committee, which reports to the Quality and Safety Committee. A patient panel was established in 2013 which enables suitably trained patients and members of the public to undertake clinical audits. The patient panel has been recognised as an area of good practice, winning a national award in autumn 2014.

All serious incidents are reported to Commissioners and to other bodies in line with current reporting requirements. Root cause analysis is undertaken with monitored action plans. There were no 'never events' reported in 2014/15.

The Care Quality Commission has continued to publish their Intelligent Monitoring Reports (IMR). These reports have highlighted some areas of risk; however the Trust was aware of, and taking action to mitigate these risks which included compliance with all nine standards of care measured within the National Hip Fracture Database; In-hospital mortality - Nephrological conditions; and two items from the staff survey. There has been an improvement in performance over the four publications of the IMR as shown:

[insert chart]

During the year the Trust was subject to comprehensive inspection in October 2014 by the Care Quality Commission (CQC). The inspection report was published by the CQC in January 2015 which identified important areas for improvement. The overall rating for the Trust is 'Requires Improvement'. The CQC rated the Trust "Good" for caring for patients, but "Requires Improvement" in providing safe care,

effective care, being responsive to patients' needs, and being well-led.

Overall, nine services were rated as good, including maternity, gynaecology and children's services. Nine services were rated as requiring improvement; and end of life care at Royal Shrewsbury Hospital was rated as Inadequate. Progress against the actions and measurement of improvement are considered by the Clinical Governance Committee with the Quality and Safety Committee managing the line of accountability.

The 2014/15 Quality Account is currently in preparation and the content and two of the indicators will be reviewed by External Audit to provide some assurance on the accuracy of the account..

2.6 Arrangements for the discharge of statutory functions

The Civil Contingencies Act 2004 (Contingency Planning) (Amendment) Regulations 2012 made changes to the way Civil Contingencies requirements are delivered. This resulted in NHS England producing a set of Emergency Preparedness, Resilience and Response (EPRR) core standards for Trusts. The requirement was set out for NHS Trusts to identify an Accountable Emergency Officer. In this Trust the Chief Operating Officer (COO) is the Accountable Officer. In September 2014 the Trust was required by NHS England to submit a compliance statement set against the EPRR Core Standards to their Area Team. The November Board approved the Trust's assessment of its current status of compliance against the core standards, along with an implementation plan and associated quarterly monitoring.

The Trust has met its legal requirements for exercise and testing under the Civil Contingencies Act.

The Trust continues to work with the Shropshire and Staffordshire Area Team of NHS England, the Local Health Resilience Partnership (LHRP) and other responders within the local community to ensure continuity of robust EPRR.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity, and human rights legislation are met. Equality Impact Assessment forms part of the Trust documentation for policy creation and ensures all policies are assessed.

Control measures are in place to ensure that patients, the public, and staff with disabilities are able to access buildings on the Trust's sites. All new estates schemes, as well as refurbishments, or ad-hoc improvements, are assessed to ensure that they meet the requirements of the Disability Discrimination Act.

As an employer, with staff entitled to membership of the NHS Pension scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are met. This includes ensuring that deductions from salary, employer's contributions, and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Supplementing our Sustainable Development Management Plan, a Carbon Reduction Strategy and action plan was approved by Trust Board in March 2014. The five year action plan incorporates the requirement of the Good Corporate Citizen initiative and enables delivery of the organisation's obligations under the Climate Change Act. To this end we are working to the NHS Energy Targets and as at the most recently available data (FY14), we are successfully on target to deliver CO2 reductions of. 10% in 2014/15 and 15% in 2015/16 compared to the 2007 baseline. Based on the success of an number of innovative 'invest-to-save' schemes this year, a bid submitted for capital funding for further efficiency schemes has been successful and will contribute towards the Trust's energy reduction obligations next year.

The Trust remains highly committed to Sustainable Development, and can proudly claim to lead the way nationally. The Trust was 'highly commended' in the Community Engagement category of the national NHS Sustainability Awards in 2014. At the time of writing, the Trust is shortlisted in an unprecedented five categories in 2015 – more than any other Trust is the country.

Each month, the Board completes a self-certification on Monitor requirements and Board Statements which is reported to the Trust Development Agency. The Board has declared compliance with all requirements, subject to continued financial support from the TDA, except the governance requirement due to the financial position and performance against the national targets.

The Trust has been rated as Escalation Level 4 (of 5) in the NHS Trust Development Authority's (TDA) Accountability Framework. This is classified as a 'Material issue' requiring interaction led by the Director of Delivery & Development. Regular meetings are held with the TDA to update on SaTH's improvement trajectories.

The Trust has a robust system in place to assure the quality and accuracy of elective waiting time data. The Trust has in place a system to validate and audit its elective waiting time data on a weekly and monthly basis with random specialty audits being carried out to quality assure the validation process. The process has been audited by Internal Audit, and implementation of recommendations monitored. External Audit will carry out a review as part of their 2014/15 audit programme.

3 Risk Assessment

The Trust's Risk Management Strategy is updated and approved each year by the Trust Board. The Strategy describes an integrated approach to ensure that all risks to the achievement of the Trust's objectives, are identified, evaluated, monitored, and managed appropriately. It defines how risks are linked to one or more of the Trust's strategic or operational objectives, and clearly defines the risk

management structures, accountabilities, and responsibilities throughout the Trust.

Risk assessment is a key feature of all normal management processes. All areas of the Trust have an ongoing programme of risk assessments, which inform the local risk registers. This process was audited by the Trust's Internal Audit who found there was Substantial assurance around the processes in place. Risks are evaluated using the Trust risk matrix which feeds into the decision making process about whether a risk is considered acceptable. Unacceptable risks require control measures and action plans to reduce them to an acceptable level. The risk registers are reviewed regularly and if a risk cannot be resolved at a local level, the risk can be escalated through the operational management structure to the Risk Committee or ultimately to the Trust Board. Each risk and related action has an identified owner who is responsible for monitoring and reporting on the risk to the appropriate committee(s) and for implementing changes to mitigate the risk in a specified timeframe. In line with the Risk Management Strategy Care Groups and Departments complete an annual sub-certification that their risk registers are complete and up-to-date.

The Chief Executive chairs the Risk Committee, and the other Directors with delegated responsibility for risk management sit on this committee which is the Board sub-committee responsible for managing risk and reviewing the Board Assurance Framework (BAF).

The BAF enables the Board to undertake focused management of the principal risks to achievement of the organisations objectives. There is a schedule of associated action plans for each key risk which identifies the date and Committee of last presentation. Progress against mitigating these principal risks is proactively monitored and reported to Trust Board.

The BAF risks during the year were:

- **If we do not deliver safe care then patients may suffer avoidable harm and poor clinical outcomes and experience.** This risk has shown a slight deterioration during the year. There are good clinical outcomes are reported in the CQC Intelligent Monitoring reports; and there has been a reduction in pressure ulcers and complaints. However, a number of factors (staffing shortages and the impact on training rates; and the numbers of patients who are fit-to-transfer), has meant that patient experience has sometimes fallen short of our standards.
- I**f we do not implement our falls prevention strategy then patients may suffer serious injury.** This risk has improved during the year with a reduction in the number of serious patient falls and with all actions implemented on the original action plan.
- **Risk to sustainability of clinical services due to potential shortages of key clinical staff.** This risk was newly identified in March 2014 and is a significant issue for the Trust. The risk relates to risks of staffing gaps in key clinical areas for which the longer term plan is being developed through NHS Future Fit. One of the key drivers for NHS Future Fit is the difficulty in attracting staff to a split site service with onerous on-call commitments which, unless changes are made, is likely to struggle in future to meet key national standards and guidance.
- **If we do not achieve safe and efficient patient flow and improve our processes and capacity and demand planning then we will fail the national quality and performance standards** The Trust improved performance during 2014 and achieved the Referral-to-Treatment targets in Autumn 2014 but failed to sustain the improvement largely due to the increased demand for services in the early part of 2015. There has also been an improvement in the achievement of the cancer waiting times targets. In common with many Trusts, the A&E targets have not been met due to the high demand for services and the numbers of patients who are fit-to-transfer, but occupying a hospital bed.
- **If we do not have a clear clinical service vision then we may not deliver the best services to patients**. A significant amount of work has taken place but the public consultation will take place in autumn 2015 led by the Commissioners.
- **If we do not get good levels of staff engagement to get a culture of continuous improvement then staff morale and patient outcomes may not improve.** The Trust values have been developed with staff and there was a high level of staff engagement with this work. Underpinning the Values, a set of behavioural standards was developed and these were launched at the third annual leadership conference which was very well attended. A number of initiatives are under way including the coaching scheme an in-house management development programme.
- **If we are unable to resolve our (historic) shortfall in liquidity & the structural imbalance in the Trust's Income & Expenditure position then we will not be able to fulfil our financial duties & address the modernisation of our ageing estate & equipment** One element of this risk was significantly improved during the year, when the NTDA gave the trust a non-repayable loan of £19.2m in order to resolve the Trust's historic liquidity issues. However, the I&E position deteriorated as the deficit increased from a forecast £8.2m to £12.2m
- **If CCGs do not reduce the Fit To Transfer (FTT) waiting list from its current unacceptable levels then patients may suffer serious harm**. This risk was added by the Trust Board in November 2014 to reflect the high numbers of patients who are fit to transfer (FTT) from the hospital. At times, there have been almost a quarter of patients in hospital beds who are fit to be discharged from acute care, and routinely FTT patients have occupied 15% of bed

capacity. This risk impacts on many of the other risks the Trust is facing:

- Costs of escalation wards, additional bed capacity and facilities including outsourced provision, and premium costs for agency and locum staff;
- Pressure on staff leading to high levels of sickness and low staff morale, further increasing staffing costs;
- Cancelled / delayed elective activity with resultant loss of income for activity and performance penalties; and additional costs incurred e.g. Waiting List Initiative payments to recover the performance;
- Quality and safety issues including increased risk of infection, pressure sores, and falls.

  In January 2015, the Secretary of State requested that the Clinical Commissioning Groups and Councils reduce the number of patients on the FTT list by 50% in two weeks. However, this has not yet been a sustainable reduction in the number of patients on the FTT list. As a result, the Trust is exploring alternative solutions with the independent sector.

As currently structured, the NHS contract with commissioners does not require these patient safety, access and financial risks to be integrated within any agreement about levels of activity. Given the over-riding responsibility of the Board for patient safety and experience, this remains a source of difficulty.

Data security

Information Governance incidents are reported via the Trust's incident reporting system. There were no data lapses in the year which were classified as level 2 incidents (these are the incidents which are formally reported to the Information Commissioner).

The Finance Director is the nominated Senior Information Risk Officer (SIRO) who is responsible along with the Medical Director as Caldicott Guardian, for ensuring there is a control system in place to maintain the security of information. The result of the Information Governance Toolkit Assessment provides assurance that this is being managed. The overall result for SaTH was 82% (Satisfactory). The Trust attained at least level 2 compliance in all 45 requirements..

4 The Risk and Control Framework

Risk Management is embedded within the organisation in a variety of ways including policies which require staff to report incidents via the web-based reporting system.

The Annual Plan is agreed by the Trust Board and reported to the NHS England and the TDA. This includes objectives, milestones, and action owners and is revised by the board quarterly.

Rigorous budgetary control processes are in place with robust management of Cost Improvement Plans. Outcomes are measured by monthly review of performance to the Board. The Quality and Safety Committee review Quality Impact Assessments required across all aspects of change, cost improvement programmes, or capital build prior to discussion at the Trust Board.

The organisation provides annual mandatory and statutory training for different levels of staff depending on their responsibilities as detailed in the Risk Management Training Policy. This includes risk awareness training which is provided to all staff as part of their mandatory corporate induction programme. Risk management awareness training was provided throughout 2014/15 at all levels of the organisation.

The Integrated Performance Report is a standing Board agenda item. The report summarises the Trust's performance against all the key quality, finance, compliance, and workforce targets, and also contains the Board self certifications required to be submitted to the TDA in relation to Governance and Monitor Licence Conditions.

The Trust has a Local Counter Fraud Specialist (LCFS) whose work is directed by an annual workplan agreed by the Audit Committee. The LCFS has given presentations to groups of staff to inform them of the need to be particularly vigilant to the possibility of fraud. As well as investigating potential frauds, notified to the LCFS by the Trust, there have been proactive exercises to detect potential fraud including an examination of fraud red flags in sickness absence; consultant job planning, and centralised recruitment.

The LCFS has commended the policy review process, and the process for declarations of interest in place at the Trust.

The Head of Internal Audit provides an opinion on the overall arrangements for gaining assurance through the BAF, and on the controls reviewed as part of Internal Audit's risk-based annual plan. Internal Audit's review of the Trust's Assurance Framework gave substantial assurance and noted, "It is my opinion that we can provide Substantial Assurance that the Assurance Framework is sufficient to meet the requirements of the 2014/15 AGS and provide a reasonable assurance that there is an adequate and effective system of internal control to manage the significant risks identified by the Trust."

During the year, Internal Audit reported on nine core audits and three performance audits. Internal Audit issued substantial assurance ratings for five of the core audits, moderate assurance ratings for two core audits and a limited assurance rating for two core audits. The moderate assurance ratings relate to budgetary control and data quality. The limited assurance ratings relate to the audit of workforce budget controls where four high priority recommendations were made; and IT controls where one high priority recommendation was made. Actions to rectify these weaknesses are being implemented.

- Workforce controls: Four high priority recommendations made. These related to upfront visibility of the costs incurred when booking bank / agency staff; that a Confirm

and Challenge process is adopted to ensure that matrons are using E-Rostering effectively; consider setting budgets in Erostering; and Reduce dependency on bank and agency.

- IT controls: A high priority recommendation was that a formal assessment of the Trust's cooling controls should be completed to protect assets and services.

Formal actions plans have been agreed to address the significant control weaknesses in all areas. Implementation of the recommendations has been tracked and has demonstrated an improvement in the timeliness of implementation with no overdue actions at year-end. There have been no common weaknesses identified through Internal Audit reviews.

The Head of Internal Audit's Opinion is based on the work undertaken in 2014/15. The overall opinion is that:

"Moderate assurance can be given as there is a generally sound system of internal control, designed to meet the organisation's objectives, but the level of non-compliance in certain areas puts some system objectives at risk. There is a basically sound system of internal control for other system objectives"

The system of internal control has been in place in the Shrewsbury and Telford Hospital NHS Trust for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

5 Significant issues

5.1 Progress on Significant Issues from 2013/14

In the 2013/14 Annual Governance Statement, the Trust disclosed three significant issues. Progress on these issues is outlined below.

5.1.1 Patient Flow and Access targets

Performance against cancer waiting times targets improved significantly during the year, and referral to treatment (RTT) waiting times targets were achieved in autumn 2014, but deteriorated in the early part of 2015. However in the latest versions of the CQC Intelligent Monitoring Report this risk was reduced from an elevated risk and then removed altogether, which indicates that SaTH's performance is in line with other providers. Performance against the A&E target deteriorated, but this was against a national picture of pressure on EDs and has not featured as a risk in the CQC IMR reports. It is recognised that the backlog of Fit to Transfer (FTT) patients has exacerbated the position at SaTH and the Trust has worked closely with partners to support them achieving a reduction in these numbers.

- For admitted Referral to Treatment (RTT), 6 specialities out of 11 achieved the 90% target in March 2014. A Remedial Action Plan (RAP) was implemented and all specialties achieved the target from October 2014; however, performance was not sustained and the targets were not achieved from February 2015. This was expected as it was largely as a result of the impact of the large number of emergency admissions and the number of patients waiting for transfer out of the hospital (FTT). It was also affected by a deliberate focus on treating patients who had been waiting on waiting lists in excess of the standard.
- The Trust underperformed against two of the cancer targets in 2013/14 with the position deteriorating in the early part of 2014/15. A Remedial Action Plan [RAP] was implemented and included recommendations made by the Intensive Support Team [IST]. All targets have been achieved from November 2014.
- The A&E 4-hour target is 95%. In 2013/14 the Trust achieved 93.4% Work continued within the Emergency Centre to work with the capacity team and other specialties to develop plans to avoid patients spending longer than required within the Emergency Department [ED]. Internal actions are being reviewed to ensure appropriate escalation and flow of patients is managed accordingly. A Remedial Action Plan (RAP) is in place. The transfer of the Urgent Care Centre in December 2014 to the ED at RSH should also reduce pressure on the ED service. However, despite this, and in common with many Trusts, performance deteriorated during the year. This is due to increasing numbers of emergency admissions and A&E attendances as well as large numbers of patients occupying hospital beds who were fit to be transferred.

5.1.2 Liquidity

In order to address a significant cash problem, the Trust worked with the TDA to access a permanent funding solution. For the Financial Year 2014/15 the Trust has recorded a deficit of £12.2m. The Trust had originally planned a deficit of £8.2m, the increased deficit principally associated with increased pay costs, particularly in respect of nursing and medical staff.

On the 16th January 2015 the Trust was successful in its application to the ITFF Committee for permanent PDC for the £12.2million to cover the cash consequences of this deficit. Historically the Trust has recorded Income and Expenditure Deficits. The cash consequences arising from these deficits have been absorbed internally through the Trust's working capital. In doing so, the Trust has progressively experienced difficulty in making payments to creditors on a timely basis. Within the application to the ITFF in January the Trust was also successful in its application for £7m non repayable PDC to cover these historic cash shortfalls allowing the Trust to substantially reduce backlog creditors and ensure a significant improvement in compliance with the Better Payment Practice Code (BPPC).

The Trust's External Finance Limit was changed to reflect this.

5.1.3 Public consultation on future of clinical services

The Trust is experiencing day-to-day difficulties in medically staffing some key areas and whilst most gaps are covered this is becoming an increasing struggle and often relies on factors

such as consultants "working down" to provide the full level of medical support needed within acute hospitals. These issues form part of the case for change for the NHS Future Fit programme. Other factors include the need to move towards seven day working providing earlier access to senior clinical decision makers. Full implementation of seven day working will need radical changes in the way that acute hospital services are provided for our communities and a transition plan will be needed in some areas ahead of the conclusions of NHS Future Fit.

5.2 Significant Issues for 2014/15

There are three significant issues to report.

5.2.1 Fit to Transfer List

The Fit to Transfer [FTT] list is a list of patients who are deemed medically fit enough to leave to the hospital but require on-going care in another setting, or an assessment to determine what care may be required. This was identified as a new risk in the Board Assurance Framework. The volume of patients on the FTT list is large, resulting in up to 23% of the inpatient adult medical bed base being unavailable for acutely ill patients at any one time. The Trust has demonstrated a direct correlation between the numbers of patients who are on the FTT list and achievement of the A&E targets. Whilst actions are being taken by the Clinical Commissioning Groups [CCGs], Shropshire Community Trust and the Local Authorities this has not impacted on the total number of patients who remain on the FTT list on a daily basis. As part of contract negotiations for 2015/16 the Trust is seeking assurance from the CCGs that they will be commissioning sufficient capacity to deal with this demand. Discussions have commenced on the development of a facility on the Royal Shrewsbury Hospital site in support of reducing the number of patients who are fit to transfer.

The impact of the FTT list has been non-achievement of the A&E and RTT targets at year end, significantly increased costs, and impacts on quality and safety.

The extended Fit-to-Transfer list had an adverse effect on many of the challenges facing the Trust. These effects include quality and safety issues, performance issues and consequential financial implications. In highlighting the aggregate effect of these consequences, there needs to be an urgent Health Economy wide solution to reduce the Fit-to-Transfer numbers if the Trust's position is not to be further and continually undermined.

5.2.2 Income and Expenditure

The initial full plans submitted to the NTDA in April illustrate the Trust's 2015/16 deficit to be £18.2m, the increase from the previous year principally due to increase Clinical Negligence Contributions, loss of transitional support funding and the full year implications of the new Women and Children's Centre.

The Trust is expecting to record deficits in each of the years 2015/16 to 2018/19. In order to become financially sustainable it is necessary for reconfiguration to take place so as to release substantial levels of duplicate costs.

The cash consequences of all future year deficits will require continued cash support to avoid the Trust being required to absorb these cash shortfalls within its working balances resulting in deterioration in compliance with the Better Payment Practice Code (BPPC). However all cash consequences of historic deficits (up to and including 2014/15) were fully addressed by the successful loan application in January 2015.

5.2.3 Public consultation on future of clinical services

The Trust continues to experience day-to-day difficulties in medically staffing some key areas and whilst most gaps are covered this is becoming an increasing struggle and often relies on factors such as consultants "working down" to provide the full level of medical support needed within acute hospitals. These issues form part of the case for change for the NHS Future Fit programme. Although proposals have been developed the consultation has been delayed until winter 2015: this has resulted in a continuing challenge to provide some services across two sites. Other factors include the need to move towards seven day working providing earlier access to senior clinical decision makers. Full implementation of seven day working will need radical changes in the way that acute hospital services are provided for our communities and a transition plan will be needed in some areas ahead of the conclusions of NHS Future Fit.

6 Review of the effectiveness of risk management and internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board, Audit Committee, Finance Committee, Clinical Quality and Safety Committee, Hospital Executive Committee, and Risk Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust Board is responsible for ensuring that the Trust follows the principles of sound governance and this responsibility rests unequivocally with the Board. The Board is required to produce statements of assurance that it is doing its "reasonable best" to ensure the Trust meets its objectives and protect patients, staff, the public and other stakeholders

against risks of all kinds. The Trust Board is able to demonstrate:

- That they have been informed through assurances about all risks not just financial;
- That they have arrived at their conclusions on the totality of risk based on all the evidence presented to them.

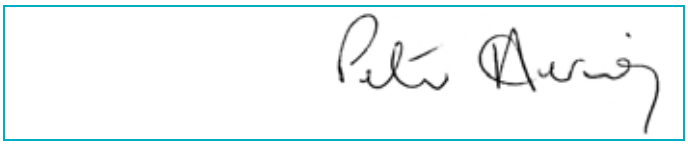
The Trust's ability to handle risk is further enhanced through the Governance and Committee/Group structure. Each Committee/Group has terms of reference that clearly define their role and responsibilities with clearly stated deputies.

The Trust Board has received assurance on the effectiveness of the controls within the organisation through the following means:

- Reports from Committees set up by the Trust Board;
- Reports from Executive Directors and key managers;
- External Reviews;
- Board Assurance Framework;
- Internal Audit provide the Board, through the Audit Committee, and the Accounting Officer with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the organisation's agreed objectives. This opinion forms part of the framework of assurances that the Board receives. The annual Internal Audit Plan is aligned to the Trust's Assurance Framework and Risk Register.

The system of internal control has been in place at the Trust for the year ended 31 March 2015 and up to the date of approval of the Annual Report and Accounts.

Accountable Officer: Peter Herring, Chief Executive, The Shrewsbury and Telford Hospital NHS Trust, 4 June 2015

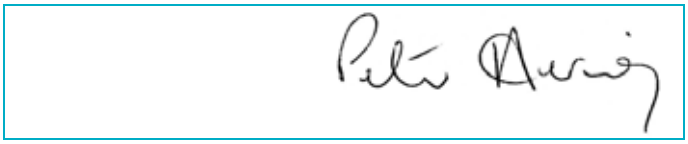


Peter Herring

Chief Executive, 4 June 2015

Foreword to the Accounts

These accounts for the year ended 31 March 2015 have been prepared by The Shrewsbury and Telford Hospital NHS Trust in accordance with the NHS Finance Manual: Manual for Accounts 2014/15



Peter Herring
Chief Executive
4 June 2015

Annex to Appendix 6

Primary Financial Statements and Notes to the Accounts

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	**63**	
PDC dividend: balance receivable at 1 April 2014		**68**

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

Statement of Financial Position as at 31 March 2015

	NOTE	31 March 2015 £000s	31 March 2014 £000s
Non-current assets:			
Property, plant and equipment	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 liablilities		**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	Retained earnings	Revaluation reserve	Total reserves
	£000s	£000s	£000s	£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 termanent 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 £000s	2013-14 £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**	
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)	**114,355**	103,133
Employee Benefits		
Employee benefits excluding Board members	**215,518**	206,793
Board members	**1,364**	1,495
Total Employee Benefits	**216,882**	208,288
Total Operating Expenses	**331,237**	311,421

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

	Buildings £000s	Other £000s	2014-15 Total £000s	2013-14 £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**

Employee Benefits - Gross Expenditure 2013-14	Total £000s	Permanently employed £000s	Other £000s
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

	2014-15 Total Number	2014-15 Permanently employed Number	2014-15 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
	£000s	£000s
Total additional pensions liabilities accrued in the year	**179**	490

10.4 Exit Packages agreed in 2014-15

	2014-15			2013-14		
Exit package cost band (including any special payment element)	**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	**46.53%**	**58.62%**	42.00%	65.73%
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	**60.83%**	**59.61%**	65.13%	70.91%

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	**25**	25

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	**(47)**	(2)

14 Finance Costs

	2014-15 £000s	2013-14 £000s
Provisions - unwinding of discount	**28**	20
Total	**28**	20

15.1 Property, plant and equipment

2014-15	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
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

2013-14	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£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

2014-15	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
	£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

2013-14	IT - in-house & 3rd party software £000s	Computer Licenses £000s	Licenses and Trademarks £000s	Patents £000s	Development Expenditure - Internally Generated £000s	Total £000s
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	99	2,288	0	0	0	2,387
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	13	1,142	0	0	0	1,155
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	86	1,146	0	0	0	1,232

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 changed 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	Property Plant and Equipment	Intangible Assets	Financial Assets	Non-Current Assets Held for Sale
	£000s	£000s	£000s	£000s	£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		
Abandonment of assets in the course of construction	**0**	0	0		0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**	**0**	**0**
Unforeseen obsolescence	**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
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 £000s	31 March 2014 £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 receivables £000s	**Non-current receivables £000s**	**Current payables £000s**	**Non-current payables £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	**1,001**	2,200
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	**1,001**	2,200
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**1,001**	2,200
Patients' money held by the Trust, not included above	**2**	2

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

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)	**26,005**	21,260
Cash flow financing	**26,004**	21,230
Unwinding of Discount Adjustment		20
External financing requirement	**26,004**	21,250
Under/(over) spend against EFL	**1**	10

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	**15,605**	29,680
Capital resource limit	**15,605**	29,680
(Over)/underspend against the capital resource limit	**0**	0

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	**2**	2

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST

We have audited the financial statements of The Shrewsbury and Telford Hospital NHS Trust for the year ended 31 March 2015. These financial statements have been prepared under applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England. We have also audited the information in the Remuneration Report that is subject to audit.

This report is made solely to the Board of Directors of The Shrewsbury and Telford Hospital NHS Trust, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2015 and of the Trust's expenditure and income for the year then ended; and

- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England.

Opinion on other matters prescribed by the Code of Audit Practice 2010 for local NHS bodies

In our opinion:

- the part of the Remuneration Report subject to audit has been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England; and

- Additionally, we are also required to review the Strategic Report and the Director's Report to ensure they are consistent with the financial statements. We have been

unable to undertake this review because the Strategic Report and the Director's Report are unavailable.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice 2010 for local NHS bodies requires us to report to you if:

- in our opinion, the Governance Statement does not reflect compliance with the NHS Trust Development Authority guidance; and
- any matters have been reported in the public interest under the Audit Commission Act 1998 in the course of, or at the end of the audit.

We have made a referral to the Secretary of State under section 19 of the Audit Commission Act 1998, on the grounds that the Trust has breached its statutory breakeven duty.

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

Respective responsibilities of the Trust and auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

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

We have undertaken our work in accordance with the Code of Audit Practice 2010 for local NHS bodies, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Trust has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice 2010 for local NHS bodies in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned and performed our work in accordance with the Code of Audit Practice 2010 for local NHS bodies. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all material respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Basis for qualified conclusion

In considering the Trust's arrangements for securing financial resilience through financial planning, we identified that the Trust has delivered a deficit of £12.1m in 2014/15. In addition, the Trust is budgeting for an £18.3m deficit in 2015/16. The Trust has also continued to be in breach of its breakeven duty and we have made a referral to the Secretary of State under section 19 of the Audit Commission Act 1998.

Conclusion

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

Certificate

We cannot issue an audit certificate until we have completed our review of the Trust's Strategic Report and Director's Report. Completion of our review of these reports is not expected to give rise to any issues which will have an impact on the statutory financial statements or on our use of resources conclusion.

John Cornett for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
31 Park Row
Nottingham
NG1 6FQ

4 June 2015

The Shrewsbury and Telford Hospital NHS Trust

Princess Royal Hospital, Grainger Drive, Apley Castle, Telford TF1 6TF
Royal Shrewsbury Hospital, Mytton Oak Road, Shrewsbury SY3 8XQ

www.sath.nhs.uk