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Data entered below will be used throughout the workbook:

Trust name	The Shrewsbury and Telford Hospital NHS Trust
This year	2013-14
Last year	2012-13
This year ended	31 March 2014
Last year ended	31 March 2013
This year commencing:	1 April 2013
Last year commencing:	1 April 2012

**Accounts 2013-14**

**Statement of Comprehensive Income for year ended  
31 March 2014**

	NOTE	2013-14 £000s	2012-13 £000s
Gross employee benefits	10.1	(208,288)	(202,463)
Other operating costs	8	(103,133)	(98,332)
Revenue from patient care activities	5	291,954	275,812
Other Operating revenue	6	22,152	33,550
<b>Operating surplus</b>		<b>2,685</b>	<b>8,567</b>
Investment revenue	12	25	20
Other gains and (losses)	13	(2)	(5)
Finance costs	14	(20)	(30)
<b>Surplus for the financial year</b>		<b>2,688</b>	<b>8,552</b>
Public dividend capital dividends payable		(5,594)	(5,336)
<b>Retained surplus/(deficit) for the year</b>		<b>(2,906)</b>	<b>3,216</b>

**Other Comprehensive Income**

	2013-14 £000s	2012-13 £000s
Impairments and reversals taken to the Revaluation Reserve	(140)	(3,829)
Net gain on revaluation of property, plant & equipment	6,780	1,580
<b>Total Comprehensive Income for the year</b>	<b>3,734</b>	<b>967</b>

**Financial performance for the year**

Retained surplus/(deficit) for the year	(2,906)	3,216
Impairments	3,170	2,148
Adjustments in respect of donated asset reserve elimination	(199)	(5,283)
<b>Adjusted retained surplus</b>	<b>65</b>	<b>81</b>

The Trust was able to record the surplus position as a consequence of delivering efficiency savings in year amounting to £13.6m and through the receipt of transitional funding support amounting to £4m from the NHS Trust Development Authority.

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 2014	68	
PDC dividend: balance receivable at 1 April 2013		73

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

**Statement of Financial Position as at  
31 March 2014**

		31 March 2014	31 March 2013
	NOTE	£000s	£000s
<b>Non-current assets:</b>			
Property, plant and equipment	15	198,173	173,270
Intangible assets	16	1,232	1,330
Investment property	18	0	0
Other financial assets	24	0	0
Trade and other receivables	22.1	1,384	1,709
<b>Total non-current assets</b>		<b>200,789</b>	<b>176,309</b>
<b>Current assets:</b>			
Inventories	21	6,470	5,741
Trade and other receivables	22.1	12,010	10,910
Other financial assets	24	0	0
Other current assets	25	0	0
Cash and cash equivalents	26	2,200	2,200
<b>Total current assets</b>		<b>20,680</b>	<b>18,851</b>
Non-current assets held for sale	27	0	0
<b>Total current assets</b>		<b>20,680</b>	<b>18,851</b>
<b>Total assets</b>		<b>221,469</b>	<b>195,160</b>
<b>Current liabilities</b>			
Trade and other payables	28	(27,477)	(26,153)
Other liabilities	29	0	0
Provisions	35	(634)	(631)
Borrowings	30	0	0
Other financial liabilities	31	0	0
<b>Total current liabilities</b>		<b>(28,111)</b>	<b>(26,784)</b>
<b>Net current liabilities</b>		<b>(7,431)</b>	<b>(7,933)</b>
<b>Non-current assets less net current liabilities</b>		<b>193,358</b>	<b>168,376</b>
<b>Non-current liabilities</b>			
Trade and other payables	28	0	0
Other Liabilities	31	0	0
Provisions	35	(347)	(329)
Borrowings	30	0	0
Other financial liabilities	31	0	0
<b>Total non-current liabilities</b>		<b>(347)</b>	<b>(329)</b>
<b>Total Assets Employed:</b>		<b>193,011</b>	<b>168,047</b>
<b>FINANCED BY:</b>			
<b>TAXPAYERS' EQUITY</b>			
Public Dividend Capital		174,801	153,571
Retained earnings		(30,392)	(27,486)
Revaluation reserve		48,602	41,962
<b>Total Taxpayers' Equity:</b>		<b>193,011</b>	<b>168,047</b>

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 5 June 2014 and signed on its behalf by

**Chief Executive:**

Date:

# Statement of Changes in Taxpayers' Equity

## For the year ended 31 March 2014

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Total reserves £000s
<b>Balance at 1 April 2013</b>	<b>153,571</b>	<b>(27,486)</b>	<b>41,962</b>	<b>168,047</b>
<b>Changes in taxpayers' equity for 2013-14</b>				
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 available for sale financial assets			0	0
Impairments and reversals			(140)	(140)
Transfers between reserves		0	0	0
<b>Reclassification Adjustments</b>				
On Disposal of Available for Sale financial Assets			0	0
New PDC Received - Cash	28,730			28,730
PDC Repaid In Year	(7,500)			(7,500)
PDC Written Off	0			0
Other Movements	0	0	0	0
<b>Net recognised revenue/(expense) for the year</b>	<b>21,230</b>	<b>(2,906)</b>	<b>6,640</b>	<b>24,964</b>
<b>Balance at 31 March 2014</b>	<b>174,801</b>	<b>(30,392)</b>	<b>48,602</b>	<b>193,011</b>
<b>Balance at 1 April 2012</b>	<b>145,622</b>	<b>(30,702)</b>	<b>44,211</b>	<b>159,131</b>
<b>Changes in taxpayers' equity for the year ended 31 March 2013</b>				
Retained surplus for the year		3,216		3,216
Net gain / (loss) on revaluation of property, plant, equipment			1,580	1,580
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			(3,829)	(3,829)
Movements in other reserves				0
Transfers between reserves		0	0	0
Release of reserves to Statement of Comprehensive Income			0	0
<b>Reclassification Adjustments</b>				
On Disposal of Available for Sale financial Assets			0	0
New PDC Received	7,949			7,949
PDC Repaid In Year	0			0
PDC Written Off	0			0
Other Movements in PDC In Year	0			0
<b>Net recognised revenue/(expense) for the year</b>	<b>7,949</b>	<b>3,216</b>	<b>(2,249)</b>	<b>8,916</b>
<b>Balance at 31 March 2013</b>	<b>153,571</b>	<b>(27,486)</b>	<b>41,962</b>	<b>168,047</b>

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

31 March 2014

	NOTE	2013-14 £000s	2012-13 £000s
<b>Cash Flows from Operating Activities</b>			
Operating Surplus		2,685	8,567
Depreciation and Amortisation	8	9,493	9,332
Impairments and Reversals	8	3,170	2,148
Other Gains/(Losses) on foreign exchange		0	0
Donated Assets received credited to revenue but non-cash		0	(6,109)
Government Granted Assets received credited to revenue but non-cash		0	0
Interest Paid		0	0
Dividend Paid		(5,589)	(5,520)
Increase in Inventories		(729)	(392)
(Increase)/Decrease in Trade and Other Receivables		(780)	1,651
(Increase)/Decrease in Other Current Assets		0	0
Decrease in Trade and Other Payables		(3,164)	(2,132)
(Increase)/Decrease in Other Current Liabilities		0	0
Provisions Utilised	35	(415)	(331)
Increase in Provisions	35	416	315
<b>Net Cash Inflow from Operating Activities</b>		<b>5,087</b>	<b>7,529</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received		25	20
Payments for Property, Plant and Equipment		(26,114)	(20,218)
Payments for Intangible Assets		(228)	(397)
Payments for Investments with DH		0	0
Payments for Other Financial Assets		0	0
Proceeds of disposal of assets held for sale (PPE)		0	6
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
<b>Net Cash Outflow from Investing Activities</b>		<b>(26,317)</b>	<b>(20,589)</b>
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		<b>(21,230)</b>	<b>(13,060)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Public Dividend Capital Received		28,730	7,949
Public Dividend Capital Repaid		(7,500)	0
Loans received from DH - New Capital Investment Loans		0	0
Loans received from DH - New Revenue Support Loans		0	0
Other Loans Received		0	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal		0	0
Loans repaid to DH - Revenue Support Loans		0	0
Other Loans Repaid		0	0
Capital grants and other capital receipts		0	6,109
<b>Net Cash Inflow from Financing Activities</b>		<b>21,230</b>	<b>14,058</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>0</b>	<b>998</b>
<b>Cash and Cash Equivalents at Beginning of the Period</b>	26	<b>2,200</b>	<b>1,202</b>
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		0	0
<b>Cash and Cash Equivalents at year end</b>	26	<b>2,200</b>	<b>2,200</b>

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

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

Whilst the Trust is aiming for a break even position for the year ended 31 March 2014, the recurrent nature of the financial position has led the Board to agree a deficit plan of £8.2m for the 2014/15 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 £8.2m 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 2014/15. The NTDA's Accountability Framework sets out the process where an NHS Trust will be assisted to develop and agree 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 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.
- For the period ended 31 March 2014, the Trust has a cumulative surplus of £6.99m (2.07%) for the purposes of calculating the statutory NHS breakeven duty.

#### 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 FRoM that NHS Charitable Funds are not consolidated with NHS Trust's own returns is removed. Under the provisions of IAS 27 Consolidated and Separate 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 2013-14 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 Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

### 1.8 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.

#### Retirement benefit costs

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

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

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

### 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.

The Trust instructed the District Valuer to perform an interim revaluation of assets at 31 March 2014. The effect of this was to recognise an increase in the value of fixed assets of £6,253,376, resulting in an increase in the revaluation reserve of £6,639,863 and an impairment charged to the expenditure of £386,487.

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 86 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 Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

At each reporting period end, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually. As a result of this impairment review, two assets, Wards 2 and 3 and Management Centre at PRH, were identified as impaired as they were not in use. An impairment of £2,784,086 has been charged to expenditure.

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 the 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 Trust as lessor

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

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

### 1.17 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 Trust's cash management.

**1.20 Provisions**

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates in real terms (1.8% 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 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 Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

### 1.23 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 Trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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

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

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

### 1.25 Financial assets

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

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

#### Financial assets at fair value through profit and loss

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

#### Held to maturity investments

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

#### Available for sale financial assets

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

#### Loans and receivables

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

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

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

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

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

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

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

**1.26 Financial liabilities**

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

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

**Financial guarantee contract liabilities**

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

The premium received (or imputed) for entering into the guarantee less cumulative amortisation.

The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**Financial liabilities at fair value through profit and loss**

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

**Other financial liabilities**

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

**1.27 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, net assets transferred from NHS bodies dissolved on 1 April 2013 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 ventures**

There are no material entities in which the Trust has joint control with one or more other parties to obtain economic or other benefits.

**1.35 Joint operations**

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

**1.36 Research and Development**

Research and development expenditure is charged against income in the year in which it is incurred, except in so far 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.

**1.37 Accounting Standards that have been issued but have not yet been adopted**

The Treasury FRoM does not require the following Standards and Interpretations to be applied in 2013-14. The application of the Standards as revised would not have a material impact on the accounts for 2013-14, were they applied in that year:

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

## 2. 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	TOTAL
	2013-14 £000s	2013-14 £000s	2013-14 £000s	2013-14 £000s	2012-13 £000s
<b>Income</b>	<b>151,168</b>	<b>106,746</b>	<b>52,192</b>	<b>310,106</b>	<b>304,402</b>
Costs	141,338	105,597	51,823	298,758	289,315
Finance Costs	8,855	6,253	3,146	18,254	16,831
<b>Surplus/(Deficit)</b>	<b>975</b>	<b>(5,104)</b>	<b>(2,777)</b>	<b>(6,906)</b>	<b>(1,744)</b>
Donated Assets Adjustment				(199)	(5,283)
NTDA Support				4,000	4,960
Impairments				3,170	2,148
<b>Trust Surplus</b>				<b>65</b>	<b>81</b>

Due to a restructure within the Trust comparable data is not available for these Care Groups for 2012-13.

#### 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

	2013-14 £000s	2012-13 £000s
NHS Trusts	418	0
NHS England*	48,665	
Clinical Commissioning Groups	212,948	
Primary Care Trusts		245,707
NHS Foundation Trusts	570	843
NHS Other (including Public Health England and Prop Co)	60	0
Non-NHS:		
Private patients	1,916	2,279
Overseas patients (non-reciprocal)	28	36
Injury costs recovery**	1,384	1,709
Other***	25,965	25,238
<b>Total Revenue from patient care activities</b>	<b>291,954</b>	<b>275,812</b>

\* NHS England includes £4m support in 2013-14.

\*\*Injury cost recovery income is subject to a provision for impairment of receivables of 15.8% (previously 12.6% to September 2013) to reflect expected rates of collection.

\*\*\*Non-NHS-Other includes income of £25.7m from Welsh bodies (2012-13: £24m).

#### 6. Other operating revenue

	2013-14 £000s	2012-13 £000s
Education, training and research	12,196	12,193
Receipt of donations for capital acquisitions	1,150	6,109
Non-patient care services to other bodies	2,635	3,572
Income generation	2,564	2,898
Other revenue*	3,607	8,778
<b>Total Other Operating Revenue</b>	<b>22,152</b>	<b>33,550</b>
<b>Total operating revenue</b>	<b>314,106</b>	<b>309,362</b>

\*Other revenue in 2012-13 includes £4.96m financial support from the SHA.

#### 7. Revenue

	2013-14 £000	2012-13 £000
From rendering of services	314,106	309,362

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

## 8. Operating expenses

	2013-14 £000s	2012-13 £000s
Purchase of healthcare from non-NHS bodies	1,434	234
Trust Chair and Non-executive Directors	57	54
Supplies and services - clinical	53,871	51,427
Supplies and services - general	4,928	4,639
Consultancy services	333	772
Establishment	4,436	4,647
Transport	3,854	3,701
Premises	12,992	12,860
Insurance	49	
Legal Fees	152	
Impairments and Reversals of Receivables	407	426
Inventories write down	94	
Depreciation	9,077	8,995
Amortisation	416	337
Impairments and reversals of property, plant and equipment	3,170	2,148
Audit fees	135	135
Clinical negligence	6,343	6,318
Education and Training	637	745
Other	748	894
<b>Total Operating expenses (excluding employee benefits)</b>	<b>103,133</b>	<b>98,332</b>
<b>Employee Benefits</b>		
Employee benefits excluding Board members	206,793	201,355
Board members	1,495	1,108
<b>Total Employee Benefits</b>	<b>208,288</b>	<b>202,463</b>
<b>Total Operating Expenses</b>	<b>311,421</b>	<b>300,795</b>

## 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 12 years and commenced 1 July 2003. The term of the lease at the Royal Shrewsbury Hospital is 15 years and commenced 1 April 2007.

The Trust has a contract for the provision of Biochemistry and Haematology service, comprising immunoassay, clinical chemistry, haematology, software and pre-analytics. The term of the contract is seven years and commenced 1 May 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 now 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.

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

The Trust also leases cars and adhoc medical equipment.

<b>9.1 Trust as lessee</b>	<b>Buildings £000s</b>	<b>Other £000s</b>	<b>Total £000s</b>	<b>2012-13 £000s</b>
<b>Payments recognised as an expense</b>				
Minimum lease payments	604	3,620	4,224	3,855
Contingent rents	0	0	0	0
Sub-lease payments	0	0	0	0
<b>Total</b>	<b>604</b>	<b>3,620</b>	<b>4,224</b>	<b>3,855</b>
<b>Payable:</b>				
No later than one year	669	2,940	3,609	3,821
Between one and five years	1,095	8,909	10,004	9,517
After five years	3,640	3,490	7,130	8,449
<b>Total</b>	<b>5,404</b>	<b>15,339</b>	<b>20,743</b>	<b>21,787</b>

## 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
<b>Employee Benefits - Gross Expenditure 2013-14</b>			
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
<b>Total employee benefits</b>	<b>209,242</b>	<b>197,132</b>	<b>12,110</b>
<b>Employee costs capitalised</b>	<b>954</b>	<b>906</b>	<b>48</b>
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>208,288</b>	<b>196,226</b>	<b>12,062</b>

	Total £000s	Permanently employed £000s	Other £000s
<b>Employee Benefits - Gross Expenditure 2012-13</b>			
Salaries and wages	172,523	152,102	20,421
Social security costs	12,393	12,393	0
Employer Contributions to NHS BSA - Pensions Division	18,142	18,142	0
Other pension costs	0	0	0
Termination benefits	152	152	0
<b>TOTAL - including capitalised costs</b>	<b>203,210</b>	<b>182,789</b>	<b>20,421</b>
<b>Employee costs capitalised</b>	<b>747</b>	<b>635</b>	<b>112</b>
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>202,463</b>	<b>182,154</b>	<b>20,309</b>

### 10.2 Staff Numbers

	2013-14		2012-13	
	Total Number	Permanently employed Number	Other Number	Total Number
<b>Average Staff Numbers</b>				
Medical and dental	585	540	45	656
Administration and estates	982	914	68	1,047
Healthcare assistants and other support staff	1,096	950	146	1,044
Nursing, midwifery and health visiting staff	1,497	1,371	126	1,480
Nursing, midwifery and health visiting learners	25	25	0	0
Scientific, therapeutic and technical staff	800	783	17	661
<b>TOTAL</b>	<b>4,985</b>	<b>4,583</b>	<b>402</b>	<b>4,888</b>

Of the above - staff engaged on capital projects 20 19 1 15

### 10.3 Staff Sickness absence and ill health retirements

	2013-14 Number	2012-13 Number
Total Days Lost	42,054	45,599
Total Staff Years	4,551	4,496
<b>Average working Days Lost</b>	<b>9.24</b>	<b>10.14</b>

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

	2013-14 Number	2012-13 Number
Number of persons retired early on ill health grounds	5	3
	£000s	£000s
Total additional pensions liabilities accrued in the year	490	154

The disclosure reports the number and value of redundancy and other exit packages agreed in the year. Exit costs in this note are accounted for in full in the year of departure. Ill-health retirement costs are met by the NHS pensions scheme and are not included in this table.

## 10.5 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://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 2014, is based on valuation data as 31 March 2013, updated to 31 March 2014 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 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

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

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

### **c) Scheme provisions**

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

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

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

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

	2013-14 Number	2013-14 £000s	2012-13 Number	2012-13 £000s
<b>Non-NHS Payables</b>				
Total Non-NHS Trade Invoices Paid in the Year	88,688	119,794	91,154	110,477
Total Non-NHS Trade Invoices Paid Within Target	37,251	78,739	54,877	74,531
Percentage of NHS Trade Invoices Paid Within Target	42.00%	65.73%	60.20%	67.46%
<b>NHS Payables</b>				
Total NHS Trade Invoices Paid in the Year	2,380	11,302	2,494	15,878
Total NHS Trade Invoices Paid Within Target	1,550	8,014	1,736	10,866
Percentage of NHS Trade Invoices Paid Within Target	65.13%	70.91%	69.61%	68.43%

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 immaterial amounts paid under this act during this year or the prior year.

## 12 Investment Revenue

	2013-14 £000s	2012-13 £000s
<b>Interest revenue</b>		
Bank interest	25	20
<b>Total investment revenue</b>	25	20

## 13 Other Gains and Losses

	2013-14 £000s	2012-13 £000s
Loss on disposal of assets other than by sale (PPE)	(2)	(5)
<b>Total</b>	(2)	(5)

## 14 Finance Costs

	2013-14 £000s	2012-13 £000s
<b>Interest</b>		
Provisions - unwinding of discount	20	30
<b>Total</b>	20	30

**15.1 Property, plant and equipment**

2013-14

Cost or valuation:

At 1 April 2013

Additions of Assets Under Construction

Additions Purchased

Additions Donated

Additions - Purchases from Cash Donations &amp;

Government Grants

Additions Leased

Reclassifications

Reclassifications as Held for Sale and reversals

Disposals other than for sale

Upward revaluation/positive indexation

Impairments/negative indexation

Reversal of Impairments

At 31 March 2014

Depreciation

At 1 April 2013

Reclassifications

Reclassifications as Held for Sale and reversals

Disposals other than for sale

Upward revaluation/positive indexation

Impairments

Reversal of Impairments

Charged During the Year

At 31 March 2014

Net Book Value at 31 March 2014

Asset financing:

Owned - Purchased

Owned - Donated

Total at 31 March 2014

Revaluation Reserve Balance for Property, Plant &amp; Equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
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 Donated	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)
Upward revaluation/positive indexation	53	1,891	(12)	0	0	0	0	0	1,932
Impairments/negative indexation	0	(140)	0	0	0	0	0	0	(140)
Reversal of Impairments	0	0	0	0	0	0	0	0	0
At 31 March 2014	26,693	111,086	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	0	(19)	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	(714)	0	0	0	(3,939)
Upward revaluation/positive indexation	0	(4,714)	(134)	0	0	0	0	0	(4,848)
Impairments	0	3,170	0	0	0	0	0	0	3,170
Reversal of Impairments	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
Total at 31 March 2014	26,693	110,628	2,269	34,166	18,482	254	3,283	2,398	198,173
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 2013	10,125	30,460	125	0	1,252	0	0	0	41,962
Opening balance adjustment	0	(1,432)	1,432	0	0	0	0	0	0
In year movements	53	6,465	122	0	0	0	0	0	6,640
At 31 March 2014	10,178	35,493	1,679	0	1,252	0	0	0	48,502
Additions to Assets Under Construction in 2013-14									
	Land			£000's					
				0					
Buildings excl Dwellings				21,656					
Dwellings				0					
Plant & Machinery				2,512					
Balance as at YTD				24,168					

## 15.2 Property, plant and equipment prior-year

2012-13	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
<b>Cost or valuation:</b>									
At 1 April 2012	26,290	110,915	2,714	7,910	37,025	278	8,659	4,632	198,423
Additions - Assets Under Construction				8,635					8,635
Additions - purchased	166	3,318	0		2,503	130	1,012	237	7,366
Additions - donated	0	1,890	0	0	719	0	34	196	2,839
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	3,537	0	(3,552)	(54)	0	13	56	0
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	(7,245)	(125)	0	(3,125)	0	0	(29)	(10,524)
Revaluation & indexation gains	184	1,271	125	0	0	0	0	0	1,580
Impairments	0	(3,829)	0	0	0	0	0	0	(3,829)
Reversals of impairments	0	0	0	0	0	0	0	0	0
<b>At 31 March 2013</b>	<b>26,640</b>	<b>109,857</b>	<b>2,714</b>	<b>12,993</b>	<b>37,068</b>	<b>408</b>	<b>9,718</b>	<b>5,092</b>	<b>204,490</b>
<b>Depreciation</b>									
At 1 April 2012	0	294	0	0	22,067	94	6,005	2,130	30,590
Reclassifications	0	0	0		(29)	0	21	8	0
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	(7,226)	(145)		(3,114)	0	0	(28)	(10,513)
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments	0	2,148	0	0	0	0	0	0	2,148
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Charged During the Year	0	5,086	145		2,550	25	854	335	8,995
<b>At 31 March 2013</b>	<b>0</b>	<b>302</b>	<b>0</b>	<b>0</b>	<b>21,474</b>	<b>119</b>	<b>6,880</b>	<b>2,445</b>	<b>31,220</b>
<b>Net book value at 31 March 2013</b>	<b>26,640</b>	<b>109,555</b>	<b>2,714</b>	<b>12,993</b>	<b>15,594</b>	<b>289</b>	<b>2,838</b>	<b>2,647</b>	<b>173,270</b>
Purchased	26,640	103,172	2,714	12,993	12,495	289	2,754	2,367	163,424
Donated	0	6,383	0	0	3,099	0	84	280	9,846
Government Granted	0	0	0	0	0	0	0	0	0
<b>Total at 31 March 2013</b>	<b>26,640</b>	<b>109,555</b>	<b>2,714</b>	<b>12,993</b>	<b>15,594</b>	<b>289</b>	<b>2,838</b>	<b>2,647</b>	<b>173,270</b>
<b>Asset financing:</b>									
Owned	26,640	109,555	2,714	12,993	15,594	289	2,838	2,647	173,270
<b>Total at 31 March 2013</b>	<b>26,640</b>	<b>109,555</b>	<b>2,714</b>	<b>12,993</b>	<b>15,594</b>	<b>289</b>	<b>2,838</b>	<b>2,647</b>	<b>173,270</b>

### **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 86 years.

Leaseholds - over the primary lease term.

Furniture and fittings - 5 to 15 years.

Transport Equipment - 7 to 10 years.

IT equipment - 5 to 10 years.

Plant and machinery - 5 to 20 years.

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

## 16.1 Intangible non-current assets

	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
2013-14	£000's	£000's	£000's	£000's	£000's	£000's
<b>At 1 April 2013</b>	<b>53</b>	<b>2,016</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,069</b>
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 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
<b>At 31 March 2014</b>	<b>99</b>	<b>2,288</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,387</b>
<b>Amortisation</b>						
<b>At 1 April 2013</b>	<b>3</b>	<b>736</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>739</b>
Reclassifications	0	0	0	0	0	0
Reclassified as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	10	406	0	0	0	416
<b>At 31 March 2014</b>	<b>13</b>	<b>1,142</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,155</b>
<b>Net Book Value at 31 March 2014</b>	<b>86</b>	<b>1,146</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,232</b>
<b>Asset Financing: Net book value at 31 March 2014 comprises:</b>						
Purchased	86	1,114	0	0	0	1,200
Donated	0	32	0	0	0	32
Finance Leased	0	0	0	0	0	0
<b>Total at 31 March 2014</b>	<b>86</b>	<b>1,146</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,232</b>
<b>Revaluation reserve balance for intangible non-current assets</b>						
	£000's	£000's	£000's	£000's	£000's	£000's
<b>At 1 April 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
In year movements	0	0	0	0	0	0
<b>At 31 March 2014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# 16.2 Intangible non-current assets prior year

	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
2012-13	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation:						
At 1 April 2012	13	1,658	0	0	0	1,671
Additions - purchased	0	358	0	0	0	358
Additions - Internally generated	40	0	0	0	0	40
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
At 31 March 2013	<u>53</u>	<u>2,016</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,069</u>
Amortisation						
At 1 April 2012	0	402	0	0	0	402
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	<u>3</u>	<u>334</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>337</u>
At 31 March 2013	<u>3</u>	<u>736</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>739</u>
Net book value at 31 March 2013	50	1,280	0	0	0	1,330
Net book value at 31 March 2013 comprises:						
Purchased	50	1,237	0	0	0	1,287
Donated	0	43	0	0	0	43
Government Granted	0	0	0	0	0	0
Total at 31 March 2013	<u>50</u>	<u>1,280</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,330</u>

### **16.3 Intangible non-current assets**

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

There are no revaluation reserve balances for intangible assets.

# 17 Analysis of impairments and reversals recognised in 2013-14

	2013-14 Total £000s
<b>Property, Plant and Equipment impairments and reversals taken to SoCI</b>	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
<b>Total charged to Departmental Expenditure Limit</b>	<b>0</b>
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	2,784
Changes in market price	386
<b>Total charged to Annually Managed Expenditure</b>	<b>3,170</b>
<b>Total Impairments of Property, Plant and Equipment charged to SoCI</b>	<b>3,170</b>
<b>Intangible assets impairments and reversals charged to SoCI</b>	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
<b>Total charged to Departmental Expenditure Limit</b>	<b>0</b>
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
<b>Total charged to Annually Managed Expenditure</b>	<b>0</b>
<b>Total Impairments of Intangibles charged to SoCI</b>	<b>0</b>
<b>Financial Assets charged to SoCI</b>	
Loss or damage resulting from normal operations	0
<b>Total charged to Departmental Expenditure Limit</b>	<b>0</b>
Loss as a result of catastrophe	0
Other	0
<b>Total charged to Annually Managed Expenditure</b>	<b>0</b>
<b>Total Impairments of Financial Assets charged to SoCI</b>	<b>0</b>
<b>Non-current assets held for sale - impairments and reversals charged to SoCI.</b>	
Loss or damage resulting from normal operations	0
Abandonment of assets in the course of construction	0
<b>Total charged to Departmental Expenditure Limit</b>	<b>0</b>
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
<b>Total charged to Annually Managed Expenditure</b>	<b>0</b>
<b>Total impairments of non-current assets held for sale charged to SoCI</b>	<b>0</b>
<b>Total Impairments charged to SoCI - DEL</b>	<b>0</b>
<b>Total Impairments charged to SoCI - AME</b>	<b>3,170</b>
<b>Overall Total Impairments</b>	<b>3,170</b>

## 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

As a result of this impairment review, two assets, Wards 2 and 3 and Management Centre at PRH, were identified as impaired as they were not in use. An impairment of £2,784,086 has been charged to expenditure.

Impairment charged to the expenditure of £386,487 as a result of interim revaluation of assets carried out by District Valuer.



## 17 Analysis of impairments and reversals recognised in 2013-14

	Total £000s	Property Plant and Equipment £000s	Intangible Assets £000s	Financial Assets £000s	Non-Current Assets Held for Sale £000s
<b>Impairments and reversals taken to SoCI</b>					
Loss or damage resulting from normal operations	0	0	0	0	0
Over-specification of assets	0	0	0	0	0
Abandonment of assets in the course of construction	0	0	0	0	0
<b>Total charged to Departmental Expenditure Limit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unforeseen obsolescence	0	0	0	0	0
Loss as a result of catastrophe	0	0	0	0	0
Other	2,784	2,784	0	0	0
Changes in market price	386	386	0	0	0
<b>Total charged to Annually Managed Expenditure</b>	<b>3,170</b>	<b>3,170</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Impairments of Property, Plant and Equipment changed to SoCI</b>	<b>3,170</b>	<b>3,170</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Donated and Gov Granted Assets, included above

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

As a result of this impairment review, two assets, Wards 2 and 3 and Management Centre at PRH, were identified as impaired as they were not in use. An impairment of £2,784,086 has been charged to expenditure.

Impairment charged to the expenditure of £386,487 as a result of interim revaluation of assets carried out by District Valuer.

## 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 2014 £000s	31 March 2013 £000s
Property, plant and equipment	2,054	19,550
Intangible assets	0	5
<b>Total</b>	<b>2,054</b>	<b>19,555</b>

### 19.2 Other financial commitments

The Trust has not entered into any non-cancellable contracts in the current year (2012-13: 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	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 Foundation Trusts	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
<b>At 31 March 2014</b>	<b>12,010</b>	<b>1,384</b>	<b>27,477</b>	<b>0</b>
<b>Prior Period:</b>				
Balances with other Central Government Bodies	4,791	0	7,370	0
Balances with Local Authorities	9	0	27	0
Balances with NHS bodies outside the Departmental Group	0	0	26	0
Balances with NHS Trusts and Foundation Trusts	656	0	692	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	5,772	1,709	18,038	0
<b>At 31 March 2013</b>	<b>11,228</b>	<b>1,709</b>	<b>26,153</b>	<b>0</b>

21 Inventories	Drugs £000s	Consumables £000s	Energy £000s	Total £000s	Of which held at NRV £000s
Balance at 1 April 2013	1,865	3,618	258	5,741	5,741
Additions	292	547	0	839	839
Inventories recognised as an expense in the period	0	0	(16)	(16)	(16)
Write-down of inventories (including losses)	(83)	(11)	0	(94)	(94)
Balance at 31 March 2014	2,074	4,154	242	6,470	6,470

## 22.1 Trade and other receivables

	Current		Non-current	
	31 March 2014 £000s	31 March 2013 £000s	31 March 2014 £000s	31 March 2013 £000s
NHS receivables - revenue	3,501	2,987	0	0
NHS prepayments and accrued income	1,713	1,792	0	0
Non-NHS receivables - revenue	4,661	2,624	1,384	1,709
Non-NHS prepayments and accrued income	2,150	3,677	0	0
Provision for the impairment of receivables	(468)	(428)	0	0
VAT	451	256	0	0
Interest receivables	2	2	0	0
Total	12,010	10,910	1,384	1,709
Total current and non current	13,394	12,619		

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 2014 £000s	31 March 2013 £000s
By up to three months	5,266	3,873
By three to six months	979	48
By more than six months	578	57
Total	6,823	3,978

## 22.3 Provision for impairment of receivables

	2013-14 £000s	2012-13 £000s
Balance at 1 April 2013	(428)	(429)
Amount written off during the year	367	427
Amount recovered during the year	6	8
Increase in receivables impaired	(413)	(434)
Balance at 31 March 2014	(468)	(428)

Injury cost recovery income is subject to a provision for impairment of receivables of 15.8% (previously 12.6% to September 2013) 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 Other Financial Assets

There were no other 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 2014 £000s	31 March 2013 £000s
<b>Opening balance</b>	<b>2,200</b>	<b>1,202</b>
Net change in year	0	998
<b>Closing balance</b>	<b>2,200</b>	<b>2,200</b>
<b>Made up of</b>		
Cash with Government Banking Service	2,187	2,188
Commercial banks	0	0
Cash in hand	13	12
Current investments	0	0
<b>Cash and cash equivalents as in statement of financial position</b>	<b>2,200</b>	<b>2,200</b>
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in statement of cash flows</b>	<b>2,200</b>	<b>2,200</b>
Patients' money held by the Trust, not included above	2	1

## 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 2014 £000s	31 March 2013 £000s	31 March 2014 £000s	31 March 2013 £000s
NHS payables - revenue	1,077	571	0	0
NHS accruals and deferred income	892	1,041	0	0
Non-NHS payables - revenue	12,066	8,563	0	0
Non-NHS payables - capital	8,184	3,696	0	0
Non-NHS accruals and deferred income	5,246	8,214	0	0
Social security costs	0	1,871		
Tax	0	2,171		
Payments received on account	12	26	0	0
<b>Total</b>	<b>27,477</b>	<b>26,153</b>	<b>0</b>	<b>0</b>
<b>Total payables (current and non-current)</b>	<b>27,477</b>	<b>26,153</b>		

### Included above:

outstanding Pension Contributions at the year	2,656	2,378
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There are no social security costs or tax outstanding as at 31 March 2014 as these were paid on 27 March 2014.

## 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 2014 £000s	31 March 2013 £000s	31 March 2014 £000s	31 March 2013 £000s
Opening balance at 1 April 2013	754	4,575	0	0
Deferred revenue addition	145	754	0	0
Transfer of deferred revenue	(754)	(4,575)	0	0
<b>Current deferred income at 31 March 2014</b>	<b>145</b>	<b>754</b>	<b>0</b>	<b>0</b>
Total deferred income (current and non-current)	145	754		

### 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
<b>Balance at 1 April 2013</b>	<b>960</b>	<b>152</b>	<b>233</b>	<b>110</b>	<b>465</b>
Arising During the Year	448	5	136	0	307
Utilised During the Year	(415)	(42)	(125)	0	(248)
Reversed Unused	(32)	0	(32)	0	0
Unwinding of Discount	20	10	0	0	10
Change in Discount Rate	0	0	0	0	0
<b>Balance at 31 March 2014</b>	<b>981</b>	<b>125</b>	<b>212</b>	<b>110</b>	<b>534</b>

#### Expected Timing of Cash Flows:

No Later than One Year	634	45	212	110	267
Later than One Year and not later than Five Years	280	80	0	0	200
Later than Five Years	67	0	0	0	67

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

<b>As at 31 March 2014</b>	<b>64,621</b>
As at 31 March 2013	52,636

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 non clinical cases with employees and members of the general public.

Restructurings provision relates to changes within the Trust's senior management team. The relevant individual has been consulted and the provision represents the expected direct expenditure arising from this change.

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 (£333,000) and the CRC scheme (£201,000).

### 36 Contingencies

	31 March 2014 £000s	31 March 2013 £000s
<b>Contingent liabilities</b>		
Contingent liabilities - NHSLA	(123)	(133)
<b>Net Value of Contingent Liabilities</b>	<b>(123)</b>	<b>(133)</b>

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 2014 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		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
<b>Total at 31 March 2014</b>	<b>0</b>	<b>14,473</b>	<b>14,473</b>
Embedded derivatives	0		0
Receivables - NHS		0	0
Receivables - non-NHS		0	0
Cash at bank and in hand		2,200	2,200
Other financial assets	0	0	0
<b>Total at 31 March 2013</b>	<b>0</b>	<b>2,200</b>	<b>2,200</b>

### 39.3 Financial Liabilities

	At 'fair value through profit and loss' £000s	Other £000s	Total £000s
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
<b>Total at 31 March 2014</b>	<b>0</b>	<b>27,642</b>	<b>27,642</b>
Embedded derivatives	0		0
NHS payables		233	233
Non-NHS payables		0	0
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	0	0
<b>Total at 31 March 2013</b>	<b>0</b>	<b>233</b>	<b>233</b>

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	121,893	0	1,139
Telford and Wrekin CCG	0	86,380	0	821
NHS England	81	48,706	78	980
Health Education England	0	11,070	0	111
NHS Litigation Authority	6,607	0	0	0
Shropshire Community Health NHS Trust	682	2,140	362	348
NHS Blood and Transplant	1,993	0	39	0
Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust	1,211	1,808	275	417
University Hospital of North Staffordshire NHS Trust	1,152	450	414	84
Mid Cheshire Hospitals NHS Foundation Trust	961	0	158	0
South East Staffs And Seisdon Peninsular CCG	0	840	143	0
North Staffordshire Combined Healthcare NHS Trust	0	702	0	6

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Shropshire Council and Telford and Wrekin Council for business rates.

The Trust had a number of material transactions with Welsh bodies for healthcare: Powys Local Health Board, Betsi Cadwaladr University Health Board and the Health Commission of Wales.

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the trustees for which are also members of the 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 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
<b>Total losses and special payments</b>	<b>642,395</b>	<b>588</b>

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

	Total Value of Cases £s	Total Number of Cases
Losses	559,348	691
Special payments	98,152	57
<b>Total losses and special payments</b>	<b>657,500</b>	<b>748</b>

There are no cases individually over £250,000.

### 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
Turnover	189,152	205,748	227,241	247,233	262,882	277,980	299,850	309,362	314,106
Retained surplus/(deficit) for the year	(12,142)	(2,840)	4,102	4,127	(11,652)	(325)	(1,167)	3,216	(2,906)
Adjustment for:									
Timing/non-cash impacting distortions:	0	0	0	0	0	0	0	0	0
Pre FDL(97)24 Agreements	0	0	0	0	0	0	0	0	0
2006/07 PPA (relating to 1997/98 to 2005/06)	0	0	0	0	0	0	0	0	0
2007/08 PPA (relating to 1997/98 to 2006/07)	0	0	0	0	0	0	0	0	0
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	(5,635)	30	12,364	351	1,053	2,148	3,170
Adjustments for Impairments	0	0	0	0	0	0	0	0	0
Adjustments for impact of policy change re donated/government grants assets	0	0	0	0	0	0	0	0	0
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12*	0	0	0	0	0	0	0	0	0
Adsorption Accounting Adjustment	0	0	0	0	0	0	0	0	0
Other agreed adjustments	0	0	(1,533)	4,157	712	26	59	81	65
Break-even in-year position	(12,142)	(2,840)	(1,533)	4,157	712	26	59	81	65
Break-even cumulative position	(22,675)	(25,515)	(27,048)	(22,891)	(22,179)	(22,153)	(22,094)	(22,013)	(21,948)

\*Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS Trusts' 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 %
Materiality test (i.e. is it equal to or less than 0.5%):	-6.42	-1.38	-0.67	1.68	0.27	0.01	0.02	0.03	0.02
Break-even in-year position as a percentage of turnover	-11.99	-12.40	-11.90	-9.26	-8.44	-7.97	-7.37	-7.12	-6.99

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.

	2013-14 £000s	2012-13 £000s
External financing limit (EFL)	21,260	15,299
Cash flow financing	21,230	13,060
Unwinding of Discount Adjustment	20	0
Other capital receipts	0	(6,109)
External financing requirement	21,250	6,951
<b>Under Spend against EFL</b>	<b>10</b>	<b>8,348</b>

#### 43.4 Capital resource limit

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

	2013-14 £000s	2012-13 £000s
Gross capital expenditure	30,830	19,238
Less: book value of assets disposed of	0	0
Less: capital grants	0	0
Less: donations towards the acquisition of non-current assets	(1,150)	(2,839)
<b>Charge against the capital resource limit</b>	<b>29,680</b>	<b>16,399</b>
Capital resource limit	29,680	24,749
<b>Underspend against the capital resource limit</b>	<b>0</b>	<b>8,350</b>

#### 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 2014 £000s	31 March 2013 £000s
Third party assets held by the Trust	2	1