
Data entered below will be used throughout the workbook:

Trust name	Worcestershire Acute Hospitals NHS Trust
This year	2014-15
Last year	2013-14
This year ended	31 March 2015
Last year ended	31 March 2014
This year commencing:	1 April 2014
Last year commencing:	1 April 2013

Accounts 2014-15

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

	NOTE	2014-15 £000s	2013-14 £000s
Gross employee benefits	10.1	(236,915)	(220,011)
Other operating costs	8	(145,667)	(127,240)
Revenue from patient care activities	5	341,925	323,692
Other operating revenue	6	22,731	22,337
Operating surplus/(deficit)		(17,926)	(1,222)
Investment revenue	12	43	56
Other gains and (losses)	13	21	63
Finance costs	14	(11,338)	(9,458)
Surplus/(deficit) for the financial year		(29,200)	(10,561)
Public dividend capital dividends payable		(3,739)	(3,710)
Transfers by absorption - gains		0	0
Transfers by absorption - (losses)		0	0
Net Gain/(loss) on transfers by absorption		0	0
Retained surplus/(deficit) for the year		(32,939)	(14,271)
Other Comprehensive Income			
		2014-15 £000s	2013-14 £000s
Impairments and reversals taken to the revaluation reserve		0	(2,310)
Net gain/(loss) on revaluation of property, plant & equipment		12,268	6,520
Net gain/(loss) on revaluation of intangibles		0	0
Net gain/(loss) on revaluation of financial assets		0	0
Other gain/(loss) (explain in footnote below)		0	0
Net gain/(loss) on revaluation of available for sale financial assets		0	0
Net actuarial gain/(loss) on pension schemes		0	0
Other pension remeasurements		0	0
Reclassification adjustments			
On disposal of available for sale financial assets		0	0
Total comprehensive income for the year*		(20,671)	(10,061)
Financial performance for the year			
Retained surplus/(deficit) for the year		(32,939)	(14,271)
Prior period adjustment to correct errors and other performance adjustments		0	0
IFRIC 12 adjustment (including IFRIC 12 impairments)		50	189
Impairments (excluding IFRIC 12 impairments)		6,900	0
Adjustments in respect of donated gov't grant asset reserve elimination <i>[if required]</i>		71	(109)
Adjustment re absorption accounting		0	0
Adjusted retained surplus/(deficit)		(25,918)	(14,191)

The Trust's Management is required to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. Further information can be found at Note 43.1 "Breakeven Performance"

A Trust's Reported NHS financial performance position is derived from its Retained surplus/(Deficit), but adjusted for the following:-

- Impairments to Fixed Assets - An impairment charge is not considered part of the organisation's operating position.
- Adjustment in respect of Donated Asset Reserves elimination - The Treasury revised their reporting manual in 2010-11 to reflect the interpretation of International Accounting Standards (IAS20), resulting in the elimination of Reserves in respect of Donated Assets. The revenue impact of depreciation relating to these assets was previously offset by a release from the Donated Asset Reserve. Following revision to the reporting manuals this cost is charged to the Trusts expenditure without any offset. This is therefore not considered part of the Trusts operating position.

The notes on pages 5 to 44 form part of this account.

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

		31 March 2015	31 March 2014
	NOTE	£000s	£000s
Non-current assets:			
Property, plant and equipment	15	266,840	250,886
Intangible assets	16	1,717	886
Investment property	18	0	0
Other financial assets		0	0
Trade and other receivables	22.1	2,059	1,267
Total non-current assets		270,616	253,039
Current assets:			
Inventories	21	6,107	5,061
Trade and other receivables	22.1	28,335	20,522
Other financial assets	24	0	0
Other current assets	25	0	0
Cash and cash equivalents	26	2,107	5,664
Sub-total current assets		36,549	31,247
Non-current assets held for sale	27	840	840
Total current assets		37,389	32,087
Total assets		308,005	285,126
Current liabilities			
Trade and other payables	28	(42,969)	(45,963)
Other liabilities	29	(395)	(554)
Provisions	35	(813)	(655)
Borrowings	30	(1,970)	(1,873)
Other financial liabilities	31	0	0
DH revenue support loan	30	(1,334)	(1,334)
DH capital loan	30	(2,436)	(1,446)
Total current liabilities		(49,917)	(51,825)
Net current assets/(liabilities)		(12,528)	(19,738)
Total assets less current liabilities		258,088	233,301
Non-current liabilities			
Trade and other payables	28	0	0
Other liabilities	29	(3,157)	(2,230)
Provisions	35	(1,492)	(1,577)
Borrowings	30	(73,990)	(75,961)
Other financial liabilities	31	0	0
DH revenue support loan	30	(7,331)	(8,665)
DH capital loan	30	(24,188)	(21,674)
Total non-current liabilities		(110,158)	(110,107)
Total assets employed:		147,930	123,194
FINANCED BY:			
Public Dividend Capital		183,996	138,589
Retained earnings		(95,744)	(64,917)
Revaluation reserve		60,539	50,383
Other reserves		(861)	(861)
Total Taxpayers' Equity:		147,930	123,194

The notes on pages 5 to 44 form part of this account.

The financial statements on pages 1 to 4 were approved by the Board on 2nd June 2015 and signed on its behalf by

Chief Executive:

Date:

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

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
Balance at 1 April 2014	138,589	(64,917)	50,383	(861)	123,194
Changes in taxpayers' equity for 2014-15					
Retained surplus/(deficit) for the year		(32,939)			(32,939)
Net gain / (loss) on revaluation of property, plant, equipment			12,268		12,268
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			0		0
Other gains/(loss) (provide details below)				0	0
Transfers between reserves		2,112	(2,112)	0	0
Reclassification Adjustments					
Transfers to/(from) other bodies within the resource account boundary		0	0	0	0
Transfers between revaluation reserve & retained earnings in respect of assets transferred under absorption		0	0		0
On disposal of available for sale financial assets			0		0
Reserves eliminated on dissolution		0	0	0	0
Originating capital for Trust established in year	0				0
New temporary and permanent PDC received - cash	79,907				79,907
New temporary and permanent PDC repaid in year	(34,500)				(34,500)
PDC written off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other movements	0	0	0	0	0
Net actuarial gain/(loss) on pension				0	0
Other pensions remeasurement				0	0
Net recognised revenue/(expense) for the year	45,407	(30,827)	10,156	0	24,736
Balance at 31 March 2015	183,996	(95,744)	60,539	(861)	147,930

** The movement between the Revaluation Reserve and Income and Expenditure Reserve is represented by :-

1) £2,112,050 for excess depreciation from 1.4.14 to 31.3.15. In accordance with IAS16:-

IFRS is clear that all the depreciation chargeable on revalued assets must pass through the profit and loss account. This means that the extra depreciation incurred because an asset has been indexed or revalued upwards is included in the depreciation charge for the year

Bodies should, however, release an amount from the Revaluation reserve to the Retained Earnings in respect of this excess depreciation over historic cost. This transfer avoids the anomaly of the revaluation reserve remaining in perpetuity after an asset has become fully depreciated. It is also justified as it recognises a 'realised profit' in Companies Act terms

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
Balance at 1 April 2013	138,110	(52,671)	48,198	(861)	132,776
Changes in taxpayers' equity for the year ended 31 March 2014					
Retained surplus/(deficit) for the year		(14,271)			(14,271)
Net gain / (loss) on revaluation of property, plant, equipment			6,520		6,520
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			(2,310)		(2,310)
Other gains / (loss)				0	0
Transfers between reserves		2,025	(2,025)	0	0
Transfers under Modified Absorption Accounting - PCTs & SHAs		0			0
Transfers under Modified Absorption Accounting - Other Bodies		0			0
Reclassification Adjustments					
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0	0
Transfers between revaluation reserve & retained earnings reserve in respect of assets transferred under absorption		0	0		0
On disposal of available for sale financial assets			0		0
Reserves eliminated on dissolution		0	0	0	0
Originating capital for Trust established in year	0				0
New temporary and permanent PDC received - cash	479				479
New PDC received/(repaid) - PCTs and SHAs legacy items paid for by DH	0				0
New temporary and permanent PDC repaid in year	0				0
PDC written off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other movements	0	0	0	0	0
Net actuarial gain/(loss) on pension				0	0
Other pension remeasurement				0	0
Net recognised revenue/(expense) for the year	479	(12,246)	2,185	0	(9,582)
Transfers between reserves in respect of modified absorption - PCTs & SHAs		0	0	0	0
Transfers between reserves in respect of modified absorption - Other Bodies		0	0	0	0
Balance at 31 March 2014	138,589	(64,917)	50,383	(861)	123,194

Statement of Cash Flows for the Year ended 31 March 2015

	NOTE	2014-15 £000s	2013-14 £000s
Cash Flows from Operating Activities			
Operating surplus/(deficit)		(17,926)	(1,295)
Depreciation and amortisation		8,532	8,233
Impairments and reversals		6,950	189
Other gains/(losses) on foreign exchange		0	0
Donated Assets received credited to revenue but non-cash		0	(171)
Government Granted Assets received credited to revenue but non-cash		0	0
Interest paid		(11,143)	(9,327)
Dividend (paid)/refunded		(4,057)	(3,372)
Release of PFI/deferred credit		0	0
(Increase)/Decrease in Inventories		(1,046)	(63)
(Increase)/Decrease in Trade and Other Receivables		(8,412)	(6,112)
(Increase)/Decrease in Other Current Assets		0	0
Increase/(Decrease) in Trade and Other Payables		(4,480)	13,348
(Increase)/Decrease in Other Current Liabilities		768	611
Provisions utilised		(554)	(690)
Increase/(Decrease) in movement in non cash provisions		451	365
Net Cash Inflow/(Outflow) from Operating Activities		(30,917)	1,716
Cash Flows from Investing Activities			
Interest Received		43	56
(Payments) for Property, Plant and Equipment		(18,387)	(27,276)
(Payments) for Intangible Assets		0	(36)
(Payments) for Investments with DH		0	0
(Payments) for Other Financial Assets		0	0
(Payments) for Financial Assets (LIFT)		0	0
Proceeds of disposal of assets held for sale (PPE)		0	0
Proceeds of disposal of assets held for sale (Intangible)		0	0
Proceeds from Disposal of Investment with DH		0	0
Proceeds from Disposal of Other Financial Assets		0	0
Proceeds from the disposal of Financial Assets (LIFT)		0	0
Loans Made in Respect of LIFT		0	0
Loans Repaid in Respect of LIFT		0	0
Rental Revenue		0	0
Net Cash Inflow/(Outflow) from Investing Activities		(18,344)	(27,256)
Net Cash Inform / (outflow) before Financing		(49,261)	(25,540)
Cash Flows from Financing Activities			
Gross Temporary and Permanent PDC Received		79,907	479
Gross Temporary and Permanent PDC Repaid		(34,500)	0
Loans received from DH - New Capital Investment Loans		4,950	17,153
Loans received from DH - New Revenue Support Loans (previously known as Working Capital Lo.		0	0
Other Loans Received		0	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal		(1,446)	(1,075)
Loans repaid to DH - Working Capital Loans/Revenue Support Loans		(1,334)	(1,334)
Other Loans Repaid		0	0
Cash transferred to NHS Foundation Trusts or on dissolution		0	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		(1,873)	(1,727)
Capital grants and other capital receipts (excluding donated / government granted cash receipts)		0	935
Net Cash Inflow/(Outflow) from Financing Activities		45,704	14,431
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(3,557)	(11,109)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		5,664	16,773
Effect of exchange rate changes in the balance of cash held in foreign currencies		0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		2,107	5,664

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the Department of Health Group Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DH Group Manual for Accounts 2014-15 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

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 Going Concern

IAS 1 requires management to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. In the context of non trading entities in the public sector the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity within the public sector.

In preparing the financial statements the directors have considered the Trust's overall financial position and expectation of future cash support. The Trust has submitted a financial plan for 2015-16 to the NHS Trust Development Authority (NHS TDA) which delivers a £31.3 million deficit after delivery of a £15.6 million savings programme. The plan includes a requirement for £40.4 million of cash support from the Department of Health to maintain the Trust's cash flow in 2015-16.

The Directors have received confirmation from the NHS TDA that it supports the Trust's application for cash support and consider that there is sufficient evidence that the services this Trust provides will continue as a going concern for the foreseeable future.

1.4 Charitable Funds

Following Treasury's agreement to apply IAS 27 (now superseded by IFRS10) to NHS Charities from 1 April 2013, the Trust has established that as the Trust is the corporate trustee of the linked NHS Charity (Worcestershire Acute Hospitals NHS Trust Charitable Fund), it effectively has the power to exercise control so as to obtain economic benefits. However the transactions are immaterial in the context of the group and transactions have not been consolidated. Details of the transactions with the charity are included in the related parties' notes.

1.5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. These accounts have been prepared on the going concern basis (despite the issue of a report to the Secretary of State for Health under Section 19 of the Audit Commission Act 1998 for the anticipated or actual breach of financial duties). Public sector bodies are assumed to be going concerns where the continuation of the provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents. Where a Trust ceases to exist, it considers whether or not its services will continue to be provided (using the same assets, by another public sector entity) in determining whether to use the concept of going concern for the final set of Financial Statements. If services will continue to be provided the financial statements are prepared on the going concern basis."

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

1.5.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Asset lives

The Trust has to make assumptions and judgments when determining the length of an asset's estimated useful life. This will take into account the view provided during the professional valuation and also the Trust's assessment of the period over which it will obtain service potential from the asset.

In determining the estimated useful lives of assets the Trust has taken into consideration any future lifecycle replacement that will enhance and prolong the life of the asset; specifically in relation to assets capitalised under PFI contract arrangements. The Trust revised its UEL's in March 2013 following a review by DTZ. This is documented at Note 15.3

PFI Asset Valuation

From 31st March 2015, the Trust has accounted for the Valuation of its PFI Hospital on the basis of Depreciated Replacement Cost excluding VAT. When determining the change in treatment, the Trust sought advice from its appointed VAT Advisors to confirm the appropriateness of its judgement.

PFI Contract

The Trust is pursuing a claim with the PFI provider largely relating to an unavailability claim under the terms of the contract. The amount included in the accounts is an estimate of the most likely settlement value based on the terms of the PFI contract. The Trust is being advised by external consultants and its legal advisors in pursuing this claim.

1.5.2 Key sources of estimation uncertainty

The following are the 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.

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of (1.5%) in real terms for claims settled in 1-5 years, (1.05%) for 6 to 10 years and 2.2% for claims settling after 10 years.. For pensions the Trust uses actuarial tables to value provisions.

Property Valuation

Assets relating to land and buildings were subject to a formal valuation during the financial year ending 31st March 2015. This resulted in a £5.4m increase in asset values during the period reflecting both the general trend in market prices and a reduction when valuing the Trust's new Radiotherapy Centre as it became available for use. Further details are provided at note 15.3

1.6 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end 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/costs incurred to date compared to total expected costs.

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.

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

1.7 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees, except for bonuses earned but not yet taken which, like leave earned but not yet taken is not accrued for at the year end, on the grounds of immateriality.

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 Trust 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.

1.8 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £100, 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.

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

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.10 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

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

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

- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.11 Depreciation, amortisation and impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives

At each reporting period end, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

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

1.12 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.13 Government grants

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

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

1.14 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.15 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

The Trust as lessor

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

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

1.16 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

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

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

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

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

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

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

Other assets contributed by the Trust to the operator

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

1.17 Inventories

Inventories (excluding Drugs) are valued at the lower of cost and net realisable value using the *first-in first-out* cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

Drugs Inventories are valued on an average cost basis.

1.18 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

1.19 Provisions

Provisions are recognised when the 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 rate of 2.2% 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.

1.20 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust'. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at note 35.

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

1.21 Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.22 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.

1.23 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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

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

1.24 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. The Trust has no separable embedded derivatives.

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. The Trust does not hold any financial assets for sale.

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

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 directly.

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

1.25 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*; and

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. *The Trust has no financial liabilities held at fair value through I&E and holds no separable embedded derivatives.*

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.

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

1.26 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.

1.27 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.

1.28 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.

1.29 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 average daily 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.

1.30 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 Trust's not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.31 Subsidiaries

Material entities over which the Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust or where the subsidiary's accounting date is not co-terminus.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'

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

1.32 Associates

Material entities over which the Trust has the power to exercise significant influence so as to obtain economic or other benefits are classified as associates and are recognised in the Trust's accounts using the equity method. The investment is recognised initially at cost and is adjusted subsequently to reflect the Trust share of the entity's profit/loss and other gains/losses. It is also reduced when any distribution is received by the Trust from the entity.

Associates that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'

1.33 Joint arrangements

Material entities over which the NHS trust has joint control with one or more other entities are classified as joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement. A joint arrangement is either a joint operation or a joint venture. The Trust currently has no Joint Arrangements

A joint operation exists where the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. Where the NHS body is a joint operator it recognises its share of, assets, liabilities, income and expenses in its own accounts.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are recognised as an investment and accounted for using the equity method.

1.35 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCNE/SOCI on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.36 Accounting Standards that have been issued but have not yet been adopted

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

IFRS 9 Financial Instruments - subject to consultation - subject to consultation

IFRS 13 Fair Value Measurement - subject to consultation

IFRS 15 Revenue from Contracts with Customers

2. Pooled Budgets

The Trust held no pooled budgets for the 2014/15

3. Operating segments

The Trust has only one operating segment; that is the provision of healthcare services.

The total amount of income from the provision of healthcare services during the accounting period is £364,699k. Total operating expenditure from the provision of healthcare services during the accounting period is £397,659k

The Trust generated over 10% of income from the following organisations:

	£000s
NHS England	50,886
NHS Redditch and Bromsgrove CCG	76,754
NHS South Worcestershire CCG	126,899
NHS Wyre Forest CCG	54,772

4. Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The following provides details of income generation activities whose full cost exceeded £1m or was otherwise material.

Car Park Income

The objective of the scheme is to collect a reasonable income from visitor and staff parking to contribute to the maintenance of parking infrastructure and, if residual income is received, to supplement front line hospital services as far as possible.

Summary Table - aggregate of all schemes	2014-15	2013-14
	£000s	£000s
Income	2291	2134
Full cost**	1636	992
Surplus/(deficit)	655	1,142

** Full cost for both Financial years includes additional Car Park improvements and modernisation costs.

5. Revenue from patient care activities	2014-15 £000s	2013-14 £000s
NHS Trusts	3,726	4,856
NHS England	50,442	42,695
Clinical Commissioning Groups	284,263	272,090
Foundation Trusts	1,320	1,086
Department of Health	0	0
NHS Other (including Public Health England and Prop Co)	422	547
Additional income for delivery of healthcare services	0	0
Non-NHS:		
Local Authorities	309	294
Private patients	652	565
Overseas patients (non-reciprocal)	3	36
Injury costs recovery *	495	1,437
Other	293	86
Total Revenue from patient care activities	341,925	323,692

6. Other operating revenue	2014-15 £000s	2013-14 £000s
Recoveries in respect of employee benefits	0	0
Patient transport services	0	0
Education, training and research	12,183	10,025
Charitable and other contributions to revenue expenditure - NHS	538	0
Charitable and other contributions to revenue expenditure -non- NHS	0	639
Receipt of donations for capital acquisitions - Charity	0	171
Support from DH for mergers	0	0
Receipt of Government grants for capital acquisitions	0	0
Non-patient care services to other bodies	4,790	7,192
Income generation	2,670	2,487
Rental revenue from finance leases	0	0
Rental revenue from operating leases	94	79
Other revenue	2,456	1,744
Total Other Operating Revenue	22,731	22,337
Total operating revenue	364,656	346,029

* Injury cost recovery income is subject to a provision for impairment of receivables of 18.9% to reflect expected rates of collection. This percentage is advised nationally by the Compensation Recovery Unit.

7. Overseas Visitors Disclosure	2014-15 £000	2013-14 £000s
Income recognised during 2014-15 (invoiced amounts and accruals)	3	36
Cash payments received in-year (re receivables at 31 March 2014)	0	0
Cash payments received in-year (iro invoices issued 2014-15)	2	26
Amounts added to provision for impairment of receivables (re receivables at 31 March 2014)	0	0
Amounts added to provision for impairment of receivables (iro invoices issued 2014-15)	0	1
Amounts written off in-year (irrespective of year of recognition)	0	0

8. Operating expenses	2014-15	2013-14
	£000s	(As restated) £000s
Services from other NHS Trusts	0	0
Services from CCGs/NHS England	0	0
Services from other NHS bodies	0	0
Services from NHS Foundation Trusts	0	0
Total Services from NHS bodies*	0	0
Purchase of healthcare from non-NHS bodies	2,657	325
Trust Chair and Non-executive Directors	63	64
Supplies and services - clinical	73,971	62,859
Supplies and services - general	8,087	13,366
Consultancy services	157	125
Establishment	4,609	4,795
Transport	1,665	1,699
Service charges - ON-SOFP PFIs and other service concession arrangements	12,951	11395
Service charges - On-SOFP LIFT contracts	0	0
Total charges - Off-SOFP PFIs and other service concession arrangements	0	0
Total charges - Off-SOFP LIFT contracts	0	0
Business rates paid to local authorities	1,834	1594
Premises	13,539	12,487
Hospitality	34	43
Insurance	290	305
Legal Fees	553	322
Impairments and Reversals of Receivables	80	215
Inventories write down	0	157
Depreciation	8,266	8,039
Amortisation	266	194
Impairments and reversals of property, plant and equipment	6,950	189
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Impairments and reversals of non current assets held for sale	0	0
Audit fees	68	100
Other auditor's remuneration (Internal Audit)	95	124
Clinical negligence	7,367	7,016
Research and development (excluding staff costs)	33	46
Education and Training	940	614
Change in Discount Rate	65	73
Other	1,127	1,094
Total Operating expenses (excluding employee benefits)	<u>145,667</u>	<u>127,240</u>
Employee Benefits		
Employee benefits excluding Board members	235,974	219,131
Board members	941	880
Total Employee Benefits	<u>236,915</u>	<u>220,011</u>
Total Operating Expenses	<u>382,582</u>	<u>347,251</u>

*Services from NHS bodies does not include expenditure which falls into a category below

9 Operating Leases

9.1 Trust as lessee	Land £000s	Buildings £000s	Other £000s	2014-15	2013-14
				Total £000s	£000s
Payments recognised as an expense					
Minimum lease payments				332	322
Contingent rents				0	0
Sub-lease payments				0	0
Total				332	322
Payable:					
No later than one year	0	331	1	332	322
Between one and five years	0	2,402	1	2,403	322
After five years	0	7,398	0	7,398	0
Total	0	10,131	2	10,133	644
Total future sublease payments expected to be received:				0	0

9.2 Trust as lessor

Recognised as revenue	2014-15	2013-14
	£000	£000s
Rental revenue	0	0
Contingent rents	94	79
Total	94	79
Receivable:		
No later than one year	94	79
Between one and five years	0	79
After five years	0	0
Total	94	158

The Trust acts as a Lessor for the following assets:-

<u>Asset</u>	<u>Lessee</u>	2014-15	2013-14
		£000 Revenue	£000 Revenue
Kidderminster Hospital - F Block	Worcestershire Health and Care NHS Trust	51	43
Alexandra Hospital GU Medicine	Worcestershire Health and Care NHS Trust	23	19
Worcester John Anthony Centre GU Medicine	Worcestershire Health and Care NHS Trust	19	16
Kidderminster Hospital - A Block (part)	Worcestershire Health and Care NHS Trust	1	1
		94	79

* Additional detail regarding these leased assets is provided at Note 15.3

10 Employee benefits and staff numbers

10.1 Employee benefits

	2014-15		
	Total £000s	Permanently employed £000s	Other* £000s
Employee Benefits - Gross Expenditure			
Salaries and wages	204,895	177,792	27,103
Social security costs	13,028	13,028	0
Employer Contributions to NHS BSA - Pensions Division	20,931	20,931	0
Other pension costs	0	0	0
Termination benefits	0	0	0
Total employee benefits	238,854	211,751	27,103
Employee costs capitalised	1,939	1,276	663
Gross Employee Benefits excluding capitalised costs	236,915	210,475	26,440

* The Other column includes those on inward secondment or loan from other organisations, agency staff and those engaged on a contract to undertake a project or other temporary task. It does not include amounts payable to contractors for services, that is, where the staff remain under the control of the contractor.

	2013-14		
	Total £000s	Permanently employed £000s	Other £000s
Employee Benefits - Gross Expenditure 2013-14			
Salaries and wages	187,385	169,208	18,177
Social security costs	12,769	12,769	0
Employer Contributions to NHS BSA - Pensions Division	20,789	20,789	0
Other pension costs	0	0	0
Termination benefits	0	0	0
TOTAL - including capitalised costs	220,943	202,766	18,177
Employee costs capitalised	932	551	381
Gross Employee Benefits excluding capitalised costs	220,011	202,215	17,796

10.2 Staff Numbers

	2014-15			2013-14
	Total Number	Permanently employed Number	Other Number	Total Number
Average Staff Numbers				
Medical and dental	711	602	109	664
Ambulance staff	0	0	0	0
Administration and estates	959	907	52	929
Healthcare assistants and other support staff	999	999	0	884
Nursing, midwifery and health visiting staff	1,921	1,772	149	1,830
Nursing, midwifery and health visiting learners	14	14	0	14
Scientific, therapeutic and technical staff	717	684	33	806
Social Care Staff	0	0	0	0
Other	25	25	0	0
TOTAL	5,346	5,003	343	5,127
Of the above - staff engaged on capital projects	26	2	24	14

10.3 Staff Sickness absence and ill health retirements

	2014-15 Number	2013-14 Number
Total Days Lost	45,670	41,004
Total Staff Years	4,969	4,851
Average working Days Lost	9.19	8.45
	2014-15 Number	2013-14 Number
Number of persons retired early on ill health grounds	2	6
	£000s	£000s
Total additional pensions liabilities accrued in the year	292	380

10.4 Exit Packages agreed in 2014-15

Exit package cost band (including any special payment element)	2014-15			2013-14		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Less than £10,000	0	0	0	0	0	0
£10,000-£25,000	1	0	1	0	0	0
£25,001-£50,000	0	0	0	0	0	0
£50,001-£100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Total number of exit packages by type (total cost)	1	0	1	0	0	0
Total resource cost (£s)	13,920	0	13,920	0	0	0

Exit costs in this note are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

This disclosure reports the number and value of exit packages agreed in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

10.5 Exit packages - Other Departures analysis

The Trust had no other exit packages in 2014-15

10.6 Pension costs

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

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

a) 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 to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.

In order to defray the costs of benefits, employers pay contributions at 14% of pensionable pay and most employees had up to April 2008 paid 6%, with manual staff paying 5%.

Following the full actuarial review by the Government Actuary undertaken as at 31 March 2004, and after consideration of changes to the NHS Pension Scheme taking effect from 1 April 2008, his Valuation report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay, from 1 April 2008, following the introduction of employee contributions on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the scheme actuary. At this point the assumptions regarding the composition of the scheme membership are updated to allow the scheme liability to be valued.

The valuation of the scheme liability as at 31 March 2011, is based on detailed membership data as at 31 March 2008 (the latest midpoint) updated to 31 March 2011 with summary global member and accounting data.

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) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

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.

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 statement of comprehensive income at the time the Trust commits itself to the retirement, regardless of the method of payment.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

11 Better Payment Practice Code

11.1 Measure of compliance

	2014-15 Number	2014-15 £000s	2013-14 Number	2013-14 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	98,426	188,412	75,107	163,253
Total Non-NHS Trade Invoices Paid Within Target	34,464	85,574	30,288	95,341
Percentage of NHS Trade Invoices Paid Within Target	<u>35.02%</u>	<u>45.42%</u>	40.33%	<u>58.40%</u>
NHS Payables				
Total NHS Trade Invoices Paid in the Year	3,502	25,124	2,711	18,985
Total NHS Trade Invoices Paid Within Target	1,668	11,802	1,154	10,252
Percentage of NHS Trade Invoices Paid Within Target	<u>47.63%</u>	<u>46.98%</u>	42.57%	<u>54.00%</u>

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

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

	2014-15 £000s	2013-14 £000s
Amounts included in finance costs from claims made under this legislation	272	97
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	<u>272</u>	<u>97</u>

12 Investment Revenue

	2014-15 £000s	2013-14 £000s
Rental revenue		
PFI finance lease revenue (planned)	0	0
PFI finance lease revenue (contingent)	0	0
Subtotal	<u>0</u>	<u>0</u>
Interest revenue		
Bank interest	43	56
Subtotal	<u>43</u>	<u>56</u>
Total investment revenue	<u>43</u>	<u>56</u>

13 Other Gains and Losses

	2014-15 £000s	2013-14 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	21	136
Total	<u>21</u>	<u>136</u>

14 Finance Costs

	2014-15 £000s	2013-14 £000s
Interest		
Interest on loans and overdrafts	622	502
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts:		
- main finance cost	6,419	6,565
- contingent finance cost	3,830	2,260
Interest on obligations under LIFT contracts:		
- main finance cost	0	0
- contingent finance cost	0	0
Interest on late payment of commercial debt	272	97
Total interest expense	<u>11,143</u>	<u>9,424</u>
Other finance costs *	172	0
Provisions - unwinding of discount	23	34
Total	<u>11,338</u>	<u>9,458</u>

* Other Finance Costs represent the arrangement fee for the additional Public Dividend Capital borrowing in 2014-15

15.1 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
2014-15								
Cost or valuation:								
At 1 April 2014	27,651	187,690	1,199	17,561	44,554	315	18,629	297,599
Additions of Assets Under Construction				12,053				12,053
Additions Purchased	0	2,059	20		1,839	0	2,931	6,849
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0	0	0
Additions - Purchases from Cash Donations & Government Grants	0	0	0	0	0	0	0	0
Additions Leased	0	0	0		0	0	0	0
Reclassifications	0	17,761	0	(24,248)	5,746	0	741	0
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	(1,368)	0	(807)	(2,175)
Revaluation	6,038	(3,760)	542	0	0	0	0	2,820
Impairments/negative indexation	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0
Transfers to NHS Foundation Trust	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0
At 31 March 2015	33,689	203,750	1,761	5,366	50,771	315	21,494	317,146
Depreciation								
At 1 April 2014	0	1	0	0	33,511	287	12,914	46,713
Reclassifications	0	0	0		0	0	0	0
Reclassifications as Held for Sale and reversals	0	0	0		0	0	0	0
Disposals other than for sale	0	0	0		(1,368)	0	(807)	(2,175)
Revaluation	761	(10,172)	(37)		0	0	0	(9,448)
Impairments	222	6,657	13	0	56	0	2	6,950
Reversal of Impairments	0	0	0	0	0	0	0	0
Charged During the Year	0	3,514	24		2,561	28	2,139	8,266
Transfers to NHS Foundation Trust	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0
At 31 March 2015	983	0	0	0	34,760	315	14,248	50,306
Net Book Value at 31 March 2015	32,706	203,750	1,761	5,366	16,011	0	7,246	266,840
Asset financing:								
Owned - Purchased	32,706	123,685	1,761	5,366	9,824	0	7,246	180,588
Owned - Donated	0	478	0	0	150	0	0	628
Owned - Government Granted	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	79,587	0	0	6,037	0	0	85,624
PFI residual: interests	0	0	0	0	0	0	0	0
Total at 31 March 2015	32,706	203,750	1,761	5,366	16,011	0	7,246	266,840

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2014	12,727	36,230	538	0	884	1	3	50,383
Movements (specify)	5,276	4,332	564	0	(16)	0	0	10,156
At 31 March 2015	18,003	40,562	1,102	0	868	1	3	60,539

Additions to Assets Under Construction in 2014-15

	£000's
Land	0
Buildings excl Dwellings	12,053
Dwellings	0
Plant & Machinery	0
Balance as at YTD	12,053

15.2 Property, plant and equipment prior-year

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
2013-14								
Cost or valuation:								
At 1 April 2013	27,866	179,668	1,180	7,361	42,599	315	16,324	275,313
Transfers under Modified Absorption Accounting - PCTs & SHAs	0	0	0	0	0	0	0	0
Transfers under Modified Absorption Accounting - Other Bodies	0	0	0	0	0	0	0	0
Additions of Assets Under Construction				17,504				17,504
Additions Purchased	0	427	0		3,282	0	2,305	6,014
Additions - Non Cash Donations (i.e. Physical Assets)	0	0	0	0	171	0	0	171
Additions - Purchases from Cash Donations & Government Grants	0	0	0	0	0	0	0	0
Additions Leased	0	0	0		0	0	0	0
Reclassifications	0	7,302	2	(7,304)	0	0	0	0
Reclassifications as Held for Sale and Reversals	0	0	0	0	0	0	0	0
Disposals other than for sale	(798)	0	0	0	(1,498)	0	0	(2,296)
Revaluation	583	2,603	17	0	0	0	0	3,203
Impairments/negative indexation charged to reserves	0	(2,310)	0	0	0	0	0	(2,310)
Reversal of Impairments charged to reserves	0	0	0	0	0	0	0	0
Transfers to Foundation Trust	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0
At 31 March 2014	27,651	187,690	1,199	17,561	44,554	315	18,629	297,599
Depreciation								
At 1 April 2013	0	0	0	0	31,917	259	11,124	43,300
Reclassifications	0	0	0		0	0	0	0
Reclassifications as Held for Sale and Reversals	0	0	0		0	0	0	0
Disposals other than for sale	0	0	0		(1,498)	0	0	(1,498)
Revaluation	0	(3,294)	(23)		0	0	0	(3,317)
Impairments/negative indexation charged to operating expenses	0	0	0	0	189	0	0	189
Reversal of Impairments charged to operating expenses	0	0	0	0	0	0	0	0
Charged During the Year	0	3,295	23		2,903	28	1,790	8,039
Transfers to Foundation Trust	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0		0	0	0	0
At 31 March 2014	0	1	0	0	33,511	287	12,914	46,713
Net Book Value at 31 March 2014	27,651	187,689	1,199	17,561	11,043	28	5,715	250,886
Asset financing:								
Owned - Purchased	27,651	97,046	1,199	17,561	4,883	28	5,715	154,083
Owned - Donated	0	482	0	0	211	0	0	693
Owned - Government Granted	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	90,161	0	0	5,949	0	0	96,110
PFI residual: interests	0	0	0	0	0	0	0	0
Total at 31 March 2014	27,651	187,689	1,199	17,561	11,043	28	5,715	250,886

15.3 (cont). Property, plant and equipment

A valuation of the Trust's land and buildings was undertaken by DTZ (RICS Registered Valuers), as at 31st March 2015

The valuations were carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. In accordance with the requirements of the Department of Health, the asset valuations were undertaken in 2015 as at the prospective valuation date of 31 March 2015.

The valuations have been carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property.

In line with HM Treasury guidance, the revaluation as at 31st March 2015 was based on the 'Modern Equivalent Asset' approach to valuation.

The Trust acts a Lessor, detailed in Note 9.2 of the Accounts. The PPE note includes amounts associated with the leased assets as follows:-

	Gross Carrying £000	Depreciation 2014/15 £000
Kidderminster Hospital - F Block	1,093	10
Worcester John Anthony Centre GU Medicine	296	3

The Trusts leases smaller areas as detailed in Note 9.2, however due the revaluation of Property on a Modern Equivalent Asset basis it is not possible to separately identify any the values associated with these assets.

The valuation undertaken by DTZ calculates the useful economic lives based on a standard formula. In March 2013 the Trust undertook a full review of its asset base including a condition survey which informed the Trust's assessment of useful economic lives. After taking professional advice the Trust has revised the useful economic lives based on the condition survey to more accurately reflect the future economic benefit from property assets. The approach used is consistent with the principles of the Red Book and IAS16. Each site is now defined as the property asset with the 3 significant components defined as land, buildings and external works. This has had the overall effect of extending the useful economic lives. During the March 2015 valuation exercise, these Asset Lives were checked and revised where necessary.

Economic life of non-current assets

	<u>Min Life Years</u>	<u>Max Life Years</u>
Software Licences	5	5
Property, Plant and Equipment:-		
Buildings excl Dwellings	17	93
Dwellings	58	87
Plant & Machinery	4	15
Information Technology	3	10
Furniture and Fittings		

16.1 Intangible non-current assets

	IT - in-house & 3rd party software	Computer Licenses	Total
	£000's	£000's	£000's
2014-15			
At 1 April 2014	1,491	336	1,827
Additions Purchased	698	399	1,097
Disposals other than by sale	0	(28)	(28)
At 31 March 2015	2,189	707	2,896
Amortisation			
At 1 April 2014	905	36	941
Disposals other than by sale	0	(28)	(28)
Charged during the year	165	101	266
At 31 March 2015	1,070	109	1,179
Net Book Value at 31 March 2015	1,119	598	1,717
Asset Financing: Net book value at 31 March 2015 comprises:			
Purchased	1,119	598	1,717
Donated	0	0	0
Government Granted	0	0	0
Finance Leased	0	0	0
On-balance Sheet PFIs	0	0	0
Total at 31 March 2015	1,119	598	1,717

Revaluation reserve balance for intangible non-current assets

	£000's	£000's	£000's
At 1 April 2014	0	0	0
Movements (specify)	0	0	0
At 31 March 2015	0	0	0

16.2 Intangible non-current assets prior year

	IT - in-house & 3rd party software	Computer Licenses	Total
	£000s	£000s	£000s
2013-14			
Cost or valuation:			
At 1 April 2013	1,491	300	1,791
Additions - purchased	0	36	36
At 31 March 2014	1,491	336	1,827
Amortisation			
At 1 April 2013	747	0	747
Charged during the year	158	36	194
At 31 March 2014	905	36	941
Net book value at 31 March 2014	586	300	886
Net book value at 31 March 2014 comprises:			
Purchased	586	300	886
Donated			0
Government Granted			0
Total at 31 March 2014	586	300	886

16.3 Intangible non-current assets

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) 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.

17 Analysis of impairments and reversals recognised in 2014-15

2014-15

**Total
£000s**

Property, Plant and Equipment impairments and reversals taken to SoCI

Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	0
Unforeseen obsolescence	58
Loss as a result of catastrophe	0
Other	0
Changes in market price	6,892
Total charged to Annually Managed Expenditure	6,950
Total Impairments charged to SoCI - DEL	0
Total Impairments charged to SoCI - AME	6,950
Overall Total Impairments	6,950

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

The Trust revalued Non Current Land and Building Assets as at 31st March 2015. The reduction in valuation of £6.89m is shown above as a change in Market Price, of this figure, £3.38m relates to the Trust's new Radiotherapy Centre and reflects the change from accounting for the value from construction cost to Depreciated Replacement Cost.

17.1 Analysis of impairments and reversals recognised in 2014-15

	Total £000s	Property Plant and Equipment £000s	Intangible Assets £000s	Financial Assets £000s	Non-Current Assets Held for Sale £000s
Impairments and reversals taken to SoCI					
Loss or damage resulting from normal operations	0	0	0	0	0
Over-specification of assets	0	0	0		
Abandonment of assets in the course of construction	0	0	0		0
Total charged to Departmental Expenditure Limit	0	0	0	0	0
Unforeseen obsolescence	58	58	0		0
Loss as a result of catastrophe	0	0	0	0	0
Other	0	0	0	0	0
Changes in market price	6,892	6,892	0		0
Total charged to Annually Managed Expenditure	6,950	6,950	0	0	0
Total Impairments of Property, Plant and Equipment changed to SoCI	6,950	6,950	0	0	0

Donated and Gov Granted Assets, included above

PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL

Intangibles - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL

£000s

0

0

18 Investment property

The Trust held no Investment Property in 2014-15

19 Commitments

19.1 Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2015 £000s	31 March 2014 £000s
Property, plant and equipment	138	4,936
Intangible assets	0	0
Total	138	4,936

19.2 Other financial commitments

The trust has entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession

	31 March 2015 £000s	31 March 2014 £000s
Not later than one year	0	0
Later than one year and not later than five year	0	0
Later than five years	0	0
Total	0	0

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	126	0	4,203	0
Balances with Local Authorities	366	0	0	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS bodies inside the Departmental Group	16,827	0	7,952	31,519
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	11,016	2,059	36,949	77,147
At 31 March 2015	28,335	2,059	49,104	108,666
prior period: (As Restated)				
Balances with Other Central Government Bodies	0	0	6,033	0
Balances with Local Authorities	353	0	0	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS bodies inside the Departmental Group	12,933	0	3,410	30,339
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	9,230	1,267	43,947	75,961
At 31 March 2014	22,516	1,267	53,390	106,300

21 Inventories	Drugs £000s	Consumables £000s	Work in Progress £000s	Energy £000s	Loan Equipment £000s	Other £000s	Total £000s	Of which held at NRV £000s
Balance at 1 April 2014	2,101	2,790	112	58	0	0	5,061	0
Additions	32,477	137	8	0	0	0	32,622	0
Inventories recognised as an expense in the period	(31,524)	0	0	(52)	0	0	(31,576)	0
Write-down of inventories (including losses)	0	0	0	0	0	0	0	0
Reversal of write-down previously taken to SOCI	0	0	0	0	0	0	0	0
Transfers (to) Foundation Trusts	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0
Balance at 31 March 2015	3,054	2,927	120	6	0	0	6,107	0

22.1 Trade and other receivables

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s
NHS receivables - revenue	16,763	12,933	0	0
NHS receivables - capital	0	0	0	0
NHS prepayments and accrued income	0	0	0	0
Non-NHS receivables - revenue	2,196	2,604	0	0
Non-NHS receivables - capital	0	0	0	0
Non-NHS prepayments and accrued income	8,565	3,593	709	207
PDC Dividend prepaid to DH	190	0	0	0
Provision for the impairment of receivables	(1,192)	(1,372)	0	0
VAT	808	892	0	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	0	0	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	1,005	1,872	1,350	1,060
Total	28,335	20,522	2,059	1,267
Total current and non current	30,394	21,789		
Included in NHS receivables are prepaid pension contributions:	0			

The great majority of trade is with Clinical Commissioning Groups (CCG's) . As CCG's are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

22.2 Receivables past their due date but not impaired

	31 March 2015 £000s	31 March 2014 £000s
By up to three months	2,235	5,242
By three to six months	59	531
By more than six months	1,804	1,824
Total	4,098	7,597

22.3 Provision for impairment of receivables

	2014-15 £000s	2013-14 £000s
Balance at 1 April 2014	(1,372)	(1,223)
Transfers under Modified Absorption Accounting - PCTs & SHAs		0
Transfers under Modified Absorption Accounting - Other Bodies		0
Amount written off during the year	260	66
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	(80)	(215)
Transfer to NHS Foundation Trust	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0
Balance at 31 March 2015	(1,192)	(1,372)

23 NHS LIFT investments

The Trust had no LIFT Investments during the year ended 31st March 2015

24.1 Other Financial Assets - Current

The Trust had no Other Financial Assets - Current at 31st March 2015

24.2 Other Financial Assets - Non Current

The Trust had no Other Financial Assets - Non Current at 31st March 2015

25 Other current assets

The Trust had no Other Current Assets at 31st March 2015

26 Cash and Cash Equivalents

	31 March 2015 £000s	31 March 2014 £000s
Opening balance	5,664	16,773
Net change in year	(3,557)	(11,109)
Closing balance	<u>2,107</u>	<u>5,664</u>
Made up of		
Cash with Government Banking Service	973	5,622
Commercial banks*	1,132	35
Cash in hand	2	7
Liquid deposits with NLF	0	0
Current investments	0	0
Cash and cash equivalents as in statement of financial position	<u>2,107</u>	<u>5,664</u>
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	<u>2,107</u>	<u>5,664</u>
Patients' money held by the Trust, not included above	<u>0</u>	<u>0</u>

* Balances in Commercial Accounts include 1,124,679.01 held in an Trust variation account. This account is jointly accessible by the Trust and the Trusts's PFI Partner, Worcestershire Hospitals SPC. The purpose of the account is for the Trust to deposit specific sums to the value of agreed deed of variations for capital work to be undertaken within the PFI Hospital by Worcestershire Hospitals SPC for the Trust.

27 Non-current assets held for sale

	Dwellings	Total
	£000s	£000s
Balance at 1 April 2014	840	840
Plus assets classified as held for sale in the year	0	0
Less assets sold in the year	0	0
Less impairment of assets held for sale	0	0
Plus reversal of impairment of assets held for sale	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0
Transfers to Foundation Trust	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0
Balance at 31 March 2015	840	840
Liabilities associated with assets held for sale at 31 March 2015	0	0
Balance at 1 April 2013	840	840
Transfers under Modified Absorption Accounting - PCTs & SHAs	0	0
Transfers under Modified Absorption Accounting - Other Bodies	0	0
Plus assets classified as held for sale in the year	0	0
Less assets sold in the year	0	0
Less impairment of assets held for sale	0	0
Plus reversal of impairment of assets held for sale	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0
Transfers to Foundation Trust	0	0
Transfers (to)/from other public sector bodies	0	0
Balance at 31 March 2014	840	840
Liabilities associated with assets held for sale at 31 March 2014	0	0

For 2014-15 the Assets classified as held for sale in year are two Accommodation Blocks at the Alexandra Hospital, for which the process of disposal is still to be determined.

28 Trade and other payables

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s
NHS payables - revenue	4,182	3,410	0	0
NHS payables - capital	0	0	0	0
NHS accruals and deferred income	0	0	0	0
Non-NHS payables - revenue	15,526	21,853	0	0
Non-NHS payables - capital	4,270	2,658	0	0
Non-NHS accruals and deferred income	11,571	9,243	0	0
Social security costs	2,112	3,039		
PDC Dividend payable to DH	0	123		
VAT	0	0	0	0
Tax	2,091	2,994		
Payments received on account	0	0	0	0
Other	3,217	2,643	0	0
Total	42,969	45,963	0	0
Total payables (current and non-current)	42,969	45,963		

Included above:

to Buy Out the Liability for Early Retirements Over 5 Years	0	0
number of Cases Involved (number)	0	0
outstanding Pension Contributions at the year end	2,982	2,831

29 Other liabilities

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s
PFI/LIFT deferred credit	395	554	3,157	2,230
Lease incentives	0	0	0	0
Other <i>[specify]</i>	0	0	0	0
Total	395	554	3,157	2,230
Total other liabilities (current and non-current)	3,552	2,784		

30 Borrowings

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s
Bank overdraft - Government Banking Service	0	0		
Bank overdraft - commercial banks	0	0		
Loans from Department of Health	3,770	2,780	31,519	30,339
Loans from other entities	0	0	0	0
PFI liabilities:				
Main liability	1,970	1,873	73,990	75,961
Lifecycle replacement received in advance	0	0	0	0
LIFT liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	0	0	0	0
Other (describe)	0	0	0	0
Total	5,740	4,653	105,509	106,300
Total other liabilities (current and non-current)	111,249	110,953		

Borrowings / Loans - repayment of principal falling due in:

	31 March 2015	Other £000s	Total £000s
	DH £000s		
0-1 Years	3,770	1,970	5,740
1 - 2 Years	3,770	1,936	5,706
2 - 5 Years	11,310	6,351	17,661
Over 5 Years	16,439	65,703	82,142
TOTAL	35,289	75,960	111,249

31 Other financial liabilities

The Trust had no Other Financial Liabilities at 31st March 2015

32 Deferred revenue

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s
Opening balance at 1 April 2014	355	864	0	0
Deferred revenue addition	682	355	0	0
Transfer of deferred revenue	(355)	(864)	0	0
Current deferred Income at 31 March 2015	682	355	0	0
Total deferred income (current and non-current)	682	355		

33 Finance lease obligations as lessee

The Trust held no finance leases during 2014-15 (as defined under IAS17). PFI finance leases as determined under IFRIC12 are disclosed in Note 37.

34 Finance lease receivables as lessor

The Trust did not lease any assets to a third party that were deemed to be a finance leases during 2014-15.

35 Provisions

Comprising:

	Total	Early Departure Costs	Legal Claims	Restructuring	Continuing Care	Equal Pay (incl. Agenda for Change	Other	Redundancy
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2014	2,232	1,786	158	0	0	0	288	0
Arising during the year	542	59	77	0	0	0	406	0
Utilised during the year	(554)	(227)	(49)	0	0	0	(278)	0
Reversed unused	(3)	0	(3)	0	0	0	0	0
Unwinding of discount	23	23	0	0	0	0	0	0
Change in discount rate	65	65	0	0	0	0	0	0
Transfers to NHS Foundation Trusts (for Trusts becoming FTs only)	0	0	0	0	0	0	0	0
Transfers (to)/from other public sector bodies under absorption accounting	0	0	0	0	0	0	0	0
Balance at 31 March 2015	2,305	1,706	183	0	0	0	416	0

Expected Timing of Cash Flows:

No Later than One Year	813	214	183	0	0	0	416	0
Later than One Year and not later than Five Years	684	684	0	0	0	0	0	0
Later than Five Years	808	808	0	0	0	0	0	0

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

As at 31 March 2015	77,022
As at 31 March 2014	56,445

The provision for pensions relating to other staff includes a degree of uncertainty in respect of timings and amounts, due to the uncertainty over life expectancy. Future liability is calculated using actuarial values.

The provision for other legal claims predominantly to third party liability, property expense and employee liability claims. The Trust's legal advisors have assessed each claim and a provision has been made, based upon the expected outcome of the claim, the related probability and the expected settlement date.

The Other Provision recognises the liability in respect of Carbon Reduction Commitment Energy Efficiency Scheme (CRC) - this obligation represents the charge for CO2 emissions for 2014-15

In addition to the amount provided for within the Trust's accounts, details of contingent liabilities and assets relating to these claims are given in Note 36 below.

36 Contingencies

	31 March 2015 £000s	31 March 2014 £000s
Contingent liabilities		
NHS Litigation Authority legal claims	(50)	(42)
Employment Tribunal and other employee related litigation	0	0
Redundancy	0	0
Other	0	0
Amounts recoverable against contingent liabilities	0	0
Net value of contingent liabilities	(50)	(42)
Contingent assets		
Contingent assets	0	0
Net value of contingent assets	0	0

* The Trust's contingent liabilities include claims brought by employees and third parties totalling £49,500. The Provisions for these claims are included within Note 35 under 'Legal Claims'. The values included within this liability are advised by the NHS Litigation Authority

37 PFI and LIFT - additional information

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

	2014-15 £000s	2013-14 £000s
Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI		
Total charge to operating expenses in year - Off SoFP PFI	0	0
Service element of on SOFP PFI charged to operating expenses in year	12,951	11,395
Total	12,951	11,395
Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI		
No Later than One Year	13,284	12,693
Later than One Year, No Later than Five Years	56,539	54,026
Later than Five Years	202,628	212,725
Total	272,451	279,444

The estimated annual payments in future years are not expected to be materially different from those which the Trust had recognised in 2014-15

	2014-15 £000s	2013-14 £000s
Imputed "finance lease" obligations for on SOFP PFI contracts due		
No Later than One Year	8,230	8,292
Later than One Year, No Later than Five Years	31,691	32,021
Later than Five Years	105,117	113,018
Subtotal	145,038	153,331
Less: Interest Element	(69,078)	(75,497)
Total	75,960	77,834

	2014-15 £000s	2013-14 £000s
Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due Analysed by when PFI payments are due		
No Later than One Year	1,970	1,873
Later than One Year, No Later than Five Years	8,287	7,952
Later than Five Years	65,703	68,009
Total	75,960	77,834

Number of on SOFP PFI Contracts

Total Number of on PFI contracts	1
Number of on PFI contracts which individually have a total commitments value in excess of £500m	0

38 Impact of IFRS treatment - current year

	2014-15 £000s	2013-14 £000s
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)		
Depreciation charges	2,573	2,416
Interest Expense	10,249	8,825
Impairment charge - AME	50	189
Impairment charge - DEL	0	0
Other Expenditure	12,590	11,158
Revenue Receivable from subleasing	0	0
Impact on PDC dividend payable	(585)	(573)
Total IFRS Expenditure (IFRIC12)	24,877	22,015
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease revenue)	(25,341)	(22,239)
Net IFRS change (IFRIC12)	(464)	(224)
Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12		
Capital expenditure 2014-15	1,691	3,207
UK GAAP capital expenditure 2014-15 (Reversionary Interest)	1,610	1,554

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 CCG's and the way those CCG's are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

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

Interest rate risk

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

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2015 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The cash shortfall resulting from the cumulative deficit is funded through working capital loans from the Department of Health. 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	Available for sale £000s	Total £000s
Embedded derivatives	0			0
Receivables - NHS		16,764		16,764
Receivables - non-NHS		2,195		2,195
Cash at bank and in hand		2,107		2,107
Other financial assets	0	0	0	0
Total at 31 March 2015	0	21,066	0	21,066
Embedded derivatives	0			0
Receivables - NHS		12,933		12,933
Receivables - non-NHS		2,604		2,604
Cash at bank and in hand		5,663		5,663
Other financial assets	0	0	0	0
Total at 31 March 2014	0	21,200	0	21,200

39.3 Financial Liabilities

	At 'fair value through profit and loss' £000s	Other £000s	Total £000s
Embedded derivatives	0		0
NHS payables		4,182	4,182
Non-NHS payables		19,798	19,798
Other borrowings		35,289	35,289
PFI & finance lease obligations		75,960	75,960
Other financial liabilities	0	0	0
Total at 31 March 2015	0	135,229	135,229
Embedded derivatives	0		0
NHS payables		3,410	3,410
Non-NHS payables		24,634	24,634
Other borrowings		33,119	33,119
PFI & finance lease obligations		77,834	77,834
Other financial liabilities	0	0	0
Total at 31 March 2014	0	138,997	138,997

40 Events after the end of the reporting period

There are no material events occurring after the Reporting Period.

41 Related party transactions

During the year one of the Trust Board members has undertaken material transactions with Worcestershire Acute Hospitals NHS Trust

Details of related party transactions with individuals are as follows:

	Payments to Related Party £	Receipts from Related Party £	Amounts owed to Related Party £	Amounts due from Related Party £
Mr. Harry Turner - Chairman of the Trust and: as Trustee of the Charles Hastings Education Centre	405,523	31,060	6,000	147,076

Transactions with the Charles Hastings Education Centre

The Department of Health is regarded as a related party. During the year Worcestershire Acute Hospitals NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

NHS England
 NHS Redditch and Bromsgrove CCG
 NHS South Worcestershire CCG
 NHS Wyre Forest CCG
 Worcestershire Health and Care NHS Trust
 NHS Litigation Authority
 NHS Business Services Authority

The Trust has also received revenue and capital payments from Worcestershire Acute Hospitals NHS Trust Charitable Fund amounting to £538,399 (£639,161 in 2013-14). 11 of the Trustees of Worcestershire Acute Hospitals NHS Trust Charitable Fund are also members of the Trust board. The summary financial statements of the Funds Held on Trust are included in the annual report.

42 Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses	389,602	73
Special payments	61,352	60
Total losses and special payments	450,954	133

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	227,938	102
Special payments	123,851	105
Total losses and special payments	351,790	207

43. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

43.1 Breakeven performance

	2005-06 £000s	2006-07 £000s	2007-08 £000s	2008-09 £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	2013-14 £000s	2014-15 £000s
Turnover	246,068	263,801	293,859	299,601	312,889	321,829	336,594	348,763	346,029	364,656
Retained surplus/(deficit) for the year	(4,952)	53	5,193	5,833	(2,179)	(1,193)	(1,193)	(312)	(14,271)	(32,939)
Adjustment for:										
Timing/non-cash impacting distortions:										
Pre FDL(97)24 agreements	0	0	0	0	0	0	0	0	0	0
2006/07 PPA (relating to 1997/98 to 2005/06)	0									
2007/08 PPA (relating to 1997/98 to 2006/07)	0	(1,059)								
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	0							
Adjustments for impairments				0	3,020	1,126	634	181	189	6,950
Adjustments for impact of policy change re donated/government grants assets							172	148	(109)	71
Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12*					2,294	354	475	0	0	0
Absorption accounting adjustment								0	0	0
Other agreed adjustments	0	0	0	0	0	0	0	0	0	0
Break-even in-year position	(4,952)	(1,006)	5,193	5,833	3,135	287	88	17	(14,191)	(25,918)
Break-even cumulative position	(31,874)	(32,880)	(27,687)	(21,854)	(18,719)	(18,432)	(18,344)	(18,327)	(32,518)	(58,436)

*

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

	2005-06 %	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2012-13 %	2013-14 %	2014-15 %
Materiality test (i.e. is it equal to or less than 0.5%):										
Break-even in-year position as a percentage of turnover	-2.01	-0.38	1.77	1.95	1.00	0.09	0.03	0.00	-4.10	-7.11
Break-even cumulative position as a percentage of turnover	-12.95	-12.46	-9.42	-7.29	-5.98	-5.73	-5.45	-5.25	-9.40	-16.02

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.

Consideration in respect of going concern is provided in Accounting Policies, Note 1.3

43.2 Capital cost absorption rate

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

43.3 External financing

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

	2014-15 £000s	2013-14 £000s
External financing limit (EFL)	50,552	26,766
Cash flow financing	49,261	25,540
Unwinding of Discount Adjustment	0	34
Finance leases taken out in the year	0	0
Other capital receipts	0	(935)
External financing requirement	49,261	24,639
Under/(over) spend against EFL	1,291	2,127

43.4 Capital resource limit

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

	2014-15 £000s	2013-14 £000s
Gross capital expenditure	19,999	23,543
Less: book value of assets disposed of	0	(798)
Less: capital grants	0	0
Less: donations towards the acquisition of non-current assets	0	0
Charge against the capital resource limit	19,999	22,745
Capital resource limit	20,402	26,257
(Over)/underspend against the capital resource limit	403	3,512

44 Third party assets

As at 31st March 2015 the Trust held no cash and cash equivalents which relate third parties.