



Walsall Healthcare NHS Trust Annual Accounts 2017/18

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Statement of the chief executive's responsibilities as the accountable officer of the trust

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the NHS Trust Accountable Officer Memorandum. These include ensuring that:

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

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

Suttreend Chief Executive

Date 24/5/18

Statement of directors' responsibilities in respect of the accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

By order of the Board

24/5/18 Date Juliered Chief Executive

..... Director of Finance & Performance

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF WALSALL HEALTHCARE NHS TRUST

Opinion

We have audited the financial statements of Walsall Healthcare NHS Trust for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the Trust's Statement of Comprehensive Income, the Trust's Statement of Financial Position, the Trust's Statement of Changes in Taxpayers' Equity, the Trust's Statement of Cash Flows and the related notes 1 to 52. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2017-18 HM Treasury's Financial Reporting Manual (the 2017-18 FReM) as contained in the Department of Health and Social Care Group Accounting Manual 2017/18 and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury as relevant to the National Health Service in England (the Accounts Direction).

In our opinion the financial statements:

- give a true and fair view of the financial position of Walsall Healthcare NHS Trust as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the National Health Service Act 2006 and the Accounts Directions issued thereunder.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01 and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the Board of Directors of Walsall Healthcare NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose. Our audit work has been undertaken so that we might state to the Directors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors, for our audit work, for this report, or for the opinions we have formed.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the Trust has found it difficult- to meet its financial targets and have reported a significant deficit in year and is budgeting for a further deficit in the next financial year. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Trust's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report set out on pages 67, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Health Services Act 2006

In our opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Health Services Act 2006 and the Accounts Directions issued thereunder.

Matters on which we are required to report by exception

We are required to report to you if¹:

- in our opinion the governance statement does not comply with the NHS Improvement's guidance; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014; or

We have nothing to report in these respects

¹ Where the auditor has issues to report under any of the issues listed, they should be deleted from this section and a suitable exception report, briefly explaining the action taken, inserted in the following section.

Section 30 Referral

We refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the CCG, or an officer of the CCG, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency

The Trust anticipated an in-year deficit for the 2017-18 financial year and we referred this matter to the Secretary of State on 22 May 2017 under section 30 of the Local Audit and Accountability Act 2014. The Trust have delivered a deficit in 2017/18 of £24.2 million.

Proper arrangements to secure economy, efficiency and effectiveness

We report to you, if we are not satisfied that the Trust has put in place proper arrangements to secure economy efficiency and effectiveness in its use of resources.

Basis for qualified conclusion

Special Measures

The Care Quality Commission (CQC) inspected the Trust in May and June 2017; and issued the Trust with an overall rating of requires improvement. The report highlighted concerns in respect of urgent and emergency services; surgery; critical care; maternity and gynaecology.

Sustainable Resource Deployment

The Trust's outturn position for 2017/18 was a £24.2million deficit, which is a significant deterioration compared to the 2017/18 planned deficit of £20.5million. The deterioration in the Trust's financial outturn was due to failure to maintain effective controls over temporary staffing.

Workforce Development

The results of the 2017 National NHS staff survey show continuing poor performance for staff engagement with 24 out of 32 measures below average. The Trust's response plan to the CQC inspection included actions to improve workforce and staffing, however these actions have not yet demonstrated a sustained improvement in staff engagement or confidence in the quality of services provided by the Trust.

Internal Controls

The Trust has been issued with a Limited Assurance opinion by the internal auditors, due to weaknesses in the design, and/or inconsistent application of controls, that have put the achievement of the organisations objectives at risk in a number of areas reviewed. This has been reflected in the Annual Governance Statement for 2017-18.

Qualified conclusion (Adverse)

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in August 2017, we are not satisfied that, in all significant respects, Walsall Healthcare NHS Trust have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018

Responsibilities of the Directors and Accountable Officer

As explained more fully in the Statement of Directors' Responsibilities in respect of the Accounts, set out on page 39, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. In preparing the financial statements, the Accountable Officer is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accountable Officer either intends to cease operations, or have no realistic alternative but to do so.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in August 2017, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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

We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Section 21(5)(b) of the Local Audit and Accountability Act 2014 requires that our report must not contain our opinion if we are satisfied that proper arrangements are in place.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Walsall Healthcare NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

R Ernst and Young LLP Clar tenhen Stephen Clark (Audit Partner)

Stephen Clark (Audit Partner) For and on behalf of Ernst and Young LLP (Local Auditor) Birmingham 25th May 2018

The maintenance and integrity of the Walsall Healthcare NHS Trust web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income

		2017/18	2016/17
	Note	£000	£000
Operating income from patient care activities	3	225,136	223,025
Other operating income	4	18,827	21,717
Operating expenses	6, 8	(260,388)	(270,848)
Operating deficit from continuing operations	_	(16,425)	(26,106)
Finance income	11	24	21
Finance expenses	12	(9,147)	(8,050)
PDC dividends payable		-	-
Net finance costs		(9,123)	(8,029)
Other gains	13	1,329	6
Share of profit / (losses) of associates / joint arrangements	20	-	-
Gains / (losses) arising from transfers by absorption		-	-
Corporation tax expense		-	-
Surplus / (deficit) for the year from continuing operations		(24,219)	(34,129)
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	14	-	-
Surplus / (deficit) for the year	=	(24,219)	(34,129)
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	-	-
Revaluations	18	3,604	-
Share of comprehensive income from associates and joint ventures	20	-	-
Other recognised gains and losses		-	-
Remeasurements of the net defined benefit pension scheme liability / asset	37	-	-
Other reserve movements		-	-
May be reclassified to income and expenditure when certain conditions ar	e met:		
Fair value gains / (losses) on available-for-sale financial investments	13	-	-
Recycling gains / (losses) on available-for-sale financial investments	13	-	-
Foreign exchange gains / (losses) recognised directly in OCI	13		-
Total comprehensive expense for the period	=	(20,615)	(34,129)

The Trust completed a revaluation of its estate in year see note 18 for further information.

The Trust sold land and buildings, the profit on the sales (£1.329m) is shown above in other gains (note 13).

Statement of Financial Position

		31 March 2018	31 March 2017
	Note	£000	£000
Non-current assets			
Intangible assets	15	1,311	1,010
Property, plant and equipment	16	138,291	133,168
Investment property	19	-	-
Investments in associates and joint ventures	20	-	-
Other investments / financial assets	21	-	-
Trade and other receivables	24	1,054	1,119
Other assets	25 _		-
Total non-current assets		140,656	135,297
Current assets			
Inventories	23	2,277	2,107
Trade and other receivables	24	17,214	14,603
Other investments / financial assets	21	-	-
Other assets	25	-	-
Non-current assets held for sale / assets in disposal groups	26	-	-
Cash and cash equivalents	27 _	2,277	1,705
Total current assets	_	21,768	18,415
Current liabilities			
Trade and other payables	28	(29,292)	(27,701)
Borrowings	31	(10,782)	(3,489)
Other financial liabilities	29	-	-
Provisions	33	(431)	(420)
Other liabilities	30	(1,411)	(1,756)
Liabilities in disposal groups	26 _		-
Total current liabilities	_	(41,916)	(33,366)
Total assets less current liabilities	-	120,508	120,346
Non-current liabilities			
Trade and other payables	28	-	(-
Borrowings	31	(177,817)	(159,040)
Other financial liabilities	29	-	ia n i
Provisions	33	- 2	-
Other liabilities	30 _		
Total non-current liabilities	-	(177,817)	(159,040)
Total assets employed	=	(57,309)	(38,694)
Financed by			
Public dividend capital		58,318	56,318
Revaluation reserve		16,023	12,752
Available for sale investments reserve		-	∞ =
Other reserves		-	÷
Merger reserve		_ :	-
Income and expenditure reserve	601	(131,650)	(107,764)
Total taxpayers' equity	-	(57,309)	(38,694)
	=		

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The following notes form part of these accounts.

Name Hullietul

Position Date

Richard Beeken Chief Executive 24th May 2018

Statement of Changes in Equity for the year ended 31 March 2018

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
axpayers' equity at 1 April 2017 - brought forward	56,318	12,752	(107,764)	(38,694)
Deficit for the year	-	-	(24,219)	(24,219)
Transfers by absorption: transfers between reserves	-	-	-	-
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	-
Other transfers between reserves	-	(145)	145	-
Impairments	-	-	-	-
Revaluations	-	3,604	-	3,604
Transfer to retained earnings on disposal of assets	-	(188)	188	-
Share of comprehensive income from associates and joint ventures	-	-	-	-
Fair value gains/(losses) on available-for-sale financial investments	-	-	-	
Recycling gains/(losses) on available-for-sale financial investments	-	-	-	
Foreign exchange gains/(losses) recognised directly in OCI	-	-	-	
Other recognised gains and losses	-	-	-	
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-
Public dividend capital received	2,000	-	-	2,000
Public dividend capital repaid	-	-	-	-
Public dividend capital written off	-	-	-	-
Other movements in public dividend capital in year	-	-	-	-
Other reserve movements	-	-	-	-
axpayers' equity at 31 March 2018	58,318	16,023	(131,650)	(57,309

Statement of Changes in Equity for the year ended 31 March 2017

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
axpayers' equity at 1 April 2016 - brought forward	56,318	12,859	(73,742)	(4,565)
Prior period adjustment	-	-	-	-
	56,318	12,859	(73,742)	(4,565)
Deficit for the year	-	-	(34,129)	(34,129)
Transfers by absorption: transfers between reserves	-	-	-	-
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	-
Other transfers between reserves	-	(107)	107	-
Impairments	-	-	-	-
Revaluations	-	-	-	-
Transfer to retained earnings on disposal of assets	-	-	-	-
Share of comprehensive income from associates and joint ventures	-	-	-	-
Fair value gains/(losses) on available-for-sale financial investments	-	-	-	-
Recycling gains/(losses) on available-for-sale financial investments	-	-	-	-
Foreign exchange gains/(losses) recognised directly in OCI	-	-	-	-
Other recognised gains and losses	-	-	-	-
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-
Public dividend capital received	-	-	-	-
Public dividend capital repaid	-	-	-	-
Public dividend capital written off	-	-	-	-
Other movements in public dividend capital in year	-	-	-	-
Other reserve movements	-			
axpayers' equity at 31 March 2017	56,318	12,752	(107,764)	(38,694)

Information on reserves

Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the trust.

Statement of Cash Flows

	Note	2017/18 £000	2016/17 £000
Cash flows from operating activities			
Operating deficit		(16,425)	(26,106)
Non-cash income and expense:			
Depreciation and amortisation	6.1	6,393	6,810
Net impairments	7	1,234	12,833
Income recognised in respect of capital donations	4	(475)	(259)
Amortisation of PFI deferred credit		-	-
Non-cash movements in on-SoFP pension liability		-	-
(Increase) / decrease in receivables and other assets		(2,546)	(2,515)
(Increase) / decrease in inventories		(170)	250
Increase / (decrease) in payables and other liabilties		1,277	(1,523)
Increase / (decrease) in provisions		11	(3)
Tax (paid) / received		-	-
Operating cash flows from discontinued operations		-	-
Other movements in operating cash flows		-	-
Net cash generated used in operating activities	_	(10,701)	(10,513)
Cash flows from investing activities			
Interest received		24	22
Purchase and sale of financial assets / investments			-
Purchase of intangible assets		(811)	(376)
Sales of intangible assets		(0)	(0.0)
Purchase of property, plant, equipment and investment property		(8,916)	(3,738)
Sales of property, plant, equipment and investment property		2,019	(0,100)
Receipt of cash donations to purchase capital assets		2,010	-
Prepayment of PFI capital contributions			-
Investing cash flows of discontinued operations		_	_
Cash movement from acquisitions/disposals of subsidiaries		-	-
Net cash generated used in investing activities	_	(7,684)	(4,092)
Cash flows from financing activities			
Public dividend capital received		2,000	-
Public dividend capital repaid		_,	-
Movement on loans from the Department of Health and Social Care		29,557	24,300
Movement on other loans		-	-
Other capital receipts			
Capital element of finance lease rental payments		_	_
Capital element of PFI, LIFT and other service concession payments		(3,489)	(3,304)
Interest paid on finance lease liabilities		(0,400)	(0,004)
Interest paid on PFI, LIFT and other service concession obligations		(7,800)	(7,587)
Other interest paid		(1,311)	(464)
PDC dividend (paid) / refunded		(1,011)	(+0+)
Financing cash flows of discontinued operations		_	_
Cash flows from (used in) other financing activities			
Net cash generated from financing activities		18,957	12,945
Increase / (decrease) in cash and cash equivalents		572	
			(1,660)
Cash and cash equivalents at 1 April - brought forward		1,705	3,365
Prior period adjustments		4 705	-
Cash and cash equivalents at 1 April - restated Cash and cash equivalents transferred under absorption accounting	44	1,705	3,365
Unrealised gains / (losses) on foreign exchange	- T - T '	-	-
	27.1	2,277	1 705
Cash and cash equivalents at 31 March		2,211	1,705

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2017/18 issued by the Department of Health and Social Care. The accounting policies contained in the GAM 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 GAM permits a choice of accounting policy, the accounting policy that 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 are described below. These have been applied consistently in dealing with items considered material in relation to accounts.

Note 1.1.1 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.

Note 1.1.2 Going concern

These accounts have been prepared on a going concern basis. The financial statements do not include the adjustments that would result if the Trust were unable to continue as a going concern.

The Trust has recorded revenue deficits in the three financial years prior to 2017/18. The Board are committed to addressing the current deficit position and the Trust's five year model shows a planned breakeven in 2020/21. This financial recovery is dependent upon the achievement of cost improvement programmes over the period during which the Trust will also be reliant on financial support from the Department of Health to continue the provision of services.

The Trust recognises there is significant risk associated with the achievement of cost improvements targets included the forthcoming financial years. The Trust has delivered a cost improvement target of £10.9m for 2017/18 and is continuing to develop initiatives to deliver future savings beyond this financial year.

The Board of Directors have therefore given careful consideration to the Going Concern principle when preparing these accounts, and the planned revenue deficit for 2018/19.

In respect of the £18.6m planned revenue deficit for 2018/19 the Trust has access to the Uncommitted Interim Revenue Support Facility and cash supporting loans are agreed monthly with the Department of Health dependent on cash requirements.

The Board has concluded that although the financial circumstances represents a material uncertainty that casts significant doubt upon the Trust's ability to continue as a going concern, the Directors have a reasonable expectation that the Trust will have access to sufficient resources, including revenue and capital loan funding, to continue to provide services to patients for the foreseeable future. For this reason the Board has adopted the going concern basis when preparing these accounts.

Note 1.2 Critical judgements in applying accounting policies

In the application of the NHS 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.

Note 1.2.1 Sources of estimation uncertainty

The Trust is forecasting a deficit position for 2017/18 and will require revenue loan support from the Department of Health to maintain current services. The Trust is working with NHS Improvement Authority on a plan for financial recovery.

Note 1.3 Interests in other entities

The Trust has no interest in other entities.

Note 1.4 Income

Income 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 income for the trust is contracts with commissioners in respect of health care services. At the year end, the trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Walsall Healthcare NHS Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. Walsall Healthcare NHS Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

The value of the benefit received when accessing funds from the the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.5 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. There, the schemes are accounted for as though they are defined contribution schemes.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

The Trust offers an additional defined contribution workplace pension scheme e.g. the National Employment Savings Scheme (NEST), that a minority of staff participate in.

Note 1.6 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.7 Property, plant and equipment

Note 1.7.1 Recognition

Property, plant and equipment is capitalised where:

• 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 be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- 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 cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

Note 1.7.2 Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs 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 valuation. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date. An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the *GAM*, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Note 1.7.3 Derecognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

• the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;

• the sale must be highly probable ie:

- management are committed to a plan to sell the asset
- an active programme has begun to find a buyer and complete the sale
- the asset is being actively marketed at a reasonable price
- the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and

- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Note 1.7.4 Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Note 1.7.5 Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet Walsall Healthcare NHS 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 accrual or prepayment is recognised respectively.

Note 1.7.6 Useful economic lives of property, plant and equipment

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below:

	Min life	Max life	
	Years	Years	
Land	-	-	
Buildings, excluding dwellings	1	41	
Dwellings	20	20	
Plant & machinery	1	145	
Transport equipment	1	3	
Information technology	1	5	
Furniture & fittings	1	10	

Finance-leased assets (including land) are depreciated over the shorter of the useful economic life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.8 Intangible assets

Note 1.8.1 Recognition

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

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset

• how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;

• adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and

• the trust can measure reliably the expenses attributable to the asset during development.

Software

Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

Note 1.8.2 Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

Intangible assets held for sale are measured at the lower of their carrying amount or "fair value less costs to sell".

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Note 1.8.3 Useful economic lives of intangible assets

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below:

	Min life Years	Max life Years
Information technology	-	-
Development expenditure	-	-
Websites	-	-
Software licences	1	10
Licences & trademarks	-	-
Patents	-	-
Other (purchased)	-	-
Goodwill	-	-

Note 1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

Note 1.10 Investment properties

The Trust does not have any investment properties.

Note 1.11 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 entity]'s cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.12 Carbon Reduction Commitment scheme (CRC)

The CRC scheme is a mandatory cap and trade scheme for non-transport CO2 emissions. The trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO2 it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO2 emissions are made.

Note 1.13 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and measurement

Financial assets are categorised as fair value through income and expenditure, loans and receivables.

Financial liabilities are classified as fair value through income and expenditure.

Financial assets and financial liabilities at "fair value through income and expenditure"

Financial assets and financial liabilities at "fair value through income and expenditure" are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market.

The trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and "other receivables".

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Impairment of financial assets

At the Statement of Financial Position date, the trust assesses whether any financial assets, other than those held at "fair value through income and expenditure" are impaired. Financial assets are impaired and impairment losses are recognised if, and only 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 the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly.

Note 1.14 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.

Note 1.14.1 The trust as lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

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.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

Note 1.14.2 The trust as lessor

Finance leases

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

Operating 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 as an expense on a straight-line basis over the lease term.

Note 1.15 Provisions

The trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources 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 discount rates published and mandated by HM Treasury.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the trust. The total value of clinical negligence provisions carried by NHS resolution on behalf of the trust is disclosed at note 33.1 but is not recognised in the trust's accounts.

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 NHS Resolution 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 when the liability arises.

Note 1.16 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed where an inflow of economic benefits is probable.

Contingent liabilities are not recognised unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.17 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets),

(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.18 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.

Note 1.19 Corporation tax

The Trust has determined that it is has no corporation tax liability.

Note 1.20 Foreign exchange

Walsall Healthcare NHS Trust's functional 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.

Note 1.21 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. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.22 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 the trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.23 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers.

Note 1.24 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2017/18.

Note 1.25 Standards, amendments and interpretations in issue but not yet effective or adopted

This is not applicable to the accounts for 2017/8.

Note 2 Operating Segments

The Trust has one operating segment, which is the provision of healthcare.

Note 3 Operating income from patient care activities

Note 3.1 Income from patient care activities (by nature)	2017/18 £000	2016/17 £000
Acute services	2000	2000
Elective income	24,355	25,498
Non elective income	69,403	66,499
First outpatient income	18,158	17,385
Follow up outpatient income	8,778	9,325
A & E income	10,624	8,660
High cost drugs income from commissioners (excluding pass-through costs)	13,386	10,884
Other NHS clinical income	40,653	43,119
Community services		
Community services income from CCGs and NHS England	30,116	30,137
Income from other sources (e.g. local authorities)	8,585	10,765
All services		
Private patient income	5	19
Other clinical income	1,073	734
Total income from activities	225,136	223,025

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	2017/18	2016/17
	£000	£000
NHS England	22,558	20,589
Clinical commissioning groups	192,915	190,174
Department of Health and Social Care	-	667
Other NHS providers	-	72
NHS other	-	5
Local authorities	8,585	10,765
Non-NHS: private patients	5	19
Non-NHS: overseas patients (chargeable to patient)	57	17
NHS injury scheme	763	544
Non NHS: other	253	173
Total income from activities	225,136	223,025
Of which:		
Related to continuing operations	225,136	223,025
Related to discontinued operations	-	-

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2017/18	2016/17
	£000	£000
Income recognised this year	57	17
Cash payments received in-year	17	3
Amounts added to provision for impairment of receivables	44	105
Amounts written off in-year	-	-

Note 4 Other operating income

	2017/18	2016/17
	£000	£000
Research and development	232	-
Education and training	9,140	9,850
Receipt of capital grants and donations	475	259
Charitable and other contributions to expenditure	-	-
Non-patient care services to other bodies	4,545	3,027
Support from the Department of Health and Social Care for mergers	-	-
Sustainability and transformation fund income	-	2,100
Rental revenue from operating leases	272	213
Rental revenue from finance leases	-	-
Income in respect of staff costs where accounted on gross basis	388	449
Other income	3,775	5,819
Total other operating income	18,827	21,717
Of which:		
Related to continuing operations	18,827	21,717
Related to discontinued operations	-	-

Other income includes carparking income, IT recharges and other trading income.

Note 5 Fees and charges

	2017/18 £000	2016/17 £000
Income	-	-
Full cost		-
Surplus / (deficit)	<u> </u>	-

Note 6.1 Operating expenses

	2017/18	2016/1
	£000	£00
Purchase of healthcare from NHS and DHSC bodies	2,202	2,025
Purchase of healthcare from non-NHS and non-DHSC bodies	1,434	1,341
Purchase of social care	-	
Staff and executive directors costs	173,686	172,118
Remuneration of non-executive directors	84	82
Supplies and services - clinical (excluding drugs costs)	17,754	19,252
Supplies and services - general	3,451	3,779
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	18,824	18,077
Inventories written down	56	56
Consultancy costs	2,267	1,439
Establishment	3,466	3,609
Premises	7,663	8,552
Transport (including patient travel)	702	55
Depreciation on property, plant and equipment	5,883	6,395
Amortisation on intangible assets	510	415
Net impairments	1,234	12,833
Increase/(decrease) in provision for impairment of receivables	319	138
Increase/(decrease) in other provisions	-	
Change in provisions discount rate(s)	-	
Audit fees payable to the external auditor		
audit services- statutory audit	48	8
other auditor remuneration (external auditor only)	43	43
Internal audit costs	144	144
Clinical negligence	12,989	11,808
Legal fees	134	97
Insurance	179	174
Research and development	-	
Education and training	980	1,019
Rentals under operating leases	687	784
Early retirements	-	
Redundancy	-	
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)		
on IFRS basis	4,224	4,122
Charges to operating expenditure for off-SoFP IFRIC 12 schemes	-	
Car parking & security	462	41(
Hospitality	-	
Losses, ex gratia & special payments	55	47
Grossing up consortium arrangements	-	
Other services, eg external payroll	-	
Other	908	1,457
etal =	260,388	270,848
which:		
Related to continuing operations	260,388	270,848
Related to discontinued operations	-	

Note 6.2 Other auditor remuneration

	2017/18 £000	2016/17 £000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	43	43
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
7. Corporate finance transaction services not falling within items 1 to 6 above	-	-
8. Other non-audit services not falling within items 2 to 7 above		-
Total	43	43

Note 6.3 Limitation on auditor's liability

There is no limitation on auditor's liability for external audit work carried out for the financial years 2017/18 or 2016/17.

Note 7 Impairment of assets

	2017/18	2016/17
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Loss or damage from normal operations	-	-
Over specification of assets	-	-
Abandonment of assets in course of construction	-	-
Unforeseen obsolescence	-	-
Loss as a result of catastrophe	-	-
Changes in market price	-	-
Other	1,234	12,833
Total net impairments charged to operating surplus / deficit	1,234	12,833
Impairments charged to the revaluation reserve	-	-
Total net impairments	1,234	12,833

The Trust undertook a whole site revaluation as part of the triennial valuation process in 2017/18 which resulted in the devaluation of 6 buildings that could not be offset against an accumulated revaluation reserve balance. The 2016/17 impairment of £12.8m was a result of the revaluation of the PFI building excluding VAT which did not have an accumulated reserve balance due to previous impairments.

Note 8 Employee benefits

	2017/18	2016/17
	Total	Total
	£000	£000
Salaries and wages	137,035	132,890
Social security costs	12,794	12,692
Apprenticeship levy	636	-
Employer's contributions to NHS pensions	15,718	15,604
Pension cost - other	-	-
Other post employment benefits	-	-
Other employment benefits	-	-
Termination benefits	-	-
Temporary staff (including agency)	7,503	10,932
Total gross staff costs	173,686	172,118
Recoveries in respect of seconded staff	-	-
Total staff costs	173,686	172,118
Of which		
Costs capitalised as part of assets	-	-

Note 8.1 Retirements due to ill-health

During 2017/18 there were 4 early retirements from the trust agreed on the grounds of ill-health (9 in the year ended 31 March 2017). The estimated additional pension liabilities of these ill-health retirements is £298k (£673k in 2016/17).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

Note 9 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

The Trust offers an additional defined contribution workplace pension scheme e.g. the National Employment Savings Scheme (NEST), that a minority of staff participate in.

Note 10 Operating leases

Note 10.1 Walsall Healthcare NHS Trust as a lessor

This note discloses income generated in operating lease agreements where Walsall Healthcare NHS Trust is the lessor. The Trust receives rental income for use of the Urgent Care Centre and from Homeless Supported Accomodation.

	2017/18	2016/17
	£000	£000
Operating lease revenue		
Minimum lease receipts	272	213
Contingent rent	-	-
Other		-
Total	272	213
	31 March	31 March
	2018	2017
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	209	213
- later than one year and not later than five years;	733	733
- later than five years.	3,482	3,665
Total	4,424	4,611

Note 10.2 Walsall Healthcare NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Walsall Healthcare NHS Trust is the lessee.

The Trust has leases relating to cars primarily for employees working within the local community. Employees have the option to renew their lease arrangment after 3 years. Employees do not have the option to purchase the vehicle at the end of the agreement.

	2017/18 £000	2016/17 £000
Operating lease expense		
Minimum lease payments	687	784
Contingent rents	-	-
Less sublease payments received		-
Total	687	784
	31 March 2018	31 March 2017
	£000	£000
Future minimum lease payments due:		
- not later than one year;	710	722
- later than one year and not later than five years;	286	342
- later than five years.	241	301
Total	1,237	1,365
Future minimum sublease payments to be received	-	-

Note 11 Finance income

Finance income represents interest received on assets and investments in the period.

	2017/18	2016/17
	£000	£000
Interest on bank accounts	24	21
Interest on impaired financial assets	-	-
Interest income on finance leases	-	-
Interest on other investments / financial assets	-	-
Other finance income		-
Total	24	21

Note 12.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money.

	2017/18	2016/17
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	1,347	463
Other loans	-	-
Overdrafts	-	-
Finance leases	-	-
Interest on late payment of commercial debt	-	-
Main finance costs on PFI and LIFT schemes obligations	7,800	7,587
Contingent finance costs on PFI and LIFT scheme obligations		-
Total interest expense	9,147	8,050
Unwinding of discount on provisions	-	-
Other finance costs		-
Total finance costs	9,147	8,050

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2017/18 £000	2016/17 £000
Total liability accruing in year under this legislation as a result of late payments Amounts included within interest payable arising from claims made under this	-	-
legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 13 Other gains / (losses)

	2017/18	2016/17
	£000	£000
Gains on disposal of assets	1,329	6
Losses on disposal of assets	-	-
Total gains / (losses) on disposal of assets	1,329	6
Gains / (losses) on foreign exchange	-	-
Fair value gains / (losses) on investment properties	-	-
Fair value gains / (losses) on financial assets / investments	-	-
Fair value gains / (losses) on financial liabilities	-	-
Recycling gains / (losses) on disposal of available-for-sale financial investments	-	-
Total other gains / (losses)	1,329	6

The Trust disposed of land and buildings during the year and recognised a profit on the sale which will be used to support the delivery of healthcare.

Note 14 Discontinued operations

	2017/18	2016/17
	£000	£000
Operating income of discontinued operations	-	-
Operating expenses of discontinued operations	-	-
Gain on disposal of discontinued operations	-	-
(Loss) on disposal of discontinued operations	-	-
Corporation tax expense attributable to discontinued operations		-
Total	-	-

Note 15.1 Intangible assets - 2017/18

	Software licences	Licences & trademarks	Patents	Internally generated information technology	Total
	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2017 - brought forward	6,811	-	-	-	6,811
Transfers by absorption	-	-	-	-	-
Additions	811	-	-	-	811
Impairments	-	-	-	-	-
Reversals of impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Reclassifications	-	-	-	-	-
Transfers to/ from assets held for sale	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-
Gross cost at 31 March 2018 =	7,622	-	-	-	7,622
Amortisation at 1 April 2017 - brought forward	5,801	-	-	-	5,801
Transfers by absorption	-	-	-	-	-
Provided during the year	510	-	-	-	510
Impairments	-	-	-	-	-
Reversals of impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Reclassifications	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-
Amortisation at 31 March 2018	6,311		-	-	6,311
Net book value at 31 March 2018	1,311	-	-	-	1,311
Net book value at 1 April 2017	1,010	-	-	-	1,010

Note 15.2 Intangible assets - 2016/17

	Software licences £000	Licences & trademarks £000	Patents £000	Internally generated information technology £000	Total £000
Valuation / gross cost at 1 April 2016 - as previously					
stated	6,435	-	-	-	6,435
Prior period adjustments	-	-	-	-	-
Valuation / gross cost at 1 April 2016 - restated	6,435	-	•	-	6,435
Transfers by absorption	-	-	-	-	-
Additions	376	-	-	-	376
Impairments	-	-	-	-	-
Reversals of impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Reclassifications	-	-	-	-	-
Transfers to/ from assets held for sale	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-
Valuation / gross cost at 31 March 2017	6,811	-	-	-	6,811
Amortisation at 1 April 2016 - as previously stated	5,386	-	-	-	5,386
Prior period adjustments	-	-	-	-	-
Amortisation at 1 April 2016 - restated	5,386	-	-	-	5,386
Transfers by absorption	-	-	-	-	-
Provided during the year	415	-	-	-	415
Impairments	-	-	-	-	-
Reversals of impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Reclassifications	-	-	-	-	-
Transfers to/ from assets held for sale	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-
Amortisation at 31 March 2017	5,801	-	-	-	5,801
Net book value at 31 March 2017	1,010	-	-	-	1,010
Net book value at 1 April 2016	1,049	-	-	-	1,049
Note 16.1 Property, plant and equipment - 2017/18

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2017 - brought	0 700	400.000	0.400	4 400	07.050	050	0 505		407 400
forward	8,788	126,920	2,438	1,463	37,350	253	9,535	682	187,429
Transfers by absorption	-	-	-	-	-	-	-	-	-
Additions	3	1,773	70	5,428	1,770	-	203	79	9,326
	-	(1,195)	(39)	-	-	-	-	-	(1,234)
Reversals of impairments	-	-	-	-	-	-	-	-	-
Revaluations	(6)	3,337	273	-	-	-	-	-	3,604
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers to/ from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	(600)	-	(90)	-	-	-	-	-	(690)
Valuation/gross cost at 31 March 2018	8,185	130,835	2,652	6,891	39,120	253	9,738	761	198,435
Accumulated depreciation at 1 April 2017 - brought forward Transfers by absorption	69	15,321	1,259	-	28,602	253	8,265	492	54,261
Provided during the year	_	3,475	70	_	1,785	_	510	43	5,883
Impairments		- 3,475		-	-	_	510	-	5,005
Reversals of impairments	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-	-	-	-	-
Accumulated depreciation at 31 March 2018	69	18,796	1,329	-	30,387	253	8,775	535	60,144
Net book value at 31 March 2018	8,116	112,039	1,323	6,891	8,733	-	963	226	138,291
Net book value at 1 April 2017	8,719	111,599	1,179	1,463	8,748	-	1,270	190	133,168

Note 16.2 Property, plant and equipment - 2016/17

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2016 - as	0 700	407.040	0.000	4 500	00.404	050	0.450		400 405
previously stated	8,782	137,246	2,320	1,536	36,134	253	9,152	682	196,105
Prior period adjustments Valuation / gross cost at 1 April 2016 -	-	-	-	-	-	-	-	-	-
restated	8,782	137,246	2,320	1,536	36,134	253	9,152	682	196,105
Transfers by absorption	-		_,=_=	-	-		-	-	
Additions	6	1,970	118	851	1,216	-	383	-	4,544
Impairments	-	(13,220)	-	-	-	-	-	-	(13,220)
Reversals of impairments	-	-	-	-	-	-	-	-	(···,,
Revaluations	-	-	-	-	-	-	-	-	-
Reclassifications	-	924	-	(924)	-	-	-	-	-
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	-	-	-	-	-
Valuation/gross cost at 31 March 2017	8,788	126,920	2,438	1,463	37,350	253	9,535	682	187,429
Accumulated depreciation at 1 April 2016 - as previously stated	69	12,025	1,065	<u>.</u>	26,767	251	7,632	444	48,253
Prior period adjustments	-	-	-	-	-	-	-	-	-
Accumulated depreciation at 1 April 2016 - restated	69	12,025	1,065	_	26,767	251	7,632	444	48,253
Transfers by absorption		12,025	1,000		20,707	201			-0,200
Provided during the year	_	3,683	194	_	1,835	2	633	48	6,395
Impairments	-	(387)	-	-	1,000	-	-		(387)
Reversals of impairments	-	(007)	-	-	-	-	-	-	(001)
Revaluations	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers to/ from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals/ derecognition	-	-	-	-	-	-	-	-	-
Accumulated depreciation at 31 March 2017	69	15,321	1,259	-	28,602	253	8,265	492	54,261
Net book value at 31 March 2017	8,719	111,599	1,179	1,463	8,748	-	1,270	190	133,168
Net book value at 1 April 2016	8,713	125,221	1,255	1,536	9,367	2	1,520	238	147,852

Note 16.3 Property, plant and equipment financing - 2017/18

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2018									
Owned - purchased	8,116	49,323	1,323	6,891	7,593	-	959	187	74,392
Finance leased	-	-	-	-	-	-	-	-	-
On-SoFP PFI contracts and other service									
concession arrangements	-	62,013	-	-	-	-	-	-	62,013
PFI residual interests	-	-	-	-	-	-	-	-	-
Owned - government granted	-	-	-	-	-	-	-	-	-
Owned - donated	-	703	-	-	1,140	-	4	39	1,886
NBV total at 31 March 2018	8,116	112,039	1,323	6,891	8,733	-	963	226	138,291

Note 16.4 Property, plant and equipment financing - 2016/17

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2017									
Owned - purchased	8,719	47,905	1,179	1,463	7,873	-	1,264	185	68,588
Finance leased	-	-	-	-	-	-	-	-	-
On-SoFP PFI contracts and other service concession arrangements	-	63,082	-	-	-	-	-	-	63,082
PFI residual interests	-	-	-	-	-	-	-	-	-
Owned - government granted	-	-	-	-	-	-	-	-	-
Owned - donated	-	612	-	-	875	-	6	5	1,498
NBV total at 31 March 2017	8,719	111,599	1,179	1,463	8,748	-	1,270	190	133,168

Note 17 Donations of property, plant and equipment

The received cash donations totalling £300k from the League of Friends(£100k) and the Trust's Well Wishers (£200k) as a contribution to support the purchase of a gamma camera.

Note 18 Revaluations of property, plant and equipment

The Trust appointed registered valuers from GVA Grimley Ltd, as Independent valuers, using the Modern Equivalent Asset (MEA) methodology for estimating the depreciated replacment cost valuation. The effect of the revaluation increased the overall value of assets by £2.3 million (net of impairments totalling £1.2 million). The Trust has also reviewed and revised the asset lives of the portfolio of equipment.

During the year Walsall Hospitals NHS Trust General Charitable Fund purchased various assets for the Trust from accumulated donations received from various donors.

Note 19.1 Investment Property

	2017/18	2016/17
	£000	£000
Carrying value at 1 April - brought forward	-	-
Prior period adjustments		
Carrying value at 1 April - restated		
Transfers by absorption	-	-
Acquisitions in year	-	-
Movement in fair value	-	-
Reclassifications to/from PPE	-	-
Transfers to/from assets held for sale	-	-
Disposals	-	
Carrying value at 31 March		

Note 19.2 Investment property income and expenses

	2017/18 £000	2016/17 £000
Direct operating expense arising from investment property which generated rental income in the period		-
Direct operating expense arising from investment property which did not generate rental income in the period	-	<u>-</u>
Total investment property expenses		-
Investment property income	-	-

Note 20 Investments in associates and joint ventures

	2017/18 £000	2016/17 £000
Carrying value at 1 April - brought forward	-	-
Prior period adjustments		-
Carrying value at 1 April - restated		-
Transfers by absorption	-	-
Acquisitions in year	-	-
Share of profit / (loss)	-	-
Impairments	-	-
Reversal of impairment	-	-
Transfers to / from assets held for sale and assets in disposal groups	-	-
Disbursements / dividends received	-	-
Disposals	-	-
Share of Other Comprehensive Income recognised by joint ventures / associates	-	-
Other equity movements (translation gains / losses)	<u> </u>	-
Carrying value at 31 March	<u> </u>	-

Note 21 Other investments / financial assets (non-current)

	2017/18 £000	2016/17 £000
Carrying value at 1 April - brought forward	-	-
Prior period adjustments		-
Carrying value at 1 April - restated	-	-
Transfers by absorption	-	-
Acquisitions in year	-	-
Movement in fair value	-	-
Net impairment	-	-
Transfers to / from assets held for sale and assets in disposal groups Amortisation at the effective interest rate (assets held at amortised cost only where applicable)	-	-
Current portion of loans receivable transferred to current financial assets	-	-
Disposals		-
Carrying value at 31 March	-	-

Note 21.1 Other investments / financial assets (current)

	31 March	31 March
	2018	2017
	£000	£000
Loans receivable within 12 months transferred from non-current financial assets	-	-
NLF deposits (where not considered to be cash equivalents)	-	-
Other current financial assets	-	-
Total current investments / financial assets	-	-
	-	-

Note 22 Disclosure of interests in other entities

The Trust has no interest in other entities.

Note 23 Inventories

	31 March 2018	31 March 2017	
	£000	£000	
Drugs	975	1,075	
Work In progress	-	-	
Consumables	1,133	881	
Energy	141	109	
Other	28	42	
Total inventories	2,277	2,107	
of which:			
Held at fair value less costs to sell	-	-	

Inventories recognised in expenses for the year were £39,429k (2016/17: £41,770k). Write-down of inventories recognised as expenses for the year were £56k (2016/17: £56k).

Note 24.1 Trade receivables and other receivables

	31 March 2018 £000	31 March 2017 £000
Current		
Trade receivables	14,048	13,271
Capital receivables (including accrued capital related income)	-	-
Accrued income	-	230
Provision for impaired receivables	(1,344)	(1,064)
Deposits and advances	-	-
Prepayments (non-PFI)	598	848
PFI prepayments - capital contributions	-	-
PFI lifecycle prepayments	-	-
Interest receivable	-	-
Finance lease receivables	-	-
PDC dividend receivable	-	-
VAT receivable	108	318
Corporation and other taxes receivable	-	-
Other receivables	3,804	1,000
Total current trade and other receivables	17,214	14,603
Non-current		
Trade receivables	-	-
Capital receivables (including accrued capital related income)	-	-
Accrued income	-	-
Provision for impaired receivables	(183)	(144)
Deposits and advances	- -	-
Prepayments (non-PFI)	-	-
PFI prepayments - capital contributions	-	-
PFI lifecycle prepayments	-	-
Interest receivable	-	-
Finance lease receivables	-	-
VAT receivable	-	-
Corporation and other taxes receivable	-	-
Other receivables	1,237	1,263
Total non-current trade and other receivables	1,054	1,119
Of which receivables from NHS and DHSC group bedies:		
Of which receivables from NHS and DHSC group bodies:	10 740	11 764
Current	12,710	11,764
Non-current	-	-

Note 24.2 Provision for impairment of receivables

	2017/18	2016/17
	£000	£000
At 1 April as previously stated	1,208	1,070
Prior period adjustments		-
At 1 April - restated	1,208	1,070
Transfers by absorption	-	-
Increase in provision	319	138
Amounts utilised	-	-
Unused amounts reversed	<u> </u>	-
At 31 March	1,527	1,208

Note 24.3 Credit quality of financial assets

	31 March	2018	31 Marc	h 2017
		Investments		Investments
	Trade and	& Other	Trade and	& Other
	other	financial	other	financial
	receivables	assets	receivables	assets
Ageing of impaired financial assets	£000	£000	£000	£000
0 - 30 days	-	-	-	-
30-60 Days	-	-	-	-
60-90 days	-	-	-	-
90- 180 days	-	-	-	-
Over 180 days	1,527	<u> </u>	1,208	-
Total	1,527	-	1,208	-
Ageing of non-impaired financial assets past th	eir due date			
0 - 30 days	3,655	-	2,894	-
30-60 Days	-	-	-	-
60-90 days	174	-	245	-
90- 180 days	1,176	-	1,469	-
Over 180 days	4,500	-	4,053	-
Total	9,505	-	8,661	-

The majority of the debts included within the table relate to outstanding accounts with other NHS bodies. The Trust maintains these debts are retrievable.

Note 25 Other assets

Current	31 March 2018 £000	31 March 2017 £000
EU emissions trading scheme allowance	-	-
Other assets	-	-
Short term PFI finance lease asset		-
Total other current assets	-	-
Non-current		
Net defined benefit pension scheme asset	-	-
Other assets	<u> </u>	-
Total other non-current assets		-

Note 26 Non-current assets held for sale and assets in disposal groups

	2017/18	2016/17
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	-	-
Prior period adjustment - NBV of non-current assets for sale and assets in disposal groups at 1 April -		-
restated	-	-
Transfers by absorption	-	-
Assets classified as available for sale in the year	-	-
Assets sold in year	-	-
Impairment of assets held for sale	-	-
Reversal of impairment of assets held for sale	-	-
Assets no longer classified as held for sale, for reasons other than disposal by sale		<u> </u>
NBV of non-current assets for sale and assets in disposal groups at 31 March	-	-
=		

Note 26.1 Liabilities in disposal groups

£000£000Categorised as: Provisions-		31 March	31 March
Categorised as: Provisions -		2018	2017
Provisions		£000	£000
	Categorised as:		
	Provisions	-	-
Trade and other payables	Trade and other payables	-	-
Other	Other		-
Total	Total	-	-

Note 27.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2017/18 £000	2016/17 £000
At 1 April	1,705	3,365
Prior period adjustments	-	-
At 1 April (restated)	1,705	3,365
Transfers by absorption		-
Net change in year	572	(1,660)
At 31 March	2,277	1,705
Broken down into:		
Cash at commercial banks and in hand	35	47
Cash with the Government Banking Service	2,242	1,658
Deposits with the National Loan Fund	-	-
Other current investments		
Total cash and cash equivalents as in SoFP	2,277	1,705
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility		-
Total cash and cash equivalents as in SoCF	2,277	1,705

Note 27.2 Third party assets held by the trust

The trust held cash and cash equivalents which relate to monies held by the the foundation trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March	31 March
	2018	2017
	£000	£000
Bank balances	-	1
Monies on deposit	-	-
Total third party assets	-	1

Note 28.1 Trade and other payables

	31 March 2018	31 March 2017
	£000	£000
Current		
Trade payables	17,875	16,980
Capital payables	645	710
Accruals	4,664	4,083
Receipts in advance (including payments on account)	-	-
Social security costs	1,876	1,844
VAT payables	-	-
Other taxes payable	1,454	1,357
PDC dividend payable	-	-
Accrued interest on loans	284	23
Other payables	2,494	2,704
Total current trade and other payables	29,292	27,701

Non-current		
Trade payables	-	-
Capital payables	-	-
Accruals	-	-
Receipts in advance (including payments on account)	-	-
VAT payables	-	-
Other taxes payable	-	-
Other payables		
Total non-current trade and other payables		

Of which payables from NHS and DHSC group bodies:

Current	7,817	6,549
Non-current	-	-

Note 28.2 Early retirements in NHS payables above

The payables note above includes amounts in relation to early retirements as set out below:

	31 March 2018 £000	31 March 2018 Number	31 March 2017 £000	31 March 2017 Number
 to buy out the liability for early retirements over 5 years 	-		-	
- number of cases involved		-		-
- outstanding pension contributions	2,129		2,147	

Note 29 Other financial liabilities

	31 March 2018	31 March 2017
	£000	£000
Current		
Derivatives held at fair value through income and expenditure	-	-
Other financial liabilities		-
Total	<u> </u>	-
Non-current		
Derivatives held at fair value through income and expenditure	-	-
Other financial liabilities		-
Total	<u> </u>	-

Note 30 Other liabilities

	31 March 2018	31 March 2017
	£000	£000
Current		
Deferred income	1,411	1,756
Deferred grants	-	-
PFI deferred income / credits	-	-
Lease incentives	<u> </u>	
Total other current liabilities	1,411	1,756
Non-current		
Deferred income	-	-
Deferred grants	-	-
PFI deferred income / credits	-	-
Lease incentives	-	-
Net pension scheme liability	<u> </u>	-
Total other non-current liabilities	<u> </u>	

Note 31 Borrowings

	31 March 2018	31 March 2017
	£000	£000
Current		
Bank overdrafts	-	-
Drawdown in committed facility	-	-
Loans from the Department of Health and Social Care	7,085	-
Other loans	-	-
Obligations under finance leases	-	-
PFI lifecycle replacement received in advance	-	-
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	3,697	3,489
Total current borrowings	10,782	3,489
Non-current		
Loans from the Department of Health and Social Care	53,655	31,183
Other loans	-	-
Obligations under finance leases	-	-
PFI lifecycle replacement received in advance	-	-
Obligations under PFI, LIFT or other service concession contracts	124,162	127,857
Total non-current borrowings	177,817	159,040

Note 32 Finance leases

Note 32.1 Walsall Healthcare NHS Trust as a lessor

Future lease receipts due under finance lease agreements where Walsall Healthcare NHS Trust is the lessor:

	31 March 2018 £000	31 March 2017 £000
Gross lease receivables		-
of which those receivable:		
- not later than one year;	-	-
- later than one year and not later than five years;	-	-
- later than five years.	-	-
Unearned interest income	-	-
Allowance for uncollectable lease payments	<u> </u>	-
Net lease receivables		-
of which those receivable:		
- not later than one year;	-	-
- later than one year and not later than five years;	-	-
- later than five years.	-	-
The unguaranteed residual value accruing to the lessor	-	-
Contingent rents recognised as income in the period	-	-

Note 32.2 Walsall Healthcare NHS Trust as a lessee

Obligations under finance leases where Walsall Healthcare NHS Trust is the lessee.

	31 March 2018	31 March 2017
	£000	£000
Gross lease liabilities	-	-
of which liabilities are due:		
- not later than one year;	-	-
- later than one year and not later than five years;	-	-
- later than five years.	-	-
Finance charges allocated to future periods	-	-
Net lease liabilities	-	-
of which payable:		
- not later than one year;	-	-
- later than one year and not later than five years;	-	-
- later than five years.	-	-
Total of future minimum sublease payments to be received at the reporting date	-	-
Contingent rent recognised as an expense in the period	-	-

Note 33.1 Provisions for liabilities and charges analysis

	Pensions - early departure costs £000	Legal claims £000	Re- structuring £000	Continuing care £000	Equal Pay (including Agenda for Change) £000	Redundancy £000	Other £000	Total £000
At 1 April 2017	-	112	-	-	-	-	308	420
Transfers by absorption	-	-	-	-	-	-	-	-
Change in the discount rate	-	-	-	-	-	-	-	-
Arising during the year	-	69	-	-	-	-	-	69
Utilised during the year	-	-	-	-	-	-	-	-
Reclassified to liabilities held in disposal groups	-	-	-	-	-	-	-	-
Reversed unused	-	(58)	-	-	-	-	-	(58)
Unwinding of discount	-	-	-	-	-	-	-	-
At 31 March 2018	-	123	-	-	-	-	308	431
Expected timing of cash flows:								
- not later than one year;	-	123	-	-	-	-	308	431
- later than one year and not later than five years;	-	-	-	-	-	-	-	-
- later than five years.	-	-	-	-	-	-	-	-
Total	-	123	-	-		-	308	431

Note 33.2 Clinical negligence liabilities

At 31 March 2018, £225,020k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Walsall Healthcare NHS Trust (31 March 2017: £164,031k).

Note 34 Contingent assets and liabilities

	31 March 2018	31 March 2017
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	-	-
Employment tribunal and other employee related litigation	-	-
Redundancy	-	-
Other	-	-
Gross value of contingent liabilities	<u> </u>	-
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities		-
Net value of contingent assets	-	-

Note 35 Contractual capital commitments

31 March	31 March
2018	2017
£000	£000
310	306
-	-
310	306
	2018 £000 310 -

Note 36 Other financial commitments

The trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

	31 March	31 March
	2018	2017
	£000	£000
not later than 1 year	-	-
after 1 year and not later than 5 years	-	-
paid thereafter		-
Total	-	-

Note 37 Defined benefit pension schemes

This Trust does not have a defined benefit pension scheme.

Note 37.1 Changes in the defined benefit obligation and fair value of plan assets during the year

	2017/18	2016/17
	£000	£000
Present value of the defined benefit obligation at 1 April	-	-
Prior period adjustment	-	-
Present value of the defined benefit obligation at 1 April - restated	-	-
Transfers by absorption	-	-
Current service cost	-	-
Interest cost	-	-
Contribution by plan participants	-	-
Remeasurement of the net defined benefit (liability) / asset:		
- Actuarial (gains) / losses	-	-
Benefits paid	-	-
Past service costs	-	-
Business combinations	-	-
Curtailments and settlements	-	-
Present value of the defined benefit obligation at 31 March	-	-
Plan assets at fair value at 1 April	-	-
Prior period adjustment	<u> </u>	-
Fair value of plan assets at 1 April -restated		-
Transfers by normal absorption	-	-
Interest income	-	-
Remeasurement of the net defined benefit (liability) / asset		
- Return on plan assets	-	-
- Actuarial gain / (losses)	-	-
- Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Contributions by the employer	-	-
Contributions by the plan participants	-	-
Benefits paid	-	-
Business combinations	-	-
Settlements	-	-
Plan assets at fair value at 31 March		-
Plan surplus/(deficit) at 31 March		-

Note 37.2 Reconciliation of the present value of the defined benefit obligation and the present value of the plan assets to the assets and liabilities recognised in the balance sheet

	31 March 2018 £000	31 March 2017 £000
Present value of the defined benefit obligation	-	-
Plan assets at fair value at	-	-
Fair value of any reimbursement right	-	-
The effect of the asset ceiling	-	-
Net (liability) / asset recognised in the SoFP	-	-

Note 37.3 Amounts recognised in the SoCI

	2017/18 £000	2016/17 £000
Current service cost	-	-
Interest expense / income	-	-
Past service cost	-	-
Losses on curtailment and settlement		-
Total net (charge) / gain recognised in SOCI		-

Note 38.1 Imputed finance lease obligations

Walsall Healthcare NHS Trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI and LIFT schemes:

	31 March 2018	31 March 2017
	£000	£000
Gross PFI, LIFT or other service concession liabilities	202,267	211,487
Of which liabilities are due		
- not later than one year;	9,273	9,220
- later than one year and not later than five years;	36,839	37,172
- later than five years.	156,155	165,095
Finance charges allocated to future periods	(74,408)	(80,141)
Net PFI, LIFT or other service concession arrangement obligation	127,859	131,346
- not later than one year;	3,697	3,489
- later than one year and not later than five years;	16,275	15,904
- later than five years.	107,887	111,953

Note 38.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future obligations under these on-SoFP schemes are as follows:

	31 March 2018 £000	31 March 2017
		£000
Total future payments committed in respect of the PFI, LIFT or other service concession		
arrangements	525,791	540,455
Of which liabilities are due:		
- not later than one year;	16,351	15,839
- later than one year and not later than five years;	69,936	67,998
- later than five years.	439,504	456,618

Note 38.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the trust's payments in 2017/18:

£000 Unitary payment payable to service concession operator 16,351 Consisting of: 7,800 - Interest charge 7,800 - Repayment of finance lease liability 3,489 - Service element and other charges to operating expenditure 4,224 - Capital lifecycle maintenance 838 - Revenue lifecycle maintenance - - Contingent rent - - Addition to lifecycle prepayment - Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment -	2016/17	2017/18	······································
Consisting of: 7,800 - Interest charge 7,800 - Repayment of finance lease liability 3,489 - Service element and other charges to operating expenditure 4,224 - Capital lifecycle maintenance 838 - Revenue lifecycle maintenance - - Contingent rent - - Addition to lifecycle prepayment - Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment -	£000	£000	
- Interest charge 7,800 - Repayment of finance lease liability 3,489 - Service element and other charges to operating expenditure 4,224 - Capital lifecycle maintenance 838 - Revenue lifecycle maintenance - - Contingent rent - - Addition to lifecycle prepayment - Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment -	15,869	16,351	Unitary payment payable to service concession operator
- Repayment of finance lease liability 3,489 - Service element and other charges to operating expenditure 4,224 - Capital lifecycle maintenance 838 - Revenue lifecycle maintenance - - Contingent rent - - Addition to lifecycle prepayment - Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment -			Consisting of:
Service element and other charges to operating expenditure Capital lifecycle maintenance Capital lifecycle maintenance Contingent rent Addition to lifecycle prepayment Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	7,587	7,800	- Interest charge
Capital lifecycle maintenance Capital lifecycle maintenance Contingent rent Contingent rent Addition to lifecycle prepayment Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	3,304	3,489	- Repayment of finance lease liability
Revenue lifecycle maintenance Contingent rent Addition to lifecycle prepayment Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	4,122	4,224	- Service element and other charges to operating expenditure
- Contingent rent - Addition to lifecycle prepayment - Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment -	856	838	- Capital lifecycle maintenance
- Addition to lifecycle prepayment - Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	-	-	- Revenue lifecycle maintenance
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	-	-	- Contingent rent
contract but not part of the unitary payment -	-	-	- Addition to lifecycle prepayment
			Other amounts paid to operator due to a commitment under the service concession
	-	-	contract but not part of the unitary payment
Total amount paid to service concession operator 16,351	15,869	16,351	Total amount paid to service concession operator

Note 39 Off-SoFP PFI, LIFT and other service concession arrangements

Walsall Healthcare NHS Trust incurred the following charges in respect of off-Statement of Financial Position PFI and LIFT obligations:

	31 March 2018	31 March 2017
	£000	£000
Charge in respect of the off SoFP PFI, LIFT or other service concession arrangement for the period	-	-
Commitments in respect of off-SoFP PFI, LIFT or other service concession arrangements:		
- not later than one year;	-	-
- later than one year and not later than five years;	-	-
- later than five years.	-	-
Total	-	-

Note 40 Financial instruments

Note 40.1 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 Walsall Healthcare NHS Trust has with CCGs and the way CCGs are financed, Walsall Healthcare NHS 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. Walsall Healthcare NHS 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 Walsall Healthcare NHS Trust in undertaking its activities.

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

Currency risk

Walsall Healthcare NHS 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

Walsall Healthcare NHS Trust borrows from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. 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. TheTrust therefore has low exposure to interest rate fluctuations.

Walsall Healthcare NHS Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health (the lender) at the point borrowing is undertaken.

Walsall Healthcare NHS Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Walsall Healthcare NHS 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 2018 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

Walsall Healthcare NHS Trust's operating costs are incurred under contracts with CCGs, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 40.2 Carrying values of financial assets

Loans and receivables £000	0	maturity at	sale	Total book value £000
-	-	-	-	-
17,328	-	-	-	17,328
-	-	-	-	-
2,277	-	-	-	2,277
19,605	-	-	-	19,605
	receivables £000 - 17,328 - 2,277	fair value Loans and through the receivables I&E £000 £000 17,328 - 2,277 -	fair value Loans and through the receivables I&E Held to maturity at £000 £000 £000 17,328 2,277	fair value fair valueLoans and through the receivablesHeld to Available-for- maturity at£000£000£000£000£000£000£000£00017,3282,277

	Loans and receivables	Assets at fair value through the I&E	Held to A maturity	vailable-for- sale	Total book value
	£000	£000	£000	£000	£000
Assets as per SoFP as at 31 March 2017					
Embedded derivatives	-	-	-	-	-
Trade and other receivables excluding non financial assets	14,555	-	-	-	14,555
Other investments / financial assets	-	-	-	-	-
Cash and cash equivalents at bank and in hand	1,705		<u> </u>		1,705
Total at 31 March 2017	16,260			-	16,260

Note 40.3 Carrying value of financial liabilities

	Other financial liabilities £000	Liabilities at fair value through the I&E £000	Total book value £000
Liabilities as per SoFP as at 31 March 2018			
Embedded derivatives	-	-	-
Borrowings excluding finance lease and PFI liabilities	60,740	-	60,740
Obligations under finance leases	-	-	-
Obligations under PFI, LIFT and other service concession contracts	127,859	-	127,859
Trade and other payables excluding non financial liabilities	23,883	-	23,883
Other financial liabilities	-	-	-
Provisions under contract			
Total at 31 March 2018	212,482	-	212,482

	Other financial liabilities £000	Liabilities at fair value through the I&E £000	Total book value £000
Liabilities as per SoFP as at 31 March 2017			
Embedded derivatives	-	-	-
Borrowings excluding finance lease and PFI liabilities	31,183	-	31,183
Obligations under finance leases	-	-	-
Obligations under PFI, LIFT and other service concession contracts	131,346	-	131,346
Trade and other payables excluding non financial liabilities	22,372	-	22,372
Other financial liabilities	-	-	-
Provisions under contract			
Total at 31 March 2017	184,901	-	184,901

Note 40.4 Fair values of financial assets and liabilities

The book value (carrying value) is used as a reasonable approximation of fair value.

Note 40.5 Maturity of financial liabilities

	31 March 2018	31 March 2017
	£000	£000
In one year or less	34,665	56,859
In more than one year but not more than two years	8,192	7,186
In more than two years but not more than five years	58,000	12,207
In more than five years	111,625	108,649
Total	212,482	184,901

Note 41 Losses and special payments

	2017/18		2016/17	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
	Number	2000	Number	£000
Losses				
Cash losses	-	-	2	1
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	-	-	-	-
Stores losses and damage to property	2	55	3	56
Total losses	2	55	5	57
Special payments				
Compensation under court order or legally binding arbitration award	7	107	14	66
Extra-contractual payments	-	-	-	-
Ex-gratia payments	37	20	41	16
Special severence payments	-	-	-	-
Extra-statutory and extra-regulatory payments				
Total special payments	44	127	55	82
Total losses and special payments	46	182	60	139
Compensation payments received		72		-

Note 42 Gifts

Total gifts

/18	2016/17	
	Total	
Total value	number of	Total value
of cases	cases	of cases
£000	Number	£000
-	-	-
	Total value of cases	Total Total value number of of cases cases

Note 43 Related parties

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 Richard Beeken, Chief Executive	203,462		342,786	
Mr Russell Caldicott, Finance Director	12,238	-	2,329	-
Mr Russell Beale, Non-executive Director	36,574		26,561	
Ms Paula Furnival, Executive Director of Adult Social Care, Walsall Council.				

Mrs Victoria Harris, Manager at Dudley & Walsall Mental Health Partnership NHS Trust and Spouse is Deputy Director of IT at Sandwell & West Birmingham Hospital from March 2017.

Mr Sukhbinder Heer, Non-executive Director Birmingham Community NHS Foundation Trust

Mr Caldicott is Chair of the Branch of the West Midlands Healthcare Financial Management Association. During the year finance staff within Walsall Healthcare NHS Trust attended national and regional courses and conferences.

Ms Paula Furnival, Mrs Victoria Harris and Sukhbinder Heer are included above due to their association or spousal association with healthcare providers/ commisioners with which the Trust has annual transactions.

The Department of Health is regarded as a related party. During the year the Trust had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with organisations detailed below.

Walsall Clinical Commissioning Group Dudley And Walsall Mental Health Partnership NHS Trust Sandwell and West Birmingham Clinical Commissioning Group South East Staffs and Seisdon Peninsular Clinical Commissioning Group **Dudley Clinical Commissioning Group** Cannock Chase Clinical Commissioning Group Birmingham Cross City Clinical Commissioning Group Stafford and Surrounds Clinical Commissioning Group Wolverhampton Clinical Commissioning Group Royal Wolverhampton Hospitals NHS Trust Sandwell and West Birmingham Hospitals NHS Trust **Birmingham Womens NHS Foundation Trust** Heart of England NHS Foundation Trust Unversity Hospitals Birmingham NHS Foundation Trust West Midlands Ambulance Service NHS Foundation Trust The Dudley Group of Hospitals NHS England Health Education England NHS Business Services Authority **NHS Pension Scheme** National Insurance Fund NHS Litigation Authority **NHS Property Services** Walsall Metropolitan Borough Council

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the trustees for which are also members of the Trust board.

Note 44 Transfers by absorption

There have been no transfers by absorption in the financial year.

Note 45 Prior period adjustments

There were no prior period adjustments.

Note 46 Events after the reporting date

There are no material events post close of the financial reporting period.

Note 48 Better Payment Practice code

	2017/18 Number	2017/18 £000	2016/17 Number	2016/17 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	56,822	96,276	64,641	113,318
Total non-NHS trade invoices paid within target	11,029	42,697	9,885	59,065
target	19.41%	44.35%	15.29%	52.12%
NHS Payables				
Total NHS trade invoices paid in the year	1,391	12,869	1,428	10,787
Total NHS trade invoices paid within target	174	1,280	254	1,574
Percentage of NHS trade invoices paid within target	12.51%	9.95%	17.79%	14.59%

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 valid invoice, whichever is later.

Note 49 External financing

The trust is given an external financing limit against which it is permitted to underspend:

	2017/18	2016/17
	£000	£000
Cash flow financing	27,496	22,656
Finance leases taken out in year		
Other capital receipts		
External financing requirement	27,496	22,656
External financing limit (EFL)	27,496	24,731
Under / (over) spend against EFL	-	2,075
Note 50 Capital Resource Limit		
	2017/18	2016/17
	£000	£000
Gross capital expenditure	10,137	4,919
Less: Disposals	(690)	-
Less: Donated and granted capital additions	(475)	(259)
Plus: Loss on disposal of donated/granted assets	-	-
Charge against Capital Resource Limit	8,972	4,660
Capital Resource Limit	9,846	4,777
Under / (over) spend against CRL	874	117
Note 51 Breakeven duty financial performance		

Note 51 breakeven duty mancial performance	
	2017/18 £000
Adjusted financial performance surplus / (deficit) (control total basis)	(24,081)
Remove impairments scoring to Departmental Expenditure Limit	-
Add back income for impact of 2016/17 post-accounts STF reallocation	-
Add back non-cash element of On-SoFP pension scheme charges	-
Remove CQUIN risk reserve adjustment	814
IFRIC 12 breakeven adjustment	1,917
Breakeven duty financial performance surplus / (deficit)	(21,350)

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Note 52 Breakeven duty rolling assessment

, ,	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	671	1,998	3,247	4,164	3,853	565	(12,861)	(9,790)	(21,392)	(21,350)
Breakeven duty cumulative position	5,933	7,931	11,178	15,342	19,195	19,760	6,899	(2,891)	(24,283)	(45,633)
Operating income	161,162	168,545	179,749	226,983	228,409	237,049	239,491	243,525	244,742	243,963
Cumulative breakeven position as a percentage of operating income	3.68%	4.71%	6.22%	6.76%	8.40%	8.34%	2.88%	-1.19%	-9.92%	-18.70%

Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS [organisation]'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.



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