Walsall Healthcare NHS
NHS Trust

Walsall Healthcare NHS Trust Final Accounts **2018/19**

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Caring for Walsall together

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.

Signed..Chief Executive

Date 23/5/19

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.

The directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS trust's performance, business model and strategy

By order of the Board

23/5/19 Date .... Chief Executive

23/5/19 Date .... Finance Director

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 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the Trust's Statement of Comprehensive Income, the Trust Statement of Financial Position, the Trust Statement of Changes in Taxpayers' Equity, the Trust Statement of Cash Flows and the related notes 1 to 54. 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 2018/19 HM Treasury's Financial Reporting Manual (the 2018/19 FReM) as contained in the Department of Health and Social Care Group Accounting Manual 2018/19 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 2019 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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the Trust has reported a deficit positon for the past four years. The Board are committed to addressing the current deficit position and the Trust is budgeting to deliver a break-even plan in 2019-20. The Trust will have access to Financial Recovery Funding (£11.5m) and to Provider Sustainability Funding (£5.5m) in the financial year however the 2019/20 plan also relies on the Trust achieving a cost improvement programme of £8.5m. 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 67other 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 if[1]:

- 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.

In respect of the following we have matters to report by exception:

Referral to the Secretary of State

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 Trust, or an officer of the Trust, 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 2018-19 financial year and we referred this matter to the Secretary of State on 22 May 2017 under section 30(1)a of the Local Audit and Accountability Act 2014.The Trust have delivered a deficit in 2018-19 of £33.9million after impairments of £6.1m.

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

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.

[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.

This issue is evidence of weaknesses in making informed decisions making; proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and working with third parties and other partners.

The Trust's outturn position for 2018/19 was a £33.9million deficit, which is a significant deterioration compared to the 2018/19 planned deficit of £15.6million.
The deterioration in the Trust's financial outturn was due to failure to maintain effective controls over temporary staffing.

This issue is evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

The results of the 2018 National NHS staff survey show continuing poor performance for staff engagement with improvement in 1 out of 10 themes. 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.

This issue is evidence of weaknesses in planning, organising and developing the workforce effectively to deliver strategic priorities.

The Trust has been issued with a Partial Assurance with improvement required 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 2018/19.

This issue is evidence of weaknesses in managing risks effectively and maintaining a sound system of internal control.

Qualified conclusion (Adverse)

On the basis of our work, having regard to the guidance issued by the *Comptroller and Auditor General* in November 2017, we are not satisfied that, in all significant respects, Walsall Healthcare NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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 November 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 2019.

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.

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.

S R Clark

Stephen Clark (Key Audit Partner)
Ernst and Young LLP (Local Auditor)
Birmingham
24th May 2019

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

	Note	2018/19 £000	2017/18 £000
Operating income from patient care activities	3	234,735	225,136
Other operating income	4	18,299	18,827
Operating expenses	6, 8	(276,533)	(260,388)
Operating surplus/(deficit) from continuing operations		**(23,499)**	**(16,425)**
Finance income	11	61	24
Finance expenses	12	(10,260)	(9,147)
PDC dividends payable		-	-
Net finance costs		**(10,199)**	**(9,123)**
Other gains / (losses)	13	(160)	1,329
Share of profit / (losses) of associates / joint arrangements		-	-
Gains / (losses) arising from transfers by absorption		-	-
Corporation tax expense		-	-
Surplus / (deficit) for the year from continuing operations		**(33,858)**	**(24,219)**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	14	**-**	**-**
Surplus / (deficit) for the year		**(33,858)**	**(24,219)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	-	-
Revaluations	17	31	3,604
Share of comprehensive income from associates and joint ventures		-	-
Fair value gains/(losses) on equity instruments designated at fair value through OCI		-	-
Other recognised gains and losses		-	-
Remeasurements of the net defined benefit pension scheme liability / asset		-	-
Other reserve movements		-	-
May be reclassified to income and expenditure when certain conditions are met:			
Fair value gains/(losses) on financial assets mandated at fair value through OCI		-	-
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI		-	-
Foreign exchange gains / (losses) recognised directly in OCI		-	-
Total comprehensive income / (expense) for the period		**(33,827)**	**(20,615)**

Adjusted financial performance (control total basis):			
Surplus / (deficit) for the period		(33,858)	(24,219)
Remove impact of consolidating NHS charitable fund		-	-
Remove net impairments not scoring to the Departmental expenditure limit		6,186	1,234
Remove (gains) / losses on transfers by absorption		-	-
Remove I&E impact of capital grants and donations		131	(282)
Prior period adjustments		-	-
Remove non-cash element of on-SoFP pension costs		-	-
CQUIN risk reserve adjustment (2017/18 only)		-	(814)
Remove 2016/17 post audit STF reallocation (2017/18 only)		-	-
Adjusted financial performance surplus / (deficit)		**(27,541)**	**(24,081)**

Other gains/(losses) records a restatement of the profit on disposal of assets.

A valuation exercise was undertaken on the newly completed Integrated Critical Care Unit (ICCU) which resulted in an impairment loss on the development of £6.186m.

Statement of Financial Position

	Note	31 March 2019 £000	31 March 2018 £000
Non-current assets			
Intangible assets	14	1,277	1,311
Property, plant and equipment	15	139,153	138,291
Investment property		-	-
Investments in associates and joint ventures		-	-
Other investments / financial assets	20	-	-
Receivables	20	778	1,054
Other assets		-	-
Total non-current assets		**141,208**	**140,656**
Current assets			
Inventories	19	2,362	2,277
Receivables	20	16,532	17,214
Other investments / financial assets	20	-	-
Other assets		-	-
Non-current assets held for sale / assets in disposal groups		-	-
Cash and cash equivalents	21	4,186	2,277
Total current assets		**23,080**	**21,768**
Current liabilities			
Trade and other payables	22	(29,461)	(29,292)
Borrowings	24	(15,590)	(10,782)
Other financial liabilities	23	-	-
Provisions	25	(117)	(431)
Other liabilities	23	(1,445)	(1,411)
Liabilities in disposal groups		-	-
Total current liabilities		**(46,613)**	**(41,916)**
Total assets less current liabilities		**117,675**	**120,508**
Non-current liabilities			
Trade and other payables	22	-	-
Borrowings	24	(202,939)	(177,817)
Other financial liabilities		-	-
Provisions	25	-	-
Other liabilities	23	-	-
Total non-current liabilities		**(202,939)**	**(177,817)**
Total assets employed		**(85,264)**	**(57,309)**
Financed by			
Public dividend capital		64,190	58,318
Revaluation reserve		15,925	16,023
Financial assets reserve		-	-
Other reserves		-	-
Merger reserve		-	-
Income and expenditure reserve		(165,379)	(131,650)
Total taxpayers' equity		**(85,264)**	**(57,309)**

The notes on the following pages form part of these accounts.

Name Richard Beeken
Position Chief Executive
Date **23 May 2019**

Statement of Changes in Equity for the year ended 31 March 2019

	Public dividend capital £000	Revaluation reserve £000	Financial assets reserve* £000	Other reserves £000	Merger reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at 1 April 2018 - brought forward	**58,318**	**16,023**	**-**	**-**	**-**	**(131,650)**	**(57,309)**
Impact of implementing IFRS 15 on 1 April 2018	-	-	-	-	-	-	**-**
Impact of implementing IFRS 9 on 1 April 2018	-	-	-	-	-	-	**-**
Surplus/(deficit) for the year	-	-	-	-	-	(33,858)	**(33,858)**
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	-	(129)	-	-	-	129	**-**
Impairments	-	-	-	-	-	-	**-**
Revaluations	-	31	-	-	-	-	**31**
Transfer to retained earnings on disposal of assets	-	-	-	-	-	-	**-**
Share of comprehensive income from associates and joint ventures	-	-	-	-	-	-	**-**
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	-	-	-	**-**
Fair value gains/(losses) on equity instruments designated at fair value through OCI	-	-	-	-	-	-	**-**
Recycling gains/(losses) on disposal of financial assets mandated at fair value through OCI	-	-	-	-	-	-	**-**
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	5,872	-	-	-	-	-	**5,872**
Public dividend capital repaid	-	-	-	-	-	-	**-**
Public dividend capital written off	-	-	-	-	-	-	**-**
Other movements in public dividend capital in year	-	-	-	-	-	-	**-**
Other reserve movements	-	-	-	-	-	-	**-**
Taxpayers' equity at 31 March 2019	**64,190**	**15,925**	**-**	**-**	**-**	**(165,379)**	**(85,264)**

* Following the implementation of IFRS 9 from 1 April 2018, the 'Available for sale investment reserve' is now renamed as the 'Financial assets reserve'

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

	Public dividend capital £000	Revaluation reserve £000	Available for sale investment reserve £000	Other reserves £000	Merger reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at 1 April 2017 - brought forward	**56,318**	**12,752**	**-**	**-**	**-**	**(107,764)**	**(38,694)**
Prior period adjustment	-	-	-	-	-	-	**-**
Taxpayers' equity at 1 April 2017 - restated	**56,318**	**12,752**	**-**	**-**	**-**	**(107,764)**	**(38,694)**
Surplus/(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	-	-	-	-	-	-	**-**
Taxpayers' equity at 31 March 2018	**58,318**	**16,023**	**-**	**-**	**-**	**(131,650)**	**(57,309)**

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.

Financial assets reserve / Available-for-sale investment reserve
This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevivable election at recognition.

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

Statement of Cash Flows

	Note	2018/19 £000	2017/18 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(23,499)	(16,425)
Non-cash income and expense:			
Depreciation and amortisation	6	6,166	6,393
Net impairments	7	6,186	1,234
Income recognised in respect of capital donations	4	(92)	(475)
Amortisation of PFI deferred credit		-	-
Non-cash movements in on-SoFP pension liability		-	-
(Increase) / decrease in receivables and other assets		964	(2,546)
(Increase) / decrease in inventories		(85)	(170)
Increase / (decrease) in payables and other liabilties		299	1,277
Increase / (decrease) in provisions		(314)	11
Tax (paid) / received		-	-
Operating cash flows from discontinued operations		-	-
Other movements in operating cash flows		-	-
Net cash generated from / (used in) operating activities		**(10,375)**	**(10,701)**
Cash flows from investing activities			
Interest received		55	24
Purchase and sale of financial assets / investments		-	-
Purchase of intangible assets		(267)	(811)
Sales of intangible assets		-	-
Purchase of property, plant, equipment and investment property		(12,603)	(8,916)
Sales of property, plant, equipment and investment property		-	2,019
Receipt of cash donations to purchase capital assets		-	-
Prepayment of PFI capital contributions		-	-
Investing cash flows of discontinued operations		-	-
Cash movement from acquisitions / disposals of subsidiaries		-	-
Net cash generated from / (used in) investing activities		**(12,815)**	**(7,684)**
Cash flows from financing activities			
Public dividend capital received		5,872	2,000
Public dividend capital repaid		-	-
Movement on loans from the Department of Health and Social Care		33,184	29,557
Movement on other loans		-	-
Other capital receipts		-	-
Capital element of finance lease rental payments		-	-
Capital element of PFI, LIFT and other service concession payments		(3,697)	(3,489)
Interest on loans		(2,193)	(1,311)
Other interest		-	-
Interest paid on finance lease liabilities		-	-
Interest paid on PFI, LIFT and other service concession obligations		(8,067)	(7,800)
PDC dividend (paid) / refunded		-	-
Financing cash flows of discontinued operations		-	-
Cash flows from (used in) other financing activities		-	-
Net cash generated from / (used in) financing activities		**25,099**	**18,957**
Increase / (decrease) in cash and cash equivalents		**1,909**	**572**
Cash and cash equivalents at 1 April - brought forward		**2,277**	**1,705**
Prior period adjustments			-
Cash and cash equivalents at 1 April - restated		**2,277**	**1,705**
Cash and cash equivalents transferred under absorption accounting	34	-	-
Unrealised gains / (losses) on foreign exchange		-	-
Cash and cash equivalents at 31 March	21	**4,186**	**2,277**

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 2018/19 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 the 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 1.2 Going concern

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

The Trust has recorded revenue deficits in the four financial years prior to 2018/19. The Board are committed to addressing the current deficit position and with the financial support of the Department of Health have agreed a break-even plan for 2019/20. To deliver the break-even plan the Trust will have access to Financial Recovery Funding (£11.5m) and to Provider Sustainability Funding (£5.5m) in the financial year. The 2019/20 plan also relies on the Trust achieving a cost improvement programme of £8.5m. There is therefore a material uncertainty that casts significant doubt upon the Trust's ability to continue as a going concern. The Board recognises there is risk associated with the achievement of cost improvement targets but points to recent performance in delivery of savings, £11m in 2017/18 and £11.1 in 2018/19. The planned target for 2019/20 is therefore considered achievable. The Board of Directors have therefore given careful consideration to the Going Concern principle when preparing these accounts, and the planned revenue break-even for 2019/20 supports this decision.

The Trust retains 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 there is an element of material uncertainty, the Directors have a reasonable expectation that the Trust has access to sufficient resources, including revenue allocations 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 1.3 Interests in other entities

The Trust has no interest in other entities.

Note 1.4 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust’s entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

The Trust receives payment of its contract activity income monthly and is adjusted where necessary following a forecast of performance which is agreed at the financial year-end. The income is invoiced and recognised in the accounts and may potentially have minor revisions following validation through the national contract reconciliation process.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.
Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.
The Trust does not receive income where a patient is readmitted within 30 days of discharge from a previous planned stay. This is considered an additional performance obligation to be satisfied under the original transaction price. An estimate of readmissions is made at the year end this portion of revenue is deferred as a contract liability.

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust’s interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract.

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.4.1 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 1.4.2 Other income

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.

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. Therefore, the scheme is accounted for as though it is a defined contribution scheme.

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.

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 which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the services being provided.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

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 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’ cease 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 De-recognition

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 abandoned 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 useful 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, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

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

Note 1.7.6 Useful lives of property, plant and equipment

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

	Min life	**Max life**
	Years	**Years**
Land	-	-
Buildings, excluding dwellings	1	62
Dwellings	1	20
Plant & machinery	1	15
Transport equipment	1	7
Information technology	1	10
Furniture & fittings	1	10

Finance-leased assets (including land) are depreciated over the shorter of the useful 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 lives in a manner consistent with the consumption of economic or service delivery benefits.

Note 1.8.3 Useful economic life of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful 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 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 Trust’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 CO_2 emissions. The trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO_2 it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO_2 emissions are made.

Note 1.13 Financial assets and financial liabilities

Note 1.13.1 Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes 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 and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Note 1.13.2 Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost
Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Impairment of financial assets
For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Note 1.13.3 Derecognition
Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

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

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 charge 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's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the trust's 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 25.1 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.

16 **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 likely.

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.

17 **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.

18 **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.

19 **Note 1.19 Corporation tax**

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

20 **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.

21 **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* .

22 **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.

23 **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, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

24 **Note 1.24 Future Transfers of functions to other NHS bodies**

The Trust has entered into a partnership agreement with Wolverhampton, Dudley and Sandwell & West Birmingham acute hospital trusts for the provision of pathology services. The agreement will eventually lead to a capital development at Wolverhampton hospital as the main service hub with minor facitlities retained at other hospitals. Staffing transfers have been actioned in preparation for the planned future service structure. All physical assets remain with the Trust at present.

25 **Note 1.25 Critical judgements in applying accounting policies**

The are no critical judgements in the preparation of the accounts.

26 **Note 1.26 Sources of estimation uncertainty**

The is no estimation issue in the preparation of the accounts.

27 **Note 1.27 Early adoption of standards, amendments and interpretations**

No new accounting standards or revisions to existing standards have been early adopted in 2018/19.

28 **Note 1.28 Standards, amendments and interpretations in issue but not yet effective or adopted**

This is not applicable to the accounts for 2018/19.

Note 2 Operating Segments

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

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4.1

Note 3.1 Income from patient care activities (by nature)	**2018/19**	**2017/18**
	£000	**£000**
Acute services		
Elective income	26,986	24,355
Non elective income	71,211	69,403
First outpatient income	18,747	18,158
Follow up outpatient income	9,547	8,778
A & E income	11,237	10,624
High cost drugs income from commissioners (excluding pass-through costs)	12,669	13,386
Other NHS clinical income	39,209	40,653
Community services income from CCGs and NHS England	30,824	30,116
Income from other sources (e.g. local authorities)	10,150	8,585
All services		
Private patient income	25	5
Agenda for Change pay award central funding	2,843	-
Other clinical income	1,287	1,073
Total income from activities	**234,735**	**225,136**

Note 3.2 Income from patient care activities (by source)

Income from patient care activities received from:	**2018/19**	**2017/18**
	£000	**£000**
NHS England	18,536	22,558
Clinical commissioning groups	200,772	192,915
Department of Health and Social Care	2,843	-
Other NHS providers	1,102	-
NHS other	-	-
Local authorities	10,170	8,585
Non-NHS: private patients	25	5
Non-NHS: overseas patients (chargeable to patient)	177	57
Injury cost recovery scheme	1,086	763
Non NHS: other	24	253
Total income from activities	**234,735**	**225,136**
Of which:		
Related to continuing operations	234,735	225,136
Related to discontinued operations	-	-

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

	2018/19	2017/18
	£000	£000
Income recognised this year	177	57
Cash payments received in-year	40	17
Amounts added to provision for impairment of receivables	-	44
Amounts written off in-year	-	-

Note 4 Other operating income

	2018/19	2017/18
	£000	£000
Other operating income from contracts with customers:		
Research and development (contract)	197	232
Education and training (excluding notional apprenticeship levy income)	7,578	9,054
Non-patient care services to other bodies	4,381	4,545
Provider sustainability / sustainability and transformation fund income (PSF / STF)	2,153	-
Income in respect of employee benefits accounted on a gross basis	392	388
Other contract income	3,202	3,775
Other non-contract operating income		
Research and development (non-contract)	-	-
Education and training - notional income from apprenticeship fund	-	86
Receipt of capital grants and donations	92	475
Charitable and other contributions to expenditure	-	-
Support from the Department of Health and Social Care for mergers	-	-
Rental revenue from finance leases	-	-
Rental revenue from operating leases	304	272
Amortisation of PFI deferred income / credits	-	-
Other non-contract income	-	-
Total other operating income	**18,299**	**18,827**
Of which:		
Related to continuing operations	18,299	18,827
Related to discontinued operations	-	-

Other income includes car parking income, IT recharges and other trading income.

Note 5 Additional information on revenue from contracts with customers recognised in the period

	2018/19
	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	1,411
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-

Note 6 Operating expenses

	2018/19	2017/18
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	5,977	2,202
Purchase of healthcare from non-NHS and non-DHSC bodies	1,536	1,434
Purchase of social care	-	-
Staff and executive directors costs	179,269	173,686
Remuneration of non-executive directors	77	84
Supplies and services - clinical (excluding drugs costs)	18,865	17,754
Supplies and services - general	3,646	3,451
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	18,418	18,824
Inventories written down	43	56
Consultancy costs	1,730	2,267
Establishment	3,299	3,466
Premises	9,189	7,663
Transport (including patient travel)	1,391	702
Depreciation on property, plant and equipment	5,865	5,883
Amortisation on intangible assets	301	510
Net impairments	6,186	1,234
Movement in credit loss allowance: contract receivables / contract assets	50	
Movement in credit loss allowance: all other receivables and investments	-	319
Increase/(decrease) in other provisions	-	-
Change in provisions discount rate(s)	-	-
Audit fees payable to the external auditor		
audit services- statutory audit	64	48
other auditor remuneration (external auditor only)	16	43
Internal audit costs	93	144
Clinical negligence	10,987	12,989
Legal fees	125	134
Insurance	223	179
Research and development	395	-
Education and training	1,358	980
Rentals under operating leases	930	687
Early retirements	-	-
Redundancy	-	-
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	4,376	4,224
Charges to operating expenditure for off-SoFP PFI / LIFT schemes	-	-
Car parking & security	504	462
Hospitality	-	-
Losses, ex gratia & special payments	68	55
Grossing up consortium arrangements	-	-
Other services, eg external payroll	-	-
Other	1,552	908
Total	**276,533**	**260,388**
Of which:		
Related to continuing operations	276,533	260,388
Related to discontinued operations	-	-

Note 6.1 Other auditor remuneration

	2018/19	2017/18
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	16	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	**16**	**43**

Note 6.2 Limitation on auditor's liability

There is no limitation on auditor's liability for external audit work carried out for the financial years 2018/19 or 2017/18.

Note 7 Impairment of assets

	2018/19	2017/18
	£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	6,186	1,234
Total net impairments charged to operating surplus / deficit	**6,186**	**1,234**
Impairments charged to the revaluation reserve	-	-
Total net impairments	**6,186**	**1,234**

The Trust completed the development of a new Integrated Critical Care Unit (ICCU) in year, replacing its outdated Intensive Care and High Depency Units. Folloinwg its completion, the Trust commissioned an independent valuation resulting in the recognition of an impairment loss(£6.186 million) agaisnt the oringal cost of the development.

Note 8 Employee benefits

	2018/19 Total £000	2017/18 Total £000
Salaries and wages	141,809	137,035
Social security costs	13,154	12,794
Apprenticeship levy	652	636
Employer's contributions to NHS pensions	15,818	15,718
Pension cost - other	-	-
Other post employment benefits	-	-
Other employment benefits	-	-
Termination benefits	-	-
Temporary staff (including agency)	8,745	7,503
Total gross staff costs	**180,178**	**173,686**
Recoveries in respect of seconded staff	**-**	-
Total staff costs	**180,178**	**173,686**
Of which		
Costs capitalised as part of assets	-	-

Note 8.1 Retirements due to ill-health

During 2018/19 there was 1 early retirement from the trust agreed on the grounds of ill-health (4 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements is £21k (£298k in 2017/18).

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 for Health 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 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 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 latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

The Trust offers an additional defined workplace pension scheme, National Employment Savings Scheme (NEST), to which a minority of staff contribute.

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 has received rental income for use of the Urgent Care Centre and temporary accomodation for the homeless.

	2018/19	2017/18
	£000	£000
Operating lease revenue		
Minimum lease receipts	304	272
Contingent rent	-	-
Other	-	-
Total	**304**	**272**

	31 March 2019	31 March 2018
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	195	209
- later than one year and not later than five years;	779	733
- later than five years.	3,506	3,482
Total	**4,480**	**4,424**

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 vehicle leases primarily relating to cars for employees working within community services. The 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.

	2018/19	2017/18
	£000	£000
Operating lease expense		
Minimum lease payments	930	687
Contingent rents	-	-
Less sublease payments received	-	-
Total	**930**	**687**

	31 March 2019	31 March 2018
	£000	£000
Future minimum lease payments due:		
- not later than one year;	935	710
- later than one year and not later than five years;	284	286
- later than five years.	181	241
Total	**1,400**	**1,237**
Future minimum sublease payments to be received	-	-

Note 11 Finance income

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

	2018/19	2017/18
	£000	£000
Interest on bank accounts	61	24
Interest income on finance leases	-	-
Interest on other investments / financial assets	-	-
Other finance income	-	-
Total finance income	**61**	**24**

Note 12 Finance expenditure

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

	2018/19	2017/18
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	2,193	1,347
Other loans	-	-
Overdrafts	-	-
Finance leases	-	-
Interest on late payment of commercial debt	-	-
Main finance costs on PFI and LIFT schemes obligations	8,067	7,800
Contingent finance costs on PFI and LIFT scheme obligations	-	-
Total interest expense	**10,260**	**9,147**
Unwinding of discount on provisions	-	-
Other finance costs	-	-
Total finance costs	**10,260**	**9,147**

Note 12.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2018/19	2017/18
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	80	-
Amounts included within interest payable arising from claims under this legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 13 Other gains / (losses)

	2018/19	2017/18
	£000	£000
Gains on disposal of assets	-	1,329
Losses on disposal of assets	(160)	-
Total gains / (losses) on disposal of assets	**(160)**	**1,329**
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 financial assets mandated as fair value through OCI	-	-
Total other gains / (losses)	**(160)**	**1,329**

The loss on disposal refers to a restatement of the profit on the sale of buildings.

Note 14 Intangible assets - 2018/19

	Software licences	Licences & trademarks	Patents	Internally generated information technology	Development expenditure	Goodwill	Websites	Intangible assets under construction	Other (purchased)	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018 - brought forward	**7,622**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,622**
Transfers by absorption	-	-	-	-	-	-	-	-	-	**-**
Additions	267	-	-	-	-	-	-	-	-	**267**
Impairments	-	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 31 March 2019	**7,889**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,889**
Amortisation at 1 April 2018 - brought forward	**6,311**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,311**
Transfers by absorption	-	-	-	-	-	-	-	-	-	**-**
Provided during the year	301	-	-	-	-	-	-	-	-	**301**
Impairments	-	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	-	-	**-**
Amortisation at 31 March 2019	**6,612**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,612**
Net book value at 31 March 2019	**1,277**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,277**
Net book value at 1 April 2018	**1,311**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,311**

Note 14.1 Intangible assets - 2017/18

	Software licences £000	Licences & trademarks £000	Patents £000	Internally generated information technology £000	Development expenditure £000	Goodwill £000	Websites £000	Intangible assets under construction £000	Other (purchased) £000	Total £000
Valuation / gross cost at 1 April 2017 - as previously stated	**6,811**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,811**
Prior period adjustments	-	-	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 1 April 2017 - restated	**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	-	-	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 31 March 2018	**7,622**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,622**
Amortisation at 1 April 2017 - as previously stated	**5,801**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,801**
Prior period adjustments	-	-	-	-	-	-	-	-	-	**-**
Amortisation at 1 April 2017 - restated	**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 Property, plant and equipment - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2018 - brought forward	**8,185**	**130,835**	**2,652**	**6,891**	**39,120**	**253**	**9,738**	**761**	**198,435**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Additions	140	5,926	274	5,280	877	-	201	184	**12,882**
Impairments	-	-	-	-	-	-	-	-	**-**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	31	-	-	-	-	-	-	**31**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	-	**-**
Valuation/gross cost at 31 March 2019	**8,325**	**136,792**	**2,926**	**12,171**	**39,997**	**253**	**9,939**	**945**	**211,348**
Accumulated depreciation at 1 April 2018 - brought forward	**69**	**18,796**	**1,329**	**-**	**30,387**	**253**	**8,775**	**535**	**60,144**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	3,511	142	-	1,752	-	431	29	**5,865**
Impairments	-	6,186	-	-	-	-	-	-	**6,186**
Reversals of impairments	-	-	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 31 March 2019	**69**	**28,493**	**1,471**	**-**	**32,139**	**253**	**9,206**	**564**	**72,195**
Net book value at 31 March 2019	**8,256**	**108,299**	**1,455**	**12,171**	**7,858**	**-**	**733**	**381**	**139,153**
Net book value at 1 April 2018	**8,116**	**112,039**	**1,323**	**6,891**	**8,733**	**-**	**963**	**226**	**138,291**

Note 15.1 Property, plant and equipment - 2017/18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2017 - as previously stated	**8,788**	**126,920**	**2,438**	**1,463**	**37,350**	**253**	**9,535**	**682**	**187,429**
Prior period adjustments	-	-	-	-	-	-	-	-	**-**
Valuation / gross cost at 1 April 2017 - restated	**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**
Impairments	-	(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 - as previously stated	**69**	**15,321**	**1,259**	**-**	**28,602**	**253**	**8,265**	**492**	**54,261**
Prior period adjustments	-	-	-	-	-	-	-	-	**-**
Accumulated depreciation at 1 April 2017 - restated	**69**	**15,321**	**1,259**	**-**	**28,602**	**253**	**8,265**	**492**	**54,261**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	3,475	70	-	1,785	-	510	43	**5,883**
Impairments	-	-	-	-	-	-	-	-	**-**
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 15.2 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	8,256	46,527	1,455	12,171	6,883	-	678	339	**76,309**
Finance leased	-	-	-	-	-	-	-	-	**-**
On-SoFP PFI contracts and other service concession arrangements	-	61,191	-	-	-	-	-	-	**61,191**
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	**-**
Owned - government granted	-	-	-	-	-	-	-	-	**-**
Owned - donated	-	581	-	-	975	-	55	42	**1,653**
NBV total at 31 March 2019	**8,256**	**108,299**	**1,455**	**12,171**	**7,858**	**-**	**733**	**381**	**139,153**

Note 15.3 Property, plant and equipment financing - 2017/18

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£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**
Off-SoFP 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 Donations of property, plant and equipment

The Trust received cash donations totalling £92k from the donors to the Walsall Healthcare General Charitable Fund as a contribution to support the purchase of a equipment.

Note 17 Revaluations of property, plant and equipment

During the year the Trust completed the development of a new Integrated Critical care Unit, which was subsequently valued by an independent valuer using the depreciated replacement cost on a modern equivalent asset (MEA) basis. The impact of the valuation resulting in an impairment of £6.186m against the asset.

Note 18 Disclosure of interests in other entities

The Trust has no interest in other entities.

Note 19 Inventories

	31 March 2019	31 March 2018
	£000	£000
Drugs	965	975
Work In progress	-	-
Consumables	1,155	1,133
Energy	123	141
Other	119	28
Total inventories	**2,362**	**2,277**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £40,866k (2017/18: £39,429k). Write-down of inventories recognised as expenses for the year were £43k (2017/18: £56k).

Note 20 Trade receivables and other receivables

	31 March 2019 £000	31 March 2018 £000
Current		
Contract receivables*	17,556	
Contract assets*	-	
Trade receivables*		14,048
Capital receivables	-	-
Accrued income*		-
Allowance for impaired contract receivables / assets*	(1,359)	
Allowance for other impaired receivables	-	(1,344)
Deposits and advances	-	-
Prepayments (non-PFI)	125	598
PFI prepayments - capital contributions	-	-
PFI lifecycle prepayments	-	-
Interest receivable	6	-
Finance lease receivables	-	-
PDC dividend receivable	-	-
VAT receivable	204	108
Corporation and other taxes receivable	-	-
Other receivables	-	3,804
Total current trade and other receivables	**16,532**	**17,214**
Non-current		
Contract receivables*	996	
Contract assets*	-	
Trade receivables*		-
Capital receivables	-	-
Accrued income*		-
Allowance for impaired contract receivables / assets*	(218)	
Allowance for other impaired receivables	-	(183)
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
Total non-current trade and other receivables	**778**	**1,054**
Of which receivables from NHS and DHSC group bodies:		
Current	9,036	12,710
Non-current	-	-

*Following the application of IFRS 15 from 1 April 2018, the trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

Note 20.1 Allowances for credit losses - 2018/19

	Contract receivables and contract assets	All other receivables
	£000	£000
Allowances as at 1 Apr 2018 - brought forward		**-**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	1,527	(1,527)
Transfers by absorption	-	-
New allowances arising	50	-
Changes in existing allowances	-	-
Reversals of allowances	-	-
Utilisation of allowances (write offs)	-	-
Changes arising following modification of contractual cash flows	-	-
Foreign exchange and other changes	-	-
Allowances as at 31 Mar 2019	**1,577**	**(1,527)**

Note 20.2 Exposure to credit risk

The Trust does not consider that it is exposed to credit risk as it is underwritten by the Department of Health.

Note 21 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.

	2018/19	2017/18
	£000	£000
At 1 April	**2,277**	**1,705**
Prior period adjustments	-	-
At 1 April (restated)	**2,277**	**1,705**
Transfers by absorption	-	-
Net change in year	1,909	572
At 31 March	**4,186**	**2,277**
Broken down into:		
Cash at commercial banks and in hand	37	35
Cash with the Government Banking Service	4,149	2,242
Deposits with the National Loan Fund	-	-
Other current investments	-	-
Total cash and cash equivalents as in SoFP	**4,186**	**2,277**
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility	-	-
Total cash and cash equivalents as in SoCF	**4,186**	**2,277**

Note 21.1 Third party assets held by the trust

The trust held cash and cash equivalents which relate to monies held by the 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 2019	31 March 2018
	£000	£000
Bank balances	-	-
Monies on deposit	-	-
Total third party assets	**-**	**-**

Note 22 Trade and other payables

	31 March 2019 £000	31 March 2018 £000
Current		
Trade payables	18,912	17,875
Capital payables	833	645
Accruals	3,129	4,664
Receipts in advance (including payments on account)	-	-
Social security costs	1,941	1,876
VAT payables	-	-
Other taxes payable	1,541	1,454
PDC dividend payable	-	-
Accrued interest on loans*		284
Other payables	3,105	2,494
Total current trade and other payables	**29,461**	**29,292**
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	7,881	7,817
Non-current	-	-

*Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note . IFRS 9 is applied without restatement therefore comparatives have not been restated.

Note 22.1 Early retirements in NHS payables above

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

	31 March 2019 £000	31 March 2019 Number	31 March 2018 £000	31 March 2018 Number
- to buy out the liability for early retirements over 5 years	**-**		**-**	
- number of cases involved		**-**		**-**

Note 23 Other liabilities

	31 March 2019 £000	31 March 2018 £000
Current		
Deferred income: contract liabilities	1,445	1,411
Deferred grants	-	-
PFI deferred income / credits	-	-
Lease incentives	-	-
Other deferred income	-	
Total other current liabilities	**1,445**	**1,411**
Non-current		
Deferred income: contract liabilities	-	-
Deferred grants	-	-
PFI deferred income / credits	-	-
Lease incentives	-	-
Other deferred income	-	-
Net pension scheme liability	-	-
Total other non-current liabilities	**-**	**-**

Note 24 Borrowings

	31 March 2019 £000	31 March 2018 £000
Current		
Bank overdrafts	-	-
Drawdown in committed facility	-	-
Loans from the Department of Health and Scoial Care	11,600	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)	3,990	3,697
Total current borrowings	**15,590**	**10,782**
Non-current		
Loans from the Department of Health and Scoial Care	82,767	53,655
Other loans	-	-
Obligations under finance leases	-	-
PFI lifecycle replacement received in advance	-	-
Obligations under PFI, LIFT or other service concession contracts	120,172	124,162
Total non-current borrowings	**202,939**	**177,817**

Note 24.1 Reconciliation of liabilities arising from financing activities

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2018	**60,740**	**-**	**-**	**127,859**	**188,599**
Cash movements:					
Financing cash flows - payments and receipts of principal	33,184	-	-	(3,697)	**29,487**
Financing cash flows - payments of interest	(2,193)	-	-	(8,067)	**(10,260)**
Non-cash movements:					
Impact of implementing IFRS 9 on 1 April 2018	284	-	-	-	**284**
Transfers by absorption	-	-	-	-	**-**
Additions	-	-	-	-	**-**
Application of effective interest rate	2,193	-	-	8,067	**10,260**
Change in effective interest rate	-	-	-	-	**-**
Changes in fair value	-	-	-	-	**-**
Other changes	159	-	-	-	**159**
Carrying value at 31 March 2019	**94,367**	**-**	**-**	**124,162**	**218,529**

Note 25 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits*	Legal claims	Re-structuring	Equal Pay (including Agenda for Change)	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2018	**-**	**-**	**123**	**-**	**-**	**-**	**308**	**431**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Change in the discount rate	-	-	-	-	-	-	-	**-**
Arising during the year	-	-	-	-	-	-	-	**-**
Utilised during the year	-	-	-	-	-	-	(299)	**(299)**
Reclassified to liabilities held in disposal groups	-	-	-	-	-	-	-	**-**
Reversed unused	-	-	(15)	-	-	-	-	**(15)**
Unwinding of discount	-	-	-	-	-	-	-	**-**
At 31 March 2019	**-**	**-**	**108**	**-**	**-**	**-**	**9**	**117**
Expected timing of cash flows:								
- not later than one year;	-	-	108	-	-	-	9	**117**
- later than one year and not later than five years;	-	-	-	-	-	-	-	**-**
- later than five years.	-	-	-	-	-	-	-	**-**
Total	**-**	**-**	**108**	**-**	**-**	**-**	**9**	**117**

Note 25.1 Clinical negligence liabilities

At 31 March 2019, £226,938k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Walsall Healthcare NHS Trust (31 March 2018: £225,020k).

Note 26 Contractual capital commitments

	31 March 2019 £000	31 March 2018 £000
Property, plant and equipment	322	310
Intangible assets	-	-
Total	**322**	**310**

Note 27 Defined benefit pension schemes

This Trust does not have a defined benefit pension scheme.

Note 28 On-SoFP PFI, LIFT or other service concession arrangements

Note 28.1 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 2019 £000	31 March 2018 £000
Gross PFI, LIFT or other service concession liabilities	**192,994**	**202,267**
Of which liabilities are due		
- not later than one year;	9,401	9,273
- later than one year and not later than five years;	36,432	36,839
- later than five years.	147,161	156,155
Finance charges allocated to future periods	(68,832)	(74,408)
Net PFI, LIFT or other service concession arrangement obligation	**124,162**	**127,859**
- not later than one year;	3,990	3,697
- later than one year and not later than five years;	16,586	16,275
- later than five years.	103,586	107,887

Note 28.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

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

	31 March 2019 £000	31 March 2018 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**495,535**	**512,476**
Of which liabilities are due:		
- not later than one year;	17,366	16,942
- later than one year and not later than five years;	73,914	72,111
- later than five years.	404,255	423,423

Note 28.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2018/19	2017/18
	£000	£000
Unitary payment payable to service concession operator	**16,941**	**16,351**
Consisting of:		
- Interest charge	8,067	7,800
- Repayment of finance lease liability	3,697	3,489
- Service element and other charges to operating expenditure	4,376	4,224
- Capital lifecycle maintenance	801	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	-	-
Total amount paid to service concession operator	**16,941**	**16,351**

Note 29 Financial instruments

Note 29.1 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

Cash flow financing

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 2019 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 29.2 Carrying values of financial assets

IFRS 9 Financial Instruments is applied restrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

Carrying values of financial assets as at 31 March 2019 under IFRS 9	Held at amortised cost £000	Held at fair value through I&E £000	Held at fair value through OCI £000	Total book value £000
Trade and other receivables excluding non financial assets	16,980	-	-	**16,980**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents at bank and in hand	4,186	-	-	**4,186**
Total at 31 March 2019	**21,166**	**-**	**-**	**21,166**

Carrying values of financial assets as at 31 March 2018 under IAS 39	Loans and receivables £000	Assets at fair value through the I&E £000	Held to maturity £000	Available-for-sale £000	Total book value £000
Trade and other receivables excluding non financial assets	17,328	-	-	-	**17,328**
Other investments / financial assets	-	-	-	-	**-**
Cash and cash equivalents at bank and in hand	2,277	-	-	-	**2,277**
Total at 31 March 2018	**19,605**	**-**	**-**	**-**	**19,605**

Note 29.3 Carrying value of financial liabilities

IFRS 9 Financial Instruments is applied restrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost £000	Held at fair value through the I&E £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2019 under IFRS 9			
Loans from the Department of Health and Social Care	94,367	-	**94,367**
Obligations under finance leases	-	-	**-**
Obligations under PFI, LIFT and other service concession contracts	124,162	-	**124,162**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	23,842	-	**23,842**
Other financial liabilities	-	-	**-**
Provisions under contract	-	-	**-**
Total at 31 March 2019	**242,371**	**-**	**242,371**

	Other financial liabilities	Held at fair value through the I&E	Total book value
	£000	£000	£000
Carrying values of financial liabilities as at 31 March 2018 under IAS 39			
Loans from the Department of Health and Social Care	60,740	-	**60,740**
Obligations under finance leases	-	-	**-**
Obligations under PFI, LIFT and other service concession contracts	127,859	-	**127,859**
Other borrowings	-	-	**-**
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**

Note 29.4 Fair values of financial assets and liabilities

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

Note 29.5 Maturity of financial liabilities

	31 March 2019	31 March 2018
	£000	£000
In one year or less	39,432	34,665
In more than one year but not more than two years	55,281	8,192
In more than two years but not more than five years	39,271	58,000
In more than five years	108,387	111,625
Total	**242,371**	**212,482**

Note 30 Losses and special payments

	2018/19		2017/18	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	-	-	-	-
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	-	-	-	-
Stores losses and damage to property	1	43	2	55
Total losses	**1**	**43**	**2**	**55**
Special payments				
Compensation under court order or legally binding arbitration award	10	34	7	107
Extra-contractual payments	-	-	-	-
Ex-gratia payments	29	17	37	20
Special severence payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**39**	**51**	**44**	**127**
Total losses and special payments	**40**	**94**	**46**	**182**
Compensation payments received		20		72

Note 31 Gifts

	2018/19		2017/18	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Gifts made	-	-	-	-

Note 32 Initial application of IFRS 9

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018.

IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting.

Under IFRS 9, borrowings from the Department of Health and Social Care, which were previously held at historic cost, are measured on an amortised cost basis. Consequently, on 1 April 2018 borrowings increased by £284k, and trade payables correspondingly reduced.

Reassessment of allowances for credit losses under the expected loss model resulted in a £0k decrease in the carrying value of receivables.

The GAM expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where this gives rise to a tax. Implementation of this adaptation on 1 April 2018 has led to the classifiction of receivables relating to Injury Cost Recovery as a financial asset measured at amortised cost. The carrying value of these receivables at 1 April 2018 was £0k.

Note 32.1 Initial application of IFRS 15

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018.

IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

As directed by the GAM, the Trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

Note 33 Related parties

	Payments to Related Party
Ms D Oom, Chair	£ 69,913.00
Mr S Heer, Non-executive Director	£ 17,150.00
Ms P Bradbury, Non-executive Director	£ 1,990.00
Mr Richard Beeken, Chief Executive	£ 62,175.00
Mr R Caldicott, Director of Finance and Performance	£ 13,043.00
Ms J White, Interim Trust Secretary	£ 171,626.00

Ms Oom is Co - Chair, Centre for Health and Social Care, University of Birmingham.
Mr S Heer is Non-executive Director Birmingham Community NHS Foundation Trust (NHS Entity).
Ms P Bradbury is a consultant with Health Education England
Mr R Beeken; spouse is a Midwifery Lecturer at Wolverhampton University.
Mr R Caldicott, is Chair and Executive Member of the West Midlands Branch of the Healthcare Financial Management Association
Ms J White, is Specialist Governance Advisor - CQC.

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 University 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
St Helens and Knowsley NHS Trust

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

Note 34 Transfers by absorption

This is not applicable to the accounts for 2018/19.

Note 35 Prior period adjustments

There were no prior period adjustments.

Note 36 Events after the reporting date

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

Note 37 Final period of operation as a trust providing NHS healthcare

Not Applicable.

Note 38 Better Payment Practice code

	2018/19 Number	2018/19 £000	2017/18 Number	2017/18 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	64,650	110,084	56,822	96,276
Total non-NHS trade invoices paid within target	15,346	53,859	11,029	42,697
Percentage of non-NHS trade invoices paid within target	23.7%	48.9%	19.4%	44.3%
NHS Payables				
Total NHS trade invoices paid in the year	1,759	12,568	1,391	12,869
Total NHS trade invoices paid within target	68	1,939	174	1,280
Percentage of NHS trade invoices paid within target	3.9%	15.4%	12.5%	9.9%

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 39 External financing

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

	2018/19 £000	2017/18 £000
Cash flow financing	33,450	27,496
Finance leases taken out in year		-
Other capital receipts		-
External financing requirement	**33,450**	**27,496**
External financing limit (EFL)	37,103	27,496
Under / (over) spend against EFL	**3,653**	**-**

Note 40 Capital Resource Limit

	2018/19 £000	2017/18 £000
Gross capital expenditure	13,149	10,137
Less: Disposals	-	(690)
Less: Donated and granted capital additions	(92)	(475)
Plus: Loss on disposal from capital grants in kind	-	-
Charge against Capital Resource Limit	**13,057**	**8,972**
Capital Resource Limit	13,057	9,846
Under / (over) spend against CRL	**-**	**874**

Note 41 Breakeven duty financial performance

	2018/19 £000
Adjusted financial performance surplus / (deficit) (control total basis)	(27,541)
Remove impairments scoring to Departmental Expenditure Limit	-
Add back non-cash element of On-SoFP pension scheme charges	-
IFRIC 12 breakeven adjustment	1,582
Breakeven duty financial performance surplus / (deficit)	**(25,959)**

Note 42 Breakeven duty rolling assessment

	1997/98 to 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		1,998	3,247	4,164	3,853	565	(12,861)	(9,790)	(21,392)	(21,350)	(25,959)
Breakeven duty cumulative position	5,933	7,931	11,178	15,342	19,195	19,760	6,899	(2,891)	(24,283)	(45,633)	(71,592)
Operating income		168,545	179,749	226,983	228,409	237,049	239,491	243,525	244,742	243,963	253,034
Cumulative breakeven position as a percentage of operating income		4.7%	6.2%	6.8%	8.4%	8.3%	2.9%	(1.2%)	(9.9%)	(18.7%)	(28.3%)

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.

Walsall Healthcare NHS
NHS Trust

Final Accounts 2018/19

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