

Shropshire Community Health 
NHS Trust

Annual Accounts 2011/12

2011-12 Annual Accounts of Shropshire Community Health NHS Trust

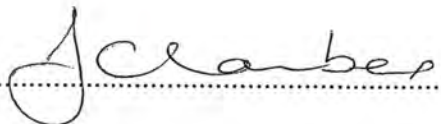
STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST

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

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

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

nb: sign and date in any colour ink except black

Signed..........Chief Executive

Date.....6.6.12.....

2011-12 Annual Accounts of Shropshire Community Health NHS Trust

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 the 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, directors are required to:

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

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

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

By order of the Board

nb: sign and date in any colour ink except black

6.6.12 Date..... *J. Chamber* Chief Executive

6.6.12 Date..... *S.P. Rees* Finance Director

Governance Statement

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust from its formation on the 1st July 2011, for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts.

As Accountable Officer I work with partner organisations, including the local authorities, voluntary organisations, other healthcare providers, commissioning organisations the strategic health authority and patient representative groups. I work with these organisations to ensure that the Trust meets its obligations in fulfilling services agreements with commissioning bodies, meeting statutory duties and ensuring proper stewardship of public money.

The governance framework of the organisation

The Trust was established on the 1st July 2011, formed from the provider services of Shropshire County Primary Care Trust and NHS Telford and Wrekin.

The Corporate Governance arrangements of the Trust are set out in the Standing Orders, the Standing Financial Orders and the Schemes of Reservation and Delegation. These detail the committee structures and responsibilities. There are five Board sub-committees:

Audit Committee

The Audit Committee is responsible for ensuring that risk management systems, and systems for internal control are operating effectively by scrutinising assurance of their effectiveness. This applies to financial, clinical and governance systems. In doing this the committee utilises the work of internal and external audit in addition to internal management systems.

Quality and Safety Committee

The purpose of the Quality and Safety Committee is to oversee, co-ordinate, review and

assess the clinical governance arrangements in place and issues relating to safety, effectiveness and patient experience throughout the Trust.

The primary aim is to ensure the robustness of systems and processes and behaviours that stand up to scrutiny and thus provide assurance to the Trust Board.

Resources and Performance Committee

The Resources and Performance Committee is responsible for the review and monitoring of Trust performance, contract delivery, financial systems, business risks, capital investments and charitable funds.

Information Governance Committee

The information Governance Committee is responsible for the review and monitoring of all aspects of the supply and use of information, including the use of information technology. This includes:

- information security and information risk management
- IT equipment use and security,
- Data integrity and control.

Appointments, Nomination and Remuneration Committee

This committee reviews the arrangements for succession planning and development of senior managers, and the appointment and remuneration of Executive Directors.

The Board continually monitors its performance. A programme of Board development sessions is in place to enhance the Board's effectiveness in its management of the Trust. Each Board sub-committee prepares a report of the key decision and findings at each meeting. The Board has a program of work which is reviewed annually.

The Board met 8 times on the year 2011/12. 3 meetings were fully attended. For the other 5 meetings there were 6 Voting Director non attendances over this period. The Audit Committee has an annual plan of work which it confirms is being met at each meeting. The Committee will assess itself against the Audit Committee Handbook self assessment tool annually and prepares an annual report to the Board. This is informed by the work of internal and external audit, management reports, the committee own assurance findings and any reports submitted to the Trust by regulatory or advisory bodies.

Risk assessment

The Trust's risk management arrangements are set out in the Risk Management Policy, which includes detailed guidance on the process of risk assessment. All risks are recorded on the Trust's risk management software

Risks are identified through

- The recording and investigation of incidents, complaints and claims
- Specific group and committee sessions to identify and analyse risks
- Clinical, internal and external Audit

- Other work carried out by Groups and Committees
- External and Internal reports and inspections
- Other external bodies, e.g. commissioners
- Being raised by individual managers and staff

All risks are rated using a 5 by 5 risk matrix. Risk consequences are defined on the matrix using four categories:

- Injury or harm
- Finance
- Service delivery
- Reputation

Dependant on the rating, risks are recorded at 4 levels

Departmental	Risks that are low level and can be managed locally
Directorate	Risks of a moderate level that impact on the directorates service objectives
Corporate	Risks that are moderate and have impact on the Trusts strategic objectives
Board Assurance Framework	Risk that are high level and pose a significant threat to the Trust's strategic objectives

The mitigation controls are identified at all levels, along with any further actions necessary to further control or mitigate the risks. The risk management policy identifies the groups and committee whose responsibility it is to monitor risks at the four levels, the effectiveness of their controls and the implementation of actions to further mitigate the risks.

The Audit Committee reviews the Board Assurance Framework and tests assurances with management. Internal Audit has reviewed the framework in place and used by the Trust during 2011/12. The Audit Committee reports its finding to the Board, which reviews the framework at each meeting.

The risks underneath have been assessed as the those which pose the greatest threat to the strategic objectives of the Trust:

Title	Nature of Risk	Summary of Mitigation
Clinical Quality and Patient Safety	Risks associated with high numbers of pressure sores and falls, compliance with CQC essential standards of quality and safety, the Monitor Quality Governance Framework and commissioners requirements.	Each area is managed though key committees who receive regular performance and trend reports. Where issues are identified action plans and initiatives are developed to improve quality and safety provision.

Compromise to effective partnership working with other providers due to , for example, others' differing priorities or competitive forces given diminishing resources	Partners compete rather than co-operated to improve market share and gain extra resources.	Participation in local health economy strategy discussions and groups to produce and agree systems plans.
Failure to achieve FT status	Risks associated with sustainability, size and meeting Monitor requirements.	Project management structure in place, monitored by program board. Involvement of stakeholders.
Failure to deliver CIPs	CIPs are not delivered recurrently or in full resulting in insufficient funds for planned developments and the Trust's Financial Risk Rating possibly falling below the required Monitor standard=	Performance monitoring. Additional CIPs identified to mitigate 'downside' risks or risk of non delivery of CIPs in year.
Failure to develop a genuinely integrated organisation	As the organisation consists of the former Telford and Shropshire provider arms there are risks relating to service provision and finance if policies and practice are not harmonised.	An organisational development plan is in place to ensure harmonisation of skills and knowledge in the organisation. Prioritised plan for policy development is in place. Program of staff engagement events.
Failure to have appropriate IMT systems in place eg replacement PAS	Fragmentation of clinical systems jeopardise service development.	Project group in place to develop new PAS system. Delivery of IMT strategy.
Inability to grow the Trust's business, leading to sustainability risks on the basis of small size	Contracting systems and mechanisms do not allow sufficient growth to sustain the Trust in the future.	Development of commercial strategy including contracts and tariff strategy. Partnership working to develop tariffs.
Insufficient investment in services by commissioners	Investment due to financial challenges within the Local Health Economy, timescales for service development and effect of AQP. Slow development of PAM.	Joint working with commissioners to develop plans. Business contingency plan to enable challenges to be addressed.
Quality Impact Assessment of Cost Improvement Programs (CIPs)	Risk that if the quality assessment of CIPs have not been fully completed then services may be adversely affected.	Clinical involvement in decision making and impact assessment. Involvement by Director of Nursing and Medical Director & Finance Director in CIP Planning and on-going monitoring to ensure mitigated action taken if

		there are any unintended consequences.
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The Board, as part of its Integrated Business Plan development work has considered in detail the risks associated with the plan. This is reflected in the risks detailed above.

Data Security

The Trust has robust measures in place to protect sensitive information. This includes paper based information and electronic data. An assessment of the risks related to information security has taken place and are reviewed annually. Where concerns are raised these are investigated thoroughly and further data controls are introduced where necessary. The Trust has an Information Governance Committee which is a sub committee of the Board. This committee, supported by operational groups, assesses and tests the robustness of the systems employed. All mobile electronic devices used by the Trust are fully encrypted to ensure that unauthorised personnel cannot access the data.

The Trust has reported two data security significant incidents

- Within the School Nursing services a list of childrens names and dates of birth due for health screening was lost. The information sheet did not have any health information and did not pose a significant risk. Parents were informed and the methods used to carry these documents were made more secure to ensure a similar event does not re-occur.
- A laptop belonging to a community nurse containing patient information was stolen from a locked cupboard in an office following a break in. The laptop was fully encrypted and access by an unauthorised person would not be possible.

The risk and control framework

The purpose of the risk and control framework is to ensure risk is managed at a reasonable level that allows the Trust to meet its strategic objectives. It is neither possible or desirable to eliminate all risk. The framework can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives,
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Trust's systems of Internal Control have been in place since the Trust's formation in July 2011

The Risk Management Policy details the structure for the risk and control mechanisms. This includes the duties of individuals, groups and committees and the responsibility for the identification of risks, controls, further mitigation control and assurances.

The Quality and Safety Committee has the overall responsibility for the monitoring of the Trust's Risk Registers, which is conducted via the operational quality and safety group. (With exceptions being notified to the committee). The Audit Committee, through its work programme, scrutinises the registers and risk management processes, seeking additional assurance where necessary.

The Resources and Performance Committee considers the detailed work and reports related to finance, performance indicators and in future contract monitoring performance indicators and in future contract monitoring. It identifies any risks associated with these areas and reports these to Executives and the Board for inclusion in the risk management framework where it is appropriate to do so. It monitors the effectiveness of any controls in place and the implementation of further controls.

Serious Incidents are reported to the Strategic Health Authority, Commissioners and the Care Quality Commission through the National Reporting and Learning Service. All of these incidents are investigated using the Root Cause Analysis tools provided by the National Patient Safety Agency. The purpose of the investigation is to identify the key contributory factors that if addressed would prevent re-occurrence.

Since its formation on July 1st 2011 to the 31st March 2012 the Trust reported 50 serious incidents. 41 of these related to Grade 3 or 4 pressure sores. The other 9 consisted of the following:

- 2 community acquired MRSA Bacteraemia
- 2 information governance incidents
- 2 medication incidents
- 1 Patient fall
- 1 clinical diagnosis incident.
- 1 Child protection issue

Where risks are identified relating to these incidents they are assessed and added to the risk management framework as appropriate.

None of the above incidents raised significant issues related to the risk and control framework.

The Trust employs a Local Counter Fraud Specialist and assistant. A Counter Fraud program is developed annually. The program details the work to be carried out to raise awareness of issues, reporting and how cases are managed. Progress against the plan is reported to the Audit Committee. An annual report is prepared and presented to the Audit Committee.

Review of the effectiveness of risk management and internal control

The process for reviewing the effectiveness of the system for internal control is continuous and has many aspects. The Head of Internal audit provides an opinion on the effectiveness of the System of Internal Control.

The opinion for 2011/12 includes that the Trust has a generally sound system of internal control which meets the organisations objectives, and that controls are generally being applied consistently. Internal Audit identified some weaknesses relating to an audit of patients monies, which they identified as not being a significant issue, and that recommendations have been agreed and are being implemented

The systems for providing assurance that risks are being managed effectively are monitored by the Audit Committee. Assurance sources include:

- NHSLA assessment against their Risk Management Standards
- Counter Fraud and Security Management Compound Indicator Assessment
- Audit Committee programmes and reviews
- Internal and External Audits
- Risk Management Reports
- Staff and Patient Surveys
- Clinical Audit Reports
- CQC Self Assessment, inspections and reviews
- Strategic Health Authority Reports
- Counter Fraud Reports
- Management Reports
- Performance and Quality Reports

The above and any other sources of assurance are reviewed by the Trust Board, Audit Committee, Resources and Performance Committee, Quality and Safety Committee and individual members of staff who contribute to the system for internal control.

Significant Issues

No significant issues have been identified at the year end or during the year

Accountable Officer : Name Jo Chambers

Organisation: Shropshire Community Health NHS Trust

Signature



Date

6.6.12

Independent Auditor's Report to the Directors of Shropshire Community Health NHS Trust

I have audited the financial statements of Shropshire Community Health NHS Trust for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England. I have also audited the information in the Remuneration Report that is described as having been audited.

I have also audited the information in the Remuneration Report that is subject to audit, being:

- *the table of salaries and allowances of senior managers;*
- *the table of pension benefits of senior managers; and*
- *the table of pay.*

This report is made solely to the Board of Directors of Shropshire Community Health NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Shropshire Community Health NHS Trust as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England; and
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if:

- in my opinion the governance statement does not reflect compliance with the Department of Health's Guidance;
- I refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because I have a reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998

I have nothing to report in these respects

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

Respective responsibilities of the Trust and auditor

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

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

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

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Trust has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself 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 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I 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.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, Shropshire Community Health NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2012.

Certificate

I certify that I have completed the audit of the accounts of Shropshire Community Health NHS Trust in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



Tony Corcoran
District Auditor
Audit Commission
2nd Floor, No.1 Friars Gate
1011, Stratford Road
Solihull
B90 4EB

Date

7/6/2012

**Statement of Comprehensive Income for year ended
31 March 2012**

	NOTE	2011-12 £000	2010-11 £000 (restated)
Employee benefits	10.1	(54,769)	0
Other costs	8	(24,439)	0
Revenue from patient care activities	5	76,350	0
Other Operating revenue	6	4,452	0
Operating surplus/(deficit)		1,594	0
Investment revenue	12	6	0
Other gains and (losses)	13	0	0
Finance costs	14	0	0
Surplus/(deficit) for the financial year		1,600	0
Public dividend capital dividends payable		0	0
Retained surplus/(deficit) for the year		1,600	0

Other Comprehensive Income

Impairments and reversals	0	0
Net gain/(loss) on revaluation of property, plant & equipment	6	0
Net gain/(loss) on revaluation of intangibles	0	0
Net gain/(loss) on revaluation of financial assets	0	0
Net gain/(loss) on other reserves	0	0
Net gain/(loss) on available for sale financial assets	0	0
Net actuarial gain/(loss) on pension schemes	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0
Total comprehensive income for the year	1,606	0

Financial performance for the year

Retained surplus/(deficit) for the year	1,600
Prior period adjustment to correct errors	0
IFRIC 12 adjustment	0
Impairments	0
Adjustments iro donated asset/gov't grant reserve elimination	203
Adjusted retained surplus (deficit)	1,397

The adjustment to arrive at reported financial performance relates to the benefit to the Trust of the change in accounting policy for assets funded by donations or government grants.

PDC dividends have been overpaid. The amount due to the Trust is:

PDC dividend: balance receivable at 31 March 2012	530
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The notes on pages 5 to 37 form part of this account.

**Statement of Financial Position as at
31 March 2012**

	NOTE	31 March 2012 £000	1 April 2011 (restated) £000	Merger adjustments £000	31 March 2011 (restated) £000
Non-current assets:					
Property, plant and equipment	15	2,600	2,609	2,609	0
Intangible assets	16	0	0	0	0
Investment property		0	0	0	0
Other financial assets	24	0	0	0	0
Trade and other receivables	22.1	26	36	36	0
Total non-current assets		2,626	2,645	2,645	0
Current assets:					
Inventories	21	130	88	88	0
Trade and other receivables	22.1	3,908	2,363	2,363	0
Other financial assets	24	0	0	0	0
Other current assets	25	0	0	0	0
Cash and cash equivalents	26	2,915	19	19	0
Total current assets		6,953	2,470	2,470	0
Non-current assets held for sale	27	0	0	0	0
Total current assets		6,953	2,470	2,470	0
Total assets		9,579	5,115	5,115	0
Current liabilities					
Trade and other payables	28	(6,538)	(4,663)	(4,663)	0
Other liabilities	29	0	0	0	0
Provisions	35	(1,003)	0	0	0
Borrowings	30	0	(20)	(20)	0
Other financial liabilities		0	0	0	0
Working capital loan from Department		0	0	0	0
Capital loan from Department		0	0	0	0
Total current liabilities		(7,541)	(4,683)	(4,683)	0
Non-current assets plus/less net current assets/liabilities		2,038	432	432	0
Non-current liabilities					
Trade and other payables	28	0	0	0	0
Other Liabilities	31	0	0	0	0
Provisions	35	0	0	0	0
Borrowings	30	0	0	0	0
Other financial liabilities		0	0	0	0
Working capital loan from Department		0	0	0	0
Capital loan from Department		0	0	0	0
Total non-current liabilities		0	0	0	0
Total Assets Employed:		2,038	432	432	0
FINANCED BY:					
TAXPAYERS' EQUITY					
Public Dividend Capital		0	0	0	0
Retained earnings		1,951	350	350	0
Revaluation reserve		87	82	82	0
Other reserves		0	0	0	0
Total Taxpayers' Equity:		2,038	432	432	0

The notes on pages 5 to 37 form part of this account.

The financial statements on pages 1 to 37 were approved by the Board and signed on its behalf by

Chief Executive:



Date:

6.6.12

Statement of Changes in Taxpayers' Equity

For year ended 31 March 2012

	Public Dividend capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total reserves £000
Balance at 1 April 2011	0	0	0	0	0
Opening balance adjustments		0	0	0	0
Adjustments for Transforming Community Services transactions		350	82	0	432
Restated balance at 1 April 2011	0	350	82	0	432
Changes in taxpayers' equity for 2011-12					
Retained surplus/(deficit) for the year		1,600			1,600
Net gain / (loss) on revaluation of property, plant, equipment			6		6
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale			0		0
Impairments and reversals			0		0
Movements in other reserves				0	0
Transfers between reserves		1	(1)	0	0
Release of reserves to SOCI			0		0
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets			0		0
Reserves eliminated on dissolution	0	0	0	0	0
Originating capital for Trust established in year	0				0
New PDC received	0				0
PDC repaid In Year	0				0
PDC written Off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other movements in PDC In Year	0				0
Net Actuarial Gain/(Loss) on Pension	0			0	0
Net recognised revenue/(expense) for the year	0	1,601	5	0	1,606
Balance at 31 March 2012	0	1,951	87	0	2,038
Included above:					
Transfer from revaluation reserve to retained earnings in respect of impairments		0	0		0
Changes in taxpayers' equity for 2010-11					
Balance at 1 April 2010	0	0	0	0	0
Retained surplus/(deficit) for the year		0			0
Net gain / (loss) on revaluation of property, plant, equipment			0		0
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale					0
Impairments and reversals			0		0
Movements in other reserves				0	0
Transfers between reserves		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets			0		0
Reserves eliminated on dissolution		0	0	0	0
Originating capital for Trust established in year	0				0
New PDC received	0				0
PDC repaid In year	0				0
PDC written off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other movements in PDC in year	0				0
Net Actuarial Gain/(Loss) on Pension	0	0		0	0
Net recognised revenue/(expense) for the year	0	0	0	0	0
Balance at 31 March 2011	0	0	0	0	0
Included above:					
Transfer from revaluation reserve to retained earnings in respect of impairments		0	0		0

**Statement of Cash Flows for year ended
31 March 2012**

	NOTE	2011-12 £000	2010-11 £000
Cash Flows from Operating Activities			
Operating Surplus/Deficit		1,594	0
Depreciation and Amortisation		680	0
Impairments and Reversals		0	0
Other Gains / (Losses) on foreign exchange		0	0
Donated Assets received credited to revenue but non-cash		(259)	0
Government Granted Assets received credited to revenue but non-cash		0	0
Interest paid		0	0
Dividend paid		(530)	0
Release of PFI/deferred credit		0	0
(Increase)/Decrease in Inventories		(42)	0
(Increase)/Decrease in Trade and Other Receivables		(1,005)	0
(Increase)/Decrease in Other Current Assets		0	0
Increase/(Decrease) in Trade and Other Payables		1,869	0
(Increase)/Decrease in Other Current Liabilities		0	0
Provisions utilised		0	0
Increase/(Decrease) in Provisions		1,003	0
Net Cash Inflow/(Outflow) from Operating Activities		3,310	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		6	0
(Payments) for Property, Plant and Equipment		(659)	0
(Payments) for Intangible Assets		0	0
(Payments) for Investments with DH		0	0
(Payments) for Other Financial Assets		0	0
(Payments) for Financial Assets (LIFT)		0	0
Proceeds of disposal of assets held for sale (PPE)		0	0
Proceeds of disposal of assets held for sale (Intangible)		0	0
Proceeds from Disposal of Investment with DH		0	0
Proceeds from Disposal of Other Financial Assets		0	0
Proceeds from the disposal of Financial Assets (LIFT)		0	0
Loans made in respect of LIFT		0	0
Loans repaid in respect of LIFT		0	0
Rental revenue		0	0
Net Cash Inflow/(Outflow) from Investing Activities		(653)	0
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		2,657	0
CASH FLOWS FROM FINANCING ACTIVITIES			
Public Dividend Capital received		0	0
Public Dividend Capital repaid		0	0
Loans received from DH - New Capital Investment Loans		0	0
Loans received from DH - New Working Capital Loans		0	0
Other Loans received		0	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal		0	0
Loans repaid to DH - Working Capital Loans Repayment of Principal		0	0
Other Loans repaid		0	0
Cash transferred to NHS Foundation Trusts		0	0
Capital element of payments in respect of Finance Leases and On-SoFP PFI and LIFT		0	0
Capital grants and other capital receipts		259	0
Net Cash Inflow/(Outflow) from Financing Activities		259	0
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,916	0
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		0	0
Opening balance adjustment - TCS transactions		(1)	
Restated Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		(1)	0
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		2,915	0

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS Trusts shall meet the accounting requirements of the NHS Trusts Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2011-12 NHS Trusts Manual for Accounts issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3 Transforming Community Services (TCS) transactions

Under the TCS initiative, services historically provided by PCTs have transferred to other providers - notably NHS Trusts and NHS Foundation Trusts. Such transfers fall to be accounted for by use of merger accounting. The Treasury FREM provides that where a transfer takes place in 2011-12, the recipient of the transfer will account for transferred activity in full for the period (and the original provider for none) to reflect the position had the transfer always applied.

For TCS transactions specifically, it is impracticable to adjust the prior period's revenue account in each body and so restatement is effected by an adjustment to 1 April 2011 opening balances rather than by full restatement of comparators.

1.4 Pooled Budgets

The Trust has entered into pooled budgets with Shropshire Council and Telford & Wrekin Council. Under the arrangements funds are pooled under S75 of the NHS Act 2006.

The Trust accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budgets, identified in accordance with the pooled budget agreement.

1.5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

1.5.1 Critical judgements in applying accounting policies

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

1. Interpreting Department of Health guidance to determine how to account for provider land and buildings due to transfer from local PCTs to the Trust in 2012/13.
2. Determining whether substantially all the significant risks and rewards of ownership of leased assets have transferred.

1.5.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Provision for re-structuring £1,003,000 - the provision was calculated using the list of staff likely to leave under the Mutually Agreed Resignation Scheme (MARS).

1.6 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the Trust is from commissioners for healthcare services. Significant revenue relating to patient care spells that are part-completed at the year end is apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

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

1.7 Employee Benefits

Short-term employee benefits

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

Retirement benefit costs

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

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

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

1.8 Other expenses

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

1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
 - it is probable that future economic benefits will flow to, or service potential will be supplied to, the Trust;
 - it is expected to be used for more than one financial year;
 - the cost of the item can be measured reliably; and
 - the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the Trust's services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

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

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

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

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

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value. The Trust's policy on equipment valuations is that where a piece of equipment has a remaining life of more than 10 years and a value in excess of £30,000, it is indexed using the Health Services Cost Index.

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

Subsequent expenditure

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

1.10 Intangible assets

Recognition

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

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

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

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

Measurement

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

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

1.11 Depreciation, amortisation and impairments

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

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

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

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

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from 2011-12. This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set. AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

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

1.12 Donated assets

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.13 Government grants

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.14 Non-current assets held for sale

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

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

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

1.15 Leases

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

The Trust as lessee

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

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

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

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

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

The Trust as lessor

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

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

1.16 Inventories

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

1.17 Cash and cash equivalents

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

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

1.18 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% in real terms (2.8% for employee early departure obligations).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

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

1.19 Clinical negligence costs

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

1.20 Non-clinical risk pooling

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

1.21 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

1.22 Contingencies

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

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

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

1.23 Financial assets

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

Financial assets are initially recognised at fair value.

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

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

Financial assets at fair value through profit and loss

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

Held to maturity investments

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

Available for sale financial assets

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

Loans and receivables

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

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

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

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

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

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

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

1.24 Financial liabilities

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

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

Financial guarantee contract liabilities

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

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

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

Financial liabilities at fair value through profit and loss

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

Other financial liabilities

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

1.25 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.26 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the Trust's surplus/deficit in the period in which they arise.

1.27 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 44 to the accounts.

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

1.28 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital represents taxpayers' equity in the NHS Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for donated assets and cash balances with the Government Banking Service. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

1.29 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.30 Subsidiaries

Material entities over which the Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust's or where the subsidiary's accounting date is before 1 January or after 30 June.

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

For 2010-11 and 2011-12 in accordance with the directed accounting policy from the Secretary of State, the Trust does not consolidate the NHS charitable funds for which it is the corporate trustee.

1.31 Associates

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

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

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

1.32 Joint ventures

Material entities over which the Trust has joint control with one or more other parties so as to obtain economic or other benefits are classified as joint ventures. Joint ventures are accounted for by the proportional consolidation or the equity method.

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

1.33 Joint operations

Joint operations are activities undertaken by the Trust in conjunction with one or more other parties but which are not performed through a separate entity. The Trust records its share of the income and expenditure; gains and losses; assets and liabilities; and cashflows.

1.34 Research and development

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

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

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2011-12. The application of the Standards as revised would not have a material impact on the accounts for 2011-12, were they applied in that year:

IAS 1 Presentation of financial statements (Other Comprehensive Income) - subject to consultation

IAS 12 - Income Taxes (amendment) - subject to consultation

IAS 19 Post-employment benefits (pensions) - subject to consultation

IAS 27 Separate Financial Statements - subject to consultation

IAS 28 Investments in Associates and Joint Ventures - subject to consultation

IFRS 7 - Financial Instruments: Disclosures (annual improvements) - effective 2012-13

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

IFRS 10 Consolidated Financial Statements - subject to consultation

IFRS 11 Joint Arrangements - subject to consultation

IFRS 12 Disclosure of Interests in Other Entities - subject to consultation

IFRS 13 Fair Value Measurement - subject to consultation

IPSAS 32 - Service Concession Arrangement - subject to consultation

2. Trust Establishment & Merger Accounting

The Trust was established on 1 July 2011 under the Transforming Community Services initiative. It was formed from the provider arms of Shropshire County PCT and Telford and Wrekin PCT.

Merger accounting has been applied, which means that the Trust accounts show 12 months transactions i.e. as if the Trust had been in existence for the whole year. In line with Department of Health guidance, prior year comparators are not required for this year only.

3. Operating Segments

The Trust has only one operating segment - healthcare. Therefore no further analysis is required.

4. Income Generation Activities

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

Occupational Health Services	2011-12 £000	2010-11 £000
Income	1,020	0
Full cost	1,012	0
Surplus/(deficit)	<u>8</u>	<u>0</u>

The financial objective is that the Occupational Health service should cover costs in full and generate a small surplus, which is invested in patient care.

5. Revenue From Patient Care Activities

	2011-12 £000	2010-11 £000
Strategic health authorities	133	0
NHS trusts	203	0
Primary care trusts - tariff	5,267	0
Primary care trusts - non-tariff	69,708	0
Primary care trusts - market forces factor	79	0
Foundation trusts	77	0
Local authorities	268	0
Department of Health	0	0
NHS other	0	0
Non-NHS:		
Private patients	0	0
Overseas patients (non-reciprocal)	0	0
Injury costs recovery	106	0
Other	509	0
	<u>76,350</u>	<u>0</u>

6. Other Operating Revenue

	2011-12 £000	2010-11 £000
Recoveries in respect of employee benefits	1,364	0
Patient transport services	0	0
Education, training and research	838	0
Charitable and other contributions to expenditure	0	0
Receipt of donations for capital acquisitions	259	0
Receipt of Government grants for capital acquisitions	0	0
Non-patient care services to other bodies	0	0
Income generation	944	0
Rental revenue from finance leases	0	0
Rental revenue from operating leases	158	0
Other revenue	889	0
	<u>4,452</u>	<u>0</u>
Total operating revenue	<u>80,802</u>	<u>0</u>

7. Revenue

	2011-12 £000	2010-11 £000
From rendering of services	80,801	0
From sale of goods	1	0

8. Operating Expenses (excluding employee benefits)

	2011-12 £000	2010-11 £000
Services from other NHS trusts	2,563	0
Services from PCTs	2,760	0
Services from other NHS bodies	2	0
Services from foundation trusts	1,249	0
Purchase of healthcare from non NHS bodies	272	0
Trust chair and non executive directors	48	0
Supplies and services - clinical	6,020	0
Supplies and services - general	530	0
Consultancy services	980	0
Establishment	4,164	0
Transport	0	0
Premises	4,081	0
Impairments and Reversals of Receivables	5	0
Inventories write down	0	0
Depreciation	680	0
Amortisation	0	0
Impairments and reversals of property, plant and equipment	0	0
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets [by class]	0	0
Impairments and reversals of non current assets held for sale	0	0
Impairments and reversals of investment properties	0	0
Audit fees	82	0
Other auditor's remuneration	0	0
Clinical negligence	105	0
Research and development (excluding staff costs)	0	0
Education and Training	240	0
Other	658	0
	24,439	0

Employee benefits

Employee benefits excluding Board members	54,363	0
Board members	406	0
Total employee benefits	54,769	0
Total operating expenses	79,208	0

9. Operating Leases

9.1 Trust as Lessee

The lease payments in 2011/12 include the provider properties which still belong to the local PCTs, and are due to transfer to the Trust in 2012/13.

The remainder are property leases for premises used by the Trust, and lease cars for staff.

	Land £000	Buildings £000	Other £000	2011-12 Total £000	2010-11 £000
Payments recognised as an expense					
Minimum lease payments				2,947	0
Contingent rents				0	0
Sub-lease payments				0	0
Total				2,947	0
Payable:					
No later than one year	0	1,410	638	2,048	0
Between one and five years	0	4,442	708	5,150	0
After five years	0	10,464	0	10,464	0
Total	0	16,316	1,346	17,662	0
Total future sublease payments expected to be received:				0	0

9.2 Trust as Lessor

Leases are all property leases with other NHS bodies.

	2011-12 £000	2010-11 £000
Recognised as income		
Rents	158	0
Contingent rents	0	0
Total	158	0
Receivable:		
No later than one year	158	0
Between one and five years	0	0
After five years	0	0
Total	158	0

10. Employee Benefits and Staff Numbers

10.1 Employee Benefits

	Total £000	Permanently employed £000	Other £000
Employee Benefits 2011-12 - gross expenditure			
Salaries and wages	47,569	44,721	2,848
Social security costs	2,196	2,196	0
Employer contributions to NHS Pensions	3,988	3,988	0
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	1,016	1,016	0
Total employee benefits	54,769	51,921	2,848
Less recoveries in respect of employee benefits (table below)	-1,364	-1,364	0
Total - Net Employee Benefits including capitalised costs	53,405	50,557	2,848
Employee costs capitalised	0	0	0
Net Employee Benefits excluding capitalised costs	54,769	51,921	2,848
Employee Benefits 2011-12 - income			
Salaries and wages	1,202	1,202	0
Social Security costs	58	58	0
Employer Contributions to NHS BSA - Pensions Division	104	104	0
Other pension costs	0	0	0
Other Post Employment Benefits	0	0	0
Other Employment Benefits	0	0	0
Termination Benefits	0	0	0
TOTAL excluding capitalised costs	1,364	1,364	0
	Total £000	Permanently employed £000	Other £000
Employee benefits - 2010-11 - net expenditure			
Salaries and wages	0	0	0
Social security costs	0	0	0
Employer contributions to NHS Pensions scheme	0	0	0
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	0	0	0
Total employee benefits	0	0	0
Employee costs capitalised	0		
Net Employee Benefits excluding capitalised costs	0		

10.2 Staff Numbers

	Total Number	2011-12 Permanently Employed Number	Other Number	Total Number	2010-11 Permanently Employed Number	Other Number
Average Staff Numbers						
Medical and dental	44	43	1	0	0	0
Ambulance staff	0	0	0	0	0	0
Administration and estates	330	310	20	0	0	0
Healthcare assistants and other support staff	87	86	1	0	0	0
Nursing, midwifery and health visiting staff	672	657	15	0	0	0
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	227	223	4	0	0	0
Social Care Staff	7	0	7	0	0	0
Other	59	55	4	0	0	0
TOTAL	1,426	1,374	52	0	0	0
Of the above - staff engaged on capital projects	0	0	0	0	0	0

10.3 Staff Sickness Absence and Ill Health Retirements

	2011-12 Number	2010-11 Number
Total Days Lost	8,099	0
Total Staff Years	688	0
Average working Days Lost	11.8	0.0

	2011-12 Number	2010-11 Number
Number of persons retired early on ill health grounds	3	0
Total additional pensions liabilities accrued in the year	£000s 120	£000s 0

10.4 Exit Packages Agreed in 2011-12

	2011-12				2010-11	
Exit package cost band (including any special payment element)	*Number of compulsory redundancies Number	*Number of other departures agreed Number	Total number of exit packages by cost band Number	*Number of compulsory redundancies Number	*Number of other departures agreed Number	Total number of exit packages by cost band Number
Less than £10,000	2	2	4	0	0	0
£10,001-£25,000	0	0	0	0	0	0
£25,001-£50,000	0	0	0	0	0	0
£50,001-£100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Total number of exit packages by type (total cost)	2	2	4	0	0	0
Total resource cost (£000s)	9	4	13	0	0	0

This note provides an analysis of Exit Packages agreed during the year. Redundancy and other departure costs have been paid in accordance with the provisions of NHS Agenda for Change rules on pay. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

A local MARS scheme (Mutually Agreed Resignation Scheme) was set up by the Trust towards the year end.

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

10.5 Pension Costs

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

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

a) Full actuarial (funding) valuation

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

The last formal actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision. Employer and employee contribution rates are currently being determined under the new scheme design.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. However, as the interval since the last formal valuation now exceeds four years, the valuation of the scheme liability as at 31 March 2012, is based on detailed membership data as at 31 March 2010 updated to 31 March 2012 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

c) Scheme provisions

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

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

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

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

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

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

11. Better Payment Practice Code

11.1 Measure of Compliance

	2011-12 Number	2011-12 £000	2010-11 Number	2010-11 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	24,412	18,148	0	0
Total Non-NHS Trade Invoices Paid Within Target	23,323	17,303	0	0
Percentage of Non-NHS Trade Invoices Paid Within Target	95.5%	95.3%	0.0%	0.0%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	1,826	20,267	0	0
Total NHS Trade Invoices Paid Within Target	1,559	18,798	0	0
Percentage of NHS Trade Invoices Paid Within Target	85.4%	92.8%	0.0%	0.0%
Total Payables				
Total Trade Invoices Paid in the Year	26,238	38,415	0	0
Total Trade Invoices Paid Within Target	24,882	36,101	0	0
Percentage of Trade Invoices Paid Within Target	94.8%	94.0%	0.0%	0.0%

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

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

There were no payments under the Late Payment of Commercial Debts (Interest) Act 1998.

12. Investment Income

	2011-12 £000	2010-11 £000
Rental Income		
PFI finance lease revenue (planned)	0	0
PFI finance lease revenue (contingent)	0	0
Other finance lease revenue	0	0
Subtotal	<u>0</u>	<u>0</u>
Interest Income		
LIFT: equity dividends receivable	0	0
LIFT: loan interest receivable	0	0
Bank interest	6	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Subtotal	<u>6</u>	<u>0</u>
Total investment income	<u>6</u>	<u>0</u>

13. Other Gains and Losses

There were no gains and losses.

14. Finance Costs

There were no finance costs.

15.1 Property, Plant and Equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2011-12									
Cost or valuation:									
At 31 March 2011	0	0	0	0	0	0	0	0	0
Prior period adjustments	0	0	0	0	0	0	0	0	0
Merger adjustments	0	0	0	0	2,369	169	1,973	192	4,703
At 1 April 2011 restated	0	0	0	0	2,369	169	1,973	192	4,703
Additions Purchased	0	0	0	0	361	0	45	0	406
Additions Donated	0	0	0	0	259	0	0	0	259
Additions Government Granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	(40)	0	0	(20)	(60)
Upward revaluation/positive indexation	0	0	0	0	6	0	0	0	6
Impairments/negative indexation	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Transfers (to)/from NHS Bodies	0	0	0	0	0	0	0	0	0
Transfers to Foundation Trusts	0	0	0	0	0	0	0	0	0
Cumulative dep'n adjustment following revaluation	0	0	0	0	0	0	0	0	0
At 31 March 2012	0	0	0	0	2,955	169	2,018	172	5,314
Depreciation									
At 31 March 2011	0	0	0	0	0	0	0	0	0
Prior period adjustments	0	0	0	0	0	0	0	0	0
Merger adjustments	0	0	0	0	976	103	925	90	2,094
At 1 April 2011 restated	0	0	0	0	976	103	925	90	2,094
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	(40)	0	0	(20)	(60)
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Charged During the Year	0	0	0	0	290	20	351	19	680
Transfers to NHS Bodies	0	0	0	0	0	0	0	0	0
Transfers to Foundation Trusts	0	0	0	0	0	0	0	0	0
Cumulative dep'n adjustment following revaluation	0	0	0	0	0	0	0	0	0
At 31 March 2012	0	0	0	0	1,226	123	1,276	89	2,714
Net book value at 31 March 2012	0	0	0	0	1,729	46	742	83	2,600
Purchased	0	0	0	0	1,280	46	742	82	2,150
Donated	0	0	0	0	392	0	0	1	393
Government Granted	0	0	0	0	57	0	0	0	57
Total at 31 March 2012	0	0	0	0	1,729	46	742	83	2,600
Asset financing:									
Owned	0	0	0	0	1,729	46	742	83	2,600
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual: interests	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	1,729	46	742	83	2,600

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 31 March 2011	0	0	0	0	0	0	0	0
Prior period adjustments	0	0	0	0	0	0	0	0
Merger adjustments	0	0	0	75	6	0	1	82
At 1 April 2011 restated	0	0	0	75	6	0	1	82
Movements (specify)	0	0	0	6	0	0	(1)	5
At 31 March 2012	0	0	0	81	6	0	0	87

15.2 Property, Plant and Equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2010-11									
Cost or valuation:									
At 1 April 2010	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0	0	0
In-year transfers to/from NHS bodies									
Transfers to Foundation Trusts	0	0	0	0	0	0	0	0	0
At 31 March 2011	0	0	0	0	0	0	0	0	0
Depreciation									
At 1 April 2010	0	0	0		0	0	0	0	0
Reclassifications		0	0		0	0	0	0	0
Reclassifications as Held for Sale	0	0	0		0	0	0	0	0
Disposals other than for sale	0	0	0		0	0	0	0	0
Upward revaluation/positive indexation	0	0	0		0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Charged During the Year	0	0	0		0	0	0	0	0
Transfers to NHS Bodies									
Transfers to Foundation Trusts	0	0	0	0	0	0	0	0	0
At 31 March 2011	0	0	0	0	0	0	0	0	0
Net book value	0	0	0	0	0	0	0	0	0
Purchased	0	0	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2011	0	0	0	0	0	0	0	0	0
Asset financing:									
Owned	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual: interests	0	0	0	0	0	0	0	0	0

15.3 Property, Plant and Equipment

The Trust currently has no land and buildings assets. Properties used by the Trust will not transfer from the 2 local PCTs until 2012/13.

Asset lives for each class of asset fall into the following ranges :-

- Plant & machinery : 2 to 15 years
- Transport equipment : 5 to 7 years
- Information technology : 3 to 5 years
- Furniture & fittings : 5 to 10 years

No asset lives have been changed during the year.

The donors of the assets donated in-year were the League of Friends of the Community Hospitals, and a legacy bequeathed to the Trust.

16. Intangible Non-Current Assets

There were no intangible non-current assets.

17. Analysis of Impairments and Reversals Recognised in 2011-12

There were no impairments or reversals.

18. Investment Property

There was no investment property.

19. Commitments

There were no capital or other financial commitments.

20. Intra-Government and Other Balances

	Current Receivables £000s	Non-Current Receivables £000s	Current Payables £000s	Non-Current Payables £000s
Balances with other Central Government Bodies	2,351	0	1,871	0
Balances with Local Authorities	283	0	306	0
Balances with NHS Trusts and Foundation Trusts	249	0	589	0
Balances with Public Corporations and Trading Funds	722	0	1,792	0
Balances with bodies external to government	303	26	1,980	0
At 31 March 2012	3,908	26	6,538	0
Prior Period:				
Balances with other Central Government Bodies	0	0	0	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	0	0	0	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	0	0	0	0
At 31 March 2011	0	0	0	0

21. Inventories

	Drugs £000	Consumables £000	Energy £000	Loan Equipt £000	Other £000	Total £000
Balance at 1 April 2011	0	0	0	0	0	0
Prior period adjustment	0	0	0	0	0	0
Merger adjustment	0	88	0	0	0	88
Restated at 1 April 2011	0	88	0	0	0	88
Additions	0	1,523	0	0	0	1,523
Inventories recognised as an expense in the period	0	(1,481)	0	0	0	(1,481)
Write-down of inventories (including losses)	0	0	0	0	0	0
Reversal of write-down prev taken to SoCI	0	0	0	0	0	0
Transfers (to)/from other bodies	0	0	0	0	0	0
Transfers (to) Foundation Trusts	0	0	0	0	0	0
Balance at 31 March 2012	0	130	0	0	0	130

22.1 Trade and Other Receivables

	Current		Non-current	
	31 March 2012 £000	31 March 2011 £000	31 March 2012 £000	31 March 2011 £000
NHS receivables - revenue	2,600	0	0	0
NHS receivables - capital	0	0	0	0
NHS prepayments and accrued income	0	0	0	0
Non-NHS receivables - revenue	516	0	29	0
Non-NHS receivables - capital	0	0	0	0
Non-NHS prepayments and accrued income	64	0	0	0
Provision for the impairment of receivables	(8)	0	(3)	0
VAT	192	0	0	0
Current part of PFI and other PPP arrangements prepayments and accrued income	0	0	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	544	0	0	0
Total	3,908	0	26	0
Total current and non current	3,934	0		

The great majority of trade is with Primary Care Trusts, as commissioners for NHS patient care services. As Primary Care Trusts are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

22.2 Receivables Past Their Due Date But Not Impaired

By up to three months
By three to six months
By more than six months
Total

31 March 2012	31 March 2011
£000	£000
407	0
58	0
44	0
509	0

22.3 Provision for Impairment of Receivables

Balance at 1 April 2011
Adjustments
Restated balance at 1 April 2011
Amount written off during the year
Amount recovered during the year
(Increase)/decrease in receivables impaired
Transfer to NHS Foundation Trust
Balance at 31 March

2011-12	2010-11
£000	£000
0	0
(9)	0
(9)	0
3	0
0	0
(5)	0
0	0
(11)	0

The provision relates to the NHS Injury Costs Recovery Scheme.

23. NHS LIFT Investments

There were no NHS LIFT investments.

24. Other Financial Assets

There were no other financial assets.

25. Other Current Assets

There were no other current assets.

26. Cash and Cash Equivalents

Opening balance at 1 April 2011
Opening balance adjustment
Merger adjustments
Restated
Net change in year
Closing balance at 31 March 2012

31 March 2012	31 March 2011
£000	£000
0	
0	
19	
19	0
2,896	0
2,915	0

Made up of
Cash with Government Banking Service
Commercial banks
Cash in hand
Current investments
Cash and cash equivalents as in Statement of Financial Position
Bank overdraft - Government Banking Service
Bank overdraft - Commercial banks
Cash and cash equivalents as in statement of cash flows

2,897	0
0	0
18	0
0	0
2,915	0
0	0
0	0
2,915	0
0	0

Patients' money held by the Trust, not included above

27. Non-Current Assets Held for Sale

There were no non-current assets held for sale.

28. Trade and Other Payables

	Current		Non-current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	£000	£000	£000	£000
Interest payable	0	0		
NHS payables - revenue	2,460	0	0	0
NHS payables - capital	0	0	0	0
NHS accruals and deferred income	0	0	0	0
Family Health Services (FHS) payables	-	-	-	-
Non-NHS payables - revenue	1,222	0	0	0
Non-NHS payables - capital	199	0	0	0
Non_NHS accruals and deferred income	786	0	0	0
Social security costs	490	0		
VAT	0	0	0	0
Tax	506	0		
Payments received on account	0	0	0	0
Other	875	0	0	0
Total	6,538	0	0	0
Total payables (current and non-current)	6,538	0		

29. Other Liabilities

There were no other liabilities.

30. Borrowings

There were no borrowings.

31. Other Financial Liabilities

There were no other financial liabilities.

32. Deferred Income

There was no deferred income.

33. Finance Lease Obligations as Lessee

There were no finance lease obligations as lessee.

34. Finance Lease Receivables as Lessor

There were no finance lease obligations as lessor.

35. Provisions

Comprising:

	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	Other £000s	Redundancy £000s
Balance at "01/04/11"	0	0	0	0	0	0	0	0	0	0
Prior period adjustment	0	0	0	0	0	0	0	0	0	0
Merger adjustments	0	0	0	0	0	0	0	0	0	0
Restated Balance 01/04/11	0	0	0	0	0	0	0	0	0	0
Arising During the Year	1,003	0	0	0	1,003	0	0	0	0	0
Utilised During the Year	0	0	0	0	0	0	0	0	0	0
Reversed Unused	0	0	0	0	0	0	0	0	0	0
Unwinding of Discount	0	0	0	0	0	0	0	0	0	0
Change in Discount Rate	0	0	0	0	0	0	0	0	0	0
Tfirs to NHS Foundation Trusts (<i>for Trusts becoming FTs only</i>)	0	0	0	0	0	0	0	0	0	0
Balance as at "31/03/12"	1,003	0	0	0	1,003	0	0	0	0	0
Expected Timing of Cash Flows:										
No Later than One Year	1,003	0	0	0	1,003	0	0	0	0	0
Later than One Year and not later than Five Years	0	0	0	0	0	0	0	0	0	0
Later than Five Years	0	0	0	0	0	0	0	0	0	0

Restructuring

A local Mutually Agreed Resignation Scheme (MARS) was set up by the Trust towards the year end.

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

As at "31/03/12"	0
As at "31/03/11"	0

36. Contingencies

There were no contingencies.

37. PFI and LIFT - Additional Information

There were no PFI or LIFT schemes.

38. Impact of IFRS Treatment - Current Year

There was no impact of IFRS treatment in the current year.

39. Financial Instruments

39.1 Financial Risk Management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with Primary Care Trusts and the way those Primary Care Trusts are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

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

Currency risk

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

Interest rate risk

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

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2012 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

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

39.2 Financial Assets

	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	0			0
Receivables - NHS		2,600		2,600
Receivables - non-NHS		1,047		1,047
Cash at bank and in hand		2,915		2,915
Other financial assets	0	0	0	0
Total at 31 March 2012	0	6,562	0	6,562
Embedded derivatives	0			0
Receivables - NHS		0		0
Receivables - non-NHS		0		0
Cash at bank and in hand		0		0
Other financial assets	0	0	0	0
Total at 31 March 2011	0	0	0	0

39.3 Financial Liabilities

	At 'fair value through profit and loss'	Other	Total
	£000	£000	£000
Embedded derivatives	0		0
NHS payables		2,460	2,460
Non-NHS payables		2,410	2,410
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	0	0
Total at 31 March 2012	0	4,870	4,870
Embedded derivatives	0		0
NHS payables		0	0
Non-NHS payables		0	0
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	0	0
Total at 31 March 2011	0	0	0

40 Events After the End of the Reporting Period

There were no events after the end of the reporting period.

41. Related Party Transactions

During the year none of the Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with the Trust.

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

NHS Business Services Authority
Shrewsbury & Telford Hospitals NHS Trust
Shropshire County PCT
Telford & Wrekin PCT

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Shropshire Council and Telford & Wrekin Council in respect of joint enterprises.

The Trust has also received revenue and capital payments from a number of charitable funds, the trustees for which are also members of the Trust board. There is a separate set of accounts and annual report for the Trust's charitable funds.

42. Losses and Special Payments

The total number of losses cases in 2011-12 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	3,395	11
Special payments	679	6
Total losses and special payments	4,074	17

The total number of losses cases in 2010-11 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	0	0
Special payments	0	0
Total losses and special payments	0	0

There were no cases over £250,000

43. Financial Performance Targets

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

43.1 Breakeven Performance

	2005-06 £000	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000	2010-11 £000	2011-12 £000
Turnover	0	0	0	0	0	0	80,802
Retained surplus/(deficit) for the year	0	0	0	0	0	0	1,600
Adjustment for:							
Timing/non-cash impacting distortions:							
Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0	0	0
2006/07 PPA (relating to 1997/98 to 2005/06)	0						
2007/08 PPA (relating to 1997/98 to 2006/07)	0	0					
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	0				
Adjustments for Impairments				0	0	0	0
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12*					0	0	(203)
Adjustments for impact of policy change re donated/government grants assets							0
Other agreed adjustments	0	0	0	0	0	0	0
Break-even in-year position	0	0	0	0	0	0	1,397
Break-even cumulative position	0	0	0	0	0	0	1,397

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

	2005-06 %	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %
Materiality test (I.e. is it equal to or less than 0.5%):							
Break-even in-year position as a percentage of turnover	0.00	0.00	0.00	0.00	0.00	0.00	1.73
Break-even cumulative position as a percentage of turnover	0.00	0.00	0.00	0.00	0.00	0.00	1.73

43.2 Capital Cost Absorption Rate

Until 2008/09 Trusts were required to absorb the cost of capital at a rate of 3.5% of forecast average relevant net assets. The rate is calculated as the percentage that dividends paid on public dividend capital bears to the actual average relevant net assets.

From 2009/10 the dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets and therefore the actual capital cost absorption rate is automatically 3.5%.

However, since average relevant net assets for the Trust are negative, no dividend is payable.

43.3 External Financing

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

	2011-12 £000	2010-11 £000
External financing limit	(1,220)	0
Cash flow financing	(2,657)	0
Finance leases taken out in the year	0	0
Other capital receipts	(259)	0
External financing requirement	(2,916)	0
Undershoot/(overshoot)	1,696	0

43.4 Capital Resource Limit

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

	2011-12 £000	2010-11 £000
Gross capital expenditure	665	0
Less: book value of assets disposed of	0	0
Less: capital grants	0	0
Less: donations towards the acquisition of non-current assets	(259)	0
Charge against the capital resource limit	406	0
Capital resource limit	432	0
(Over)/underspend against the capital resource limit	26	0

44. Third Party Assets

There were no third party assets.