The Leeds Teaching Hospitals NHS
NHS Trust

Annual Accounts

2012-13

Financial Review 2012/13

Financial Performance

In common with all NHS organisations, Leeds Teaching Hospitals faced a difficult year economically. Those difficulties are reflected in financial results for the year which achieved most statutory requirements but did not meet the more exacting standards demanded of an aspirant foundation trust. At 31 March 2013 the Trust reported:

	31 March 2013 £M	31 March 2012 £M	Statutory Duty
Retained Surplus	1.5	2.8	Breakeven✓
Cash	24.3	24.5	External Financing Limit (EFL)✓
Capital Investment	35.3	36.8	Capital Resource Limit (CRL)✓
% Invoices Paid Within 30 Days	80%	95%	95% ✗

If Leeds Teaching Hospitals is to achieve its ambition to become a Foundation Trust it will have to deliver a surplus equivalent to 1% of turnover, i.e. £10 million. The surplus made in 2012/13 equates to 0.15%. Similarly, the cash balance will have to represent at least 10 days of operating expenditure, which is £26 million.

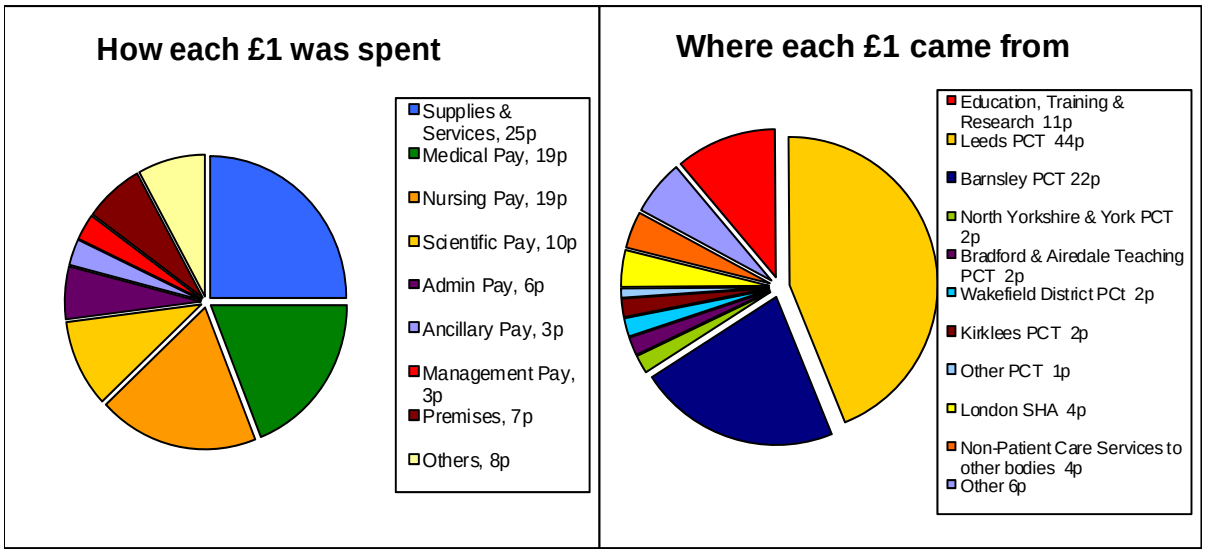
Despite falling below these targets the results summarised above do represent real achievement. To deliver even a modest surplus required the degree of in year efficiency savings referred to below, which were made without compromise to patient safety or resort to staff redundancies.

Income and Expenditure

At the beginning of 2012/13 the Trust planned to achieve the required surplus of £10 million. To do this in light of known cost pressures and income levels called for

savings totalling £24 million from projects linked to our Managing for Success programme. In the event, the programme delivered £22 million, representing 92% of target. The shortfall was attributable to delays in the full implementation of some schemes reducing the realisable savings available in 2012/13. Nevertheless, the savings achieved were substantial. Managing for Success aims to achieve financial savings from permanent changes in working practices while introducing better quality services for our patients.

The two charts below illustrate how the Trust spends the money it receives and where the funds come from.



Salaries and wages costs account for 60% of total expenditure. Compared to the previous year there was an increase in pay related costs of £14.2 million. Of this increase, £6.8 million can be attributed to bank and agency staff. The remaining £7.4 million of the increase equates to a 1.3% rise in the cost of permanently employed staff. The increase is explained by the fact that many staff are entitled to receive incremental uplifts as part of their nationally set terms and conditions and, despite the public sector pay freeze, all employees receiving less than £21,000 were given a small award. Throughout the year the Trust continued to apply controls over filling vacant posts although it is pleasing to note that planned recruitment of nursing staff resulted in an additional 76 WTE by 31 March.

Expenditure on non pay items increased beyond our original expectation by a total of £17.5 million and contributed more than any other factor to our reduced revenue surplus. There were a number of reasons for the increase. The cost of treating patients in non NHS centres exceeded plan by £1.7 million. A further £4.0 million is attributable to increases beyond budget on drugs, blood products and medical devices which fall outside the scope of national price tariffs and contracts with local commissioners. Energy costs exceeded plan by £1.7 million as did cleaning and general facilities by a further £1 million.

The financial outlook for 2013/14 remains exceptionally tight. Through a combination of inflation and national efficiency expectations (5%) the Trust must find £40 million of savings to achieve its break even plan. The financial challenges come at a time of great change in the NHS in the way services are commissioned. Clinical Care Groups (CCGs) replace Primary Care Groups and all specialist services are commissioned directly by NHS England. Internally, the Trust has changed its management arrangements to strengthen managerially supported clinical leadership across new Clinical Service Units. Such change does represent a major risk to delivery of the financial plan. In mitigation however the Trust has agreed contracts with CCGs which provide a known "floor" level of income plus scope to be reimbursed for activity beyond that point. NHS England has made it clear that 2013/14 will not result in any destabilising change for specialist services and the Trust has put in place direct financial support to its new managerial cohort; including a comprehensive package of training.

Capital Investment

Expenditure on the estate, medical equipment and information technology exceeded £35 million which, in the context of a financially challenged year, is a considerable investment in patient services and safety. It was made possible through a variety of funding sources as shown in the table below.

Source of Funds	£m
Retained Depreciation	24.3
Net Borrowing	8.0
Donations	0.9
Other external funding	1.1
PFI Scheme – equipment renewal	1.0
	35.3

Application of Funds	£m
Building & Engineering	22.9
Informatics	6.7
Medical & Surgical Equipment	5.7
	35.3

It had been planned to spend an additional £2 million using funds generated from our revenue surplus but the changing financial position meant that this could not be done. To accommodate the reduction in funding both the Informatics and Building

and Engineering programmes saw schemes to the value of £1 million each rescheduled into future years.

A number of the schemes which benefitted from capital investment are listed in the following table:

Scheme	£m
Upgrade electrical infrastructure across St James's	7.1
Centralisation of Dermatology service at Chapel Allerton	2.0
Create Multi-Speciality Trauma Unit at LGI	1.1
Install and extend wireless network	1.3
Install Digital Dictation/Speech Recognition	0.9
Radiotherapy Equipment upgrade	0.7

The schemes identified above are representative of the nature of capital expenditure in the Trust. Some, such as centralisation of Dermatology are multi-year projects designed to improve patient services in line with the Board's Clinical Strategy. Others, including all of the Informatics projects are part of specific long term strategies to upgrade and modernise our infrastructure. Backlog maintenance required on our estate stands at £85 million. Many of our Building and Engineering schemes, including the £7.1 million spent on putting new electrical infrastructure into St. James's are aimed at reducing that backlog. Electrical infrastructure work will be complete in 2014 /15 after a 5 year, £40 million investment.

Capital expenditure brings long term benefit but also requires long term planning. As explained above many schemes are completed after several years work and they form the backbone of our 5 year rolling plan. The plan for 2013/14 will see total expenditure of £35.7 million of which £10 million will be borrowed.

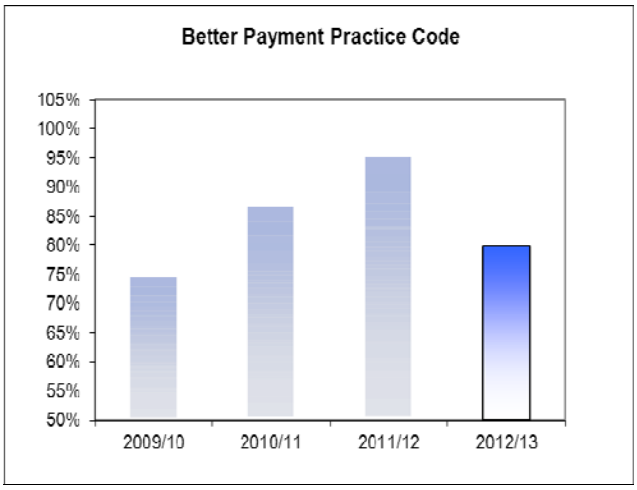
Inevitably this plan carries attendant risks. In a further year of severe financial pressure and no revenue surplus this level of capital expenditure will only be possible if there is no deterioration in our Income and Expenditure performance. To

borrow the required £10 million will require meeting strict affordability criteria and gaining the support of the newly formed National Trust Development Authority. These are not negligible risks but the Trust is confident that its capital programme represents necessary and beneficial expenditure in the interests of its patients.

Cash and Working Capital

The financial challenges outlined above put pressure on the working capital position in 2012/13. The shortfall on our planned revenue surplus had a direct impact on available cash during the year. This was combined with a decision by the Department of Health that funds given to support Research and Development in previous years but not fully spent had to be fully utilised before any new cash would be made available. This decision was announced after our financial plans had been agreed and commitments were made in the expectation that new cash would be received. The Department's decision, which represented an understandable transition in the management of research schemes, nevertheless deprived the Trust of £7 million of anticipated cash.

These twin cash pressures affected our ability to fully discharge our obligation to pay all suppliers within 30 days. The graph below shows our performance against this requirement deteriorated during the year to its 31 March level of 80% Throughout the period, strenuous efforts were made to ensure supplies of essential goods and services were not disrupted and it is pleasing to note that many of our key suppliers were understanding. The Trust is grateful for their co-operation.



The cash pressures discussed above were an issue during the course of the year and were managed through a variety of measures including a £2m reduction in planned capital expenditure. Working capital measures did see an increase in trade creditors of approximately £5 million compared to the previous year end. Of this increase, £4 million related to creditors on capital schemes.

Towards the end of 2012/13 however the Trust did receive additional cash which enabled it to retain £24.3 million in the bank at 31 March. This was made possible in large part by the impending disestablishment of Primary care Trusts as part of the reform of the NHS. In March our commissioning organisations made payments for services to their patients which, in any other year would have been paid in April. This was a unique set of circumstances and the position will revert to “normal” in 2013\14.

With a projected breakeven plan for 2013/14 the Trust is forecasting a cash balance at 31 March 2014 of £18.4 million, a reduction of £6 million. This represents the underlying cash position without commissioners making additional payments in March. There is a cash plan in place for the year which will allow us to meet our obligations without resorting to temporary borrowing but it is of course subject to the revenue position not deteriorating. Other working capital initiatives are being introduced to improve cash flow during the year. The Trust has introduced a new policy which puts greater emphasis on faster invoicing to recover income and maintenance contracts have been re-negotiated to facilitate quarterly rather than annual payments. The Trust is also in active discussion with prospective partners to introduce a series of working capital and contractual changes with suppliers which will free up cash and facilitate faster payment of invoices. As these plans come to fruition they will be reported.

NEIL CHAPMAN
Director of Finance

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.

MAGGIE BOYLE
Chief Executive

30 May 2013

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

MAGGIE BOYLE
Chief Executive

NEIL CHAPMAN
Director of Finance

30 May 2013

Annual Governance Statement 2012/13

1. Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of Internal Control that supports the achievement of the Leeds Teaching Hospitals NHS Trust (the Trust) policies, aims and objectives. Also, in accordance with the responsibilities assigned to me, I have personal responsibility for safeguarding public funds and the assets of the Trust. I am also responsible for ensuring that the Trust is administered by the most economic and prudent means, ensuring that resources are applied efficiently and effectively.

2. 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 on-going 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 for the year ending 31 March 2013 and up to the date of approval of the annual report and accounts.

3. Capacity to Handle Risk

3.1 Leadership

I recognise that committed leadership in the area of risk management is essential to maintaining sound systems of internal control required to manage risks associated with the achievement of the corporate goals of the Trust.

The Trust's Risk Management Policy (October 2011) details my overall accountability to the Board for Risk Management within the Trust. I am responsible for ensuring that the Trust is in a position to provide overall assurance that the organisation has in place the necessary controls to manage its risk exposure.

The Medical Director, on my behalf, is the delegated executive lead for operational and clinical risk management within the Trust, ensuring effective processes are in place for the management of risk with responsibility for maintaining a framework of assurance for the Board.

Operational risk management sits with each of the executive team in providing leadership to each of their portfolios and associated operational roles.

3.2 Training

The Trust has undertaken a 'training needs analysis' for all its staff in relation to risk management. All new starters receive risk management training at induction. For existing staff, a risk management e-learning module has been developed. All staff are directed to the Risk Management Policy and are actively encouraged to use the Trust's incident reporting system to report incidents and near misses.

In addition to the above, to support the implementation of the new DATIX Web system across the Trust, the Quality Directorate has provided a significant amount of formal and informal training throughout the year, teaching staff in the use of the risk scoring matrix, incident reporting and investigation, the risk register and general risk management principles.

During 2012/13 and as a result of increasing awareness of the reporting processes, the Trust has continued to report more low harm incidents compared to peer organisations and a lower number of serious harm incidents according to the National Patient Safety Agency's National Reporting and Learning System. Improvements have continued regarding the quality of reports analysing themes and trends in incidents, complaints and claims. These are providing more robust assurance that where weaknesses have been identified, action is being taken locally to address these and monitored by the relevant clinical governance forum.

During the year, two sessions were held for the Board to address their annual mandatory training in line with the Trust's policies and procedures. This training included the Risk Management Policy and additional exploration of the Board's duties and responsibilities.

3.3 Learning

Sharing learning throughout the organisation from risk related issues, incidents, complaints, claims and significant events is key to maintaining the risk management culture within the Trust. All staff are encouraged to disseminate learning acquired from a variety of sources, including:

- analysis of incidents, complaints and claims and acting on root cause analysis
- external inspections
- health and safety issues
- National Patient Safety Agency data
- internal and external audit reports
- clinical audit
- Trust governance meetings at local and corporate level.

During the year a dashboard of key indicators has been introduced at ward level to provide assurance and help the Trust to identify areas of concern, based on feedback from staff, patients and a range of indicators including infection rates, falls, pressure ulcers, nutrition, complaints and standard of documentation.

The Trust participates in national and local surveys of patients and staff and uses feedback from these to improve patient care and staff welfare.

In line with an annual timetable, Executive and Non-Executive Directors and senior management take part in weekly patient safety and experience walkabouts. These provide the opportunity to talk to frontline staff and patients to understand their concerns. All feedback from these discussions is recorded and acted upon.

4. The Risk and Control Framework

The role of the risk and control framework is to identify, evaluate and prioritise clinical and non-clinical risks and gain assurance that these are properly controlled to ensure safe and effective care. Within the Trust, there are systems and processes in place for identifying, managing and monitoring risks. These include:

- a comprehensive Risk Management Policy (operational and clinical)
- a Committee structure with clear reporting mechanisms to the Board
- monitoring systems for incidents and complaints
- the Annual Assurance Report, which was presented to the Audit Committee on 18th March 2013; this underpins the Corporate Risk Register, which is reviewed at each Board meeting and supports the flow of risks between the Committees and the Board.

4.1 Risk Management Policy

The Trust Risk Management policy for operational and clinical risks, underpins the activities of risk management, and procedures for escalation of risks through the management structure.

4.2 Committee Structure

During 2012/13, the Trust reviewed its Standing Orders, Standing Financial Instructions and Scheme of Delegation and reflected on the effectiveness of its Committees and as a result revised each Committee's Terms of Reference. These changes were approved by the Board in December 2012.

The Committee structure clearly separates assurance and operational management structures. Assurance Committees, each chaired by a Non-Executive Director, ensure that Trust processes are robust, more detailed discussion, reflection of risk management, and that due consideration and challenge is provided on behalf of the Board. The assurance Committees are; Audit, Clinical Governance, Workforce, and Finance and Investment which was established in October 2012.

Each Board Committee reports directly to the Board providing a mechanism for the escalation of issues, ensuring that it has an overarching role in assurance and monitoring of performance. Each of the Committees, and their sub committees, provide and annual report to the Board.

Each Committee maintains a record of the meeting, which records who was present. In line with Monitor's good practice guidance, this information was published within the Trust's annual report last year. Following the full year of working with the Trust Board Secretary the Board and Committees have worked towards good corporate governance practice.

4.3 Framework of Board Assurance

The Trust's Framework of Board Assurance includes the following key elements:

- strategic objectives of the Trust, as set out in the annual plan
- principal risks to delivering the objectives
- controls in place to manage the risks

- review and assurance mechanisms which relate to the effectiveness of the system of internal control
- actions taken / to be taken to address gaps in control and assurance

During the year the Board has received a quarterly update on progress in delivering the objectives set out in the annual plan.

From April 2012 the Board adopted a new process to support the framework of assurance. One key element of this development was the Corporate Risk Register which has been reviewed at each Board and Committee meeting during the year. The Annual Assurance Report was presented to the Audit Committee on 18th March 2013.

4.4 Risk Register

An essential element of the risk management method is the risk register which is comprised of local departmental / directorate risk registers. This informs the business planning process and is a key consideration in the general operational management at divisional, directorate and corporate level. Local risk registers are subject to regular review and monitoring as part of divisional and directorate performance management and governance arrangements.

4.5 Risks to the Trust

The Board has identified the key risks which may impact upon the Trust's strategic objectives and these are recorded in the Corporate Risk Register and the Framework of Assurance. These risks have been drawn from the Integrated Business Plan, the annual plan 2013/14 and the Trust Corporate Risk Register escalating issues via DATIX and the local risk registers. Key risks relate to the following areas:

- delivery of challenging financial plans for 2013/14 and beyond embedding the new clinically led management structure
- quality, safety and patient experience
- tertiary service designations decisions
- the QIPP and transformation agenda
- growth of emergency activity
- delivery of the Managing for Success programme
- growth of competition

maintaining and managing our reputation in an uncertain environment for the Trust and the NHS

4.6 Risk and Performance Management

The performance management, progress monitoring and internal controls are designed to ensure that corrective actions required to deliver objectives are applied consistently. Within the same framework, the consequences of partial or non-achievement of objectives are regularly monitored and assessed.

During the course of the year major risks to the achieving the Trust's objectives were the delivery of the urgent care and referral to treatment time standards. Following challenge at Board meetings, detailed recovery plans have been agreed.

4.7 Business Planning and Risk

The Trust's risk assurance arrangements are becoming more embedded within the business planning processes. The annual planning cycle at all levels of the Trust includes the requirement for plans to identify the risks associated with each of the key objectives identified and provide assurance that these are being addressed. Risks to the achievement of the Integrated Business Plan have been identified.

Moving forward the submission of the 2013/14 operating plan was developed under the TDA Planning Framework. The Board and the TDA were not sufficiently assured regarding the robustness of the financial plan for 2013/14, or progress towards delivery of the urgent care and referral to treatment time standards. As a consequence the Trust is now in the early stages of an escalation process with the TDA.

4.8 Internal and External Sources of Assurance

The assurances the Board and I require to endorse and approve this Annual Governance Statement, in terms of the effectiveness of internal control, are derived from internal and external sources of evidence.

4.8.1 Internal Assurance

The Trust has in place an annual clinical audit programme including mandated audits addressing national and local issues, targets and performance. The Trust has processes in place to review assurance through corporate groups reporting to relevant sub-committees and the Clinical Governance Committee.

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's risk-based Strategic and Annual Plans. During the year Internal Audit has identified and recorded in Internal Audit reports concerns about control weaknesses which need to be addressed. Action plans to address these internal audit concerns have been agreed with senior managers and further details are recorded in the Internal Audit progress reports presented to the Audit Committee. Internal Audit has a well-established process to monitor the implementation of all agreed recommendations and report back to Directors and Audit Committee on a regular basis.

The 2012/13 Head of Internal Audit Opinion Statement informs me that: "Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and / or inconsistent application of controls, put the achievement of particular objectives at risk." As and when such weaknesses are identified appropriate action is taken to address these.

The Integrated Quality and Performance report (IQPR) is a standing Board agenda item providing an assessment of the quality of care provided to patients. The main features of the 2012/13 Board IQPR report include information and quality amongst the eight domains structured around the explicit set of Trust strategic goals. During autumn 2012 the Board reflected on the content and conduct of Board meetings, the IQPR was further refined from the feedback received during these discussions.

4.8.2 Board Strategic Issues

During the year the Board welcomed a new Chair and Chair of Audit of Committee and a new Non-Executive Director representing the University of Leeds. Substantive appointments have been made for the Medical Director, Chief Nurse and Chief operating Office.

In spring 2012 the Strategic Heath Authority (SHA) commissioned a review of the Board and its reporting structures to assess the readiness for FT preparation. This review was carried out by Sir Peter Dixon and Mark Hackett. The Chief Nurse commissioned a review of nursing and I commissioned a review to improve clinical engagement with the management of the Trust. As a result of these three reviews I have facilitated a large consultation exercise throughout the Trust leading to a realignment of the Trust's management arrangements and the creation of new Clinical Service Units from 1 April 2013. The strength of this model of management devolves accountability and leadership to a triumvirate team consisting of; a Clinical Director, Head of Nursing and General Manager.

The Trust has remained without a defined Foundation Trust (FT) Trajectory for the year.

From September 2012 the Board commenced the monthly self-assessment against the Single Operating Model (SOM) return to the SHA and latterly to the Trust Development Authority (TDA).

On 28th March 2013 Sir Bruce Keogh, the National Medical Director of NHS England, presented un-validated data regarding the mortality rates for paediatric cardiac surgery at the Trust which caused him some concern. As a consequence the Board temporarily suspended surgery pending an internal review. Following this and in collaboration with NHS England, the TDA and the Care Quality Commission (CQC) an external review was carried out on 6-7th April 2013. The report concluded that there were no medium or high risks to the service provision and the service re-opened on 10th April 2013. There were some low risk issues identified and recommendations to address these are being actioned.

Due to the former association of Jimmy Savile with hospitals in Leeds and allegations about his conduct on NHS premises, the Trust has commenced an investigation. The local Terms of Reference were established with guidance from the Department of Health and their legal advisors and maintain consistency within the other two NHS Trusts carrying out local investigations. The Local Oversight Panel is chaired a Non-Executive Directors and reports into the Board. It is anticipated that the final report of the investigation will be presented to the Board in the autumn of 2013.

4.8.3 Data Security

The Director of Informatics is the Senior Information Risk Owner (SIRO) and she has responsibility for ensuring that information risks within the Trust are accurately identified and managed with appropriate assurance mechanisms. She provided an annual report to the Clinical Governance Committee on 11th April 2013, which confirmed that there were no data breaches for the Trust for the period of 28th October 2012 to 31st March 2013. The report out lined the process for on-going compliance spot checks.

The Trust assesses and manages its Information Governance on an on-going basis. This assessment is routinely formalised by completion of the annual Information Governance Toolkit return, which is the subject of review and formal sign-off by Internal Audit.

4.9 External Assurance

At the end of the year concerns were raised regarding the safety of our children's heart surgery unit, which resulted in a short term pause in providing this service while we were assured that the service was safe. We took part in a detailed review of mortality figures and governance arrangements related to this specialty with our partner organisations and it was concluded that the governance arrangements were both effective and robust and the service was safe. We are continuing to work closely with clinicians to support families receiving care in this specialty.

4.9.1 Register of Assurers

The Trust is required to obtain assurance from a range of sources, including external ones.

The Trust policy on Responding to External Agency Visits, Inspections and Accreditations creates a framework for the consistent application of expected procedures, with the Register of Assurers, which has been established to document details of external inspections, playing a significant role in the recording and monitoring process.

4.9.2 Care Quality Commission

The Trust is required to register with the Care Quality Commission (CQC) which has undertaken eight unannounced compliance inspection visits in 2012/13. The Trust is compliant with those essential standards of quality and safety that have been reviewed at the LGI location, St James's location, Chapel Allerton hospital and also at Wharfedale. These locations will be subject to further compliance inspections in line with the CQC programme.

4.9.3 NHS Litigation Authority (NHSLA)

The NHS Litigation Authority (NHSLA) was set up to minimise the number and cost of claims by putting policies and processes in place to manage risk effectively. In November 2011 the Trust was assessed and retained its Level 1 (initial - baseline) accreditation under the NHSLA Risk Management Standards for hospital Trusts (acute services). Level 1 was also achieved by maternity services in September 2012. This shows that our risk management policies and procedures are of a high standard, providing guidance on delivering safe services to patients and our staff. The NHSLA are conducting a comprehensive review of their assessment process and it is likely that changes will be made next year to ensure the assessment process addresses the key risk areas and is focused on improving outcomes for patients.

4.9.4 External Audit

In accordance with Audit Commission's Code of Audit Practice, the Trust's External Auditor, Grant Thornton provides assurance regarding finance and governance matters.

4.9.5 Patient Environment Action Team (PEAT)

The Trust participates in the PEAT process on an annual basis. This takes the form of a self-assessment by the Trust with independent validation by external assessors.

The most recent assessments indicated that overall high standards have been maintained. The only exception being a slight decrease at Chapel Allerton, which was due to the overall cleanliness score reduction for that location. The Patient food element of the inspection process indicates that the Trust maintained excellent standards within this important category.

4.10 Public Stakeholder Involvement

The Trust has developed its governance arrangements in respect of Patient Involvement and feedback through the establishment of the Patient Experience sub-committee and supporting group structure. A number of specialty specific patient panels and user groups are established across the organisation and work with Trust representatives to inform and identify risks regarding service improvements and change programmes. The Trust works closely with four advisory groups (Blind & Partially sighted, Deaf & Hard of Hearing, Carers and Learning Disability groups).

The Trust continues to develop its relationship with local stakeholders and activities have included:

- involvement of stakeholders (including patients, public, local NHS organisations and Local Authority) in the development of the Trust's involvement strategy and priorities
- increased engagement with Leeds Local Involvement Network including Trust representation at the LINk Steering Group, quarterly meetings between the LINk Steering Group and lead officers of the Trust (including myself and the Chief Nurse) and LINk representatives on the Patient Experience Sub-Committee
- joint working with local stakeholders (including the voluntary sector) as part of the NHS Citywide Equality Advisory Panel. This work involves local groups and communities in the Trust's Equality Objectives and performance against the requirements of the NHS Equality Delivery System

In addition to Public and Patient involvement (PPI) work, there is a range of other mechanisms for involving public stakeholders as described below.
Leeds City Council Overview and Scrutiny Committee (Health and Wellbeing) has been strongly engaged in a national consultation about the future of our paediatric cardiac surgery unit. This relates to the Department of Health proposals to rationalise the number of such units across the country under the terms of the Safe and Sustainable review.

Throughout the past 12 months we have worked closely with support officials in Leeds and also across Yorkshire and the Humber to provide briefing for local authority Overview and Scrutiny Committees to support their role in consultation. We have also briefed them on a wide range of other aspects of our work including our FT application, designation as a regional trauma centre, our performance against national standards and specific local issues.

MPs and local councillors have also been engaged by the Trust in the areas described above.

We are working with NHS partners, Local Authority and Clinical Commissioning Groups on a wide range of projects under the umbrella of the Leeds Health and

Social Care Transformation Programme to develop integrated care and generate efficiency savings.

During the year the Trust successfully doubled its membership to 22,000. In the summer these members were sent a questionnaire to which over 4,000 responded and volunteered to support the Trust in Patient and Public Involvement. Following an analysis the responses to the questionnaire the Trust piloted the first series of 'Medicine for Members' sessions which were successful and attended by over 150 members. The Trust will continue to build upon the pilot work of engagement with our membership.

4.11 Equality, Diversity and Human Rights

Controls are in place to ensure that the Trust is compliant with its obligations under equality, diversity and human rights legislation and are over seen by a sub-committee structure. The organisation has complied with the general and specific public sector duties of the Equality Act 2010 by; publishing equalities information by 31st January 2013 and setting and publishing specific and measurable organisational equality objectives by 5th April 2013.

4.12 NHS Pension Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. The includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the regulations.

4.13 Carbon Management Plan

The Trust has a Board approved carbon management plan which includes measures to reduce our carbon output over the 2007 baseline by 2015. Based against the original parameters progress is being made. However, given increase in activity and the more intensive use of clinical services, increased reliance upon technology and the growth in infrastructure and outlets, meeting the target remains a challenge.

5. Review of Economy, Efficiency and Effectiveness of the use of Resources

The Board receives a monthly finance report and this provides relevant financial information to allow the Board to discharge its duties effectively. The resources of the Trust are managed within the framework set by the Standing Financial Instructions. The Trust's long term approach for delivering cost reduction through sustainable change is its Managing for Success (MfS) programme. More in depth review of the Trust's financial position has been carried out from October with the establishment of the Finance and Investment Committee of the Board. Resource and financial governance arrangements are further supported by both internal and external audit to secure economic, efficient and effective use of resources at the Trust's disposal.

6. Annual Quality Account

The Directors of the Trust are required to prepare a Quality Report for each financial year.

This is developed by clinicians and senior managers within the Trust, in conjunction with stakeholders and partner organisations including commissioners at NHS Airedale, Bradford and Leeds and the Local Involvement Network. The Medical Director, supported by the Director of Quality has overall responsibility to lead and advises on all matters relating to the preparation of the Trust's annual quality account. This annual report tracks progress for the year against selected quality improvements and described priorities for the year. Our priorities remain the improvement of services for patients are identified under the three domains of quality:

1. Safety - Reduction in hospital-acquired grade 3 and grade 4 pressure ulcers
2. Effectiveness - Improve the care and outcomes for patients with dementia
3. Patient experience - Improve the patient's experience of discharge

7. Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of monthly and quarterly internally produced information reported to the Board, along with self-assessments, peer reviews and external reviews. My review is also underpinned by the internal audit process and informed by comments made by the external auditors in their management letter and other reports. I have been informed of implications of the result of my review of the effectiveness of the system of internal control through the Board and Board assurance Committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

8. Conclusion

As Accountable Officer, I receive information and assurance from a wide range of sources about the Leeds Teaching Hospitals NHS Trust's internal control systems and structures in place to ensure the effective operation of the Trust. These facilitate the identification of strengths and areas in need of attention enabling appropriate action plans to be established and acted on. My review confirms that the Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives. As we continue with our Foundation Trust application, we are further developing our systems of performance, governance and financial management.

Maggie Boyle
Chief Executive
30 May 2013

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF THE LEEDS TEACHING HOSPITALS NHS TRUST

We have audited the financial statements of the Leeds Teaching Hospitals NHS Trust for the year ended 31 March 2013 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.

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

- the table of salaries and allowances of senior managers and related narrative notes
- the table of pension benefits of senior managers and related narrative notes
- the table of pay multiples and related narrative notes.

This report is made solely to the Board of Directors of the Leeds Teaching Hospitals 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. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust's directors and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

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. Our 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 us 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, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Leeds Teaching Hospitals NHS Trust as at 31 March 2013 and of its expenditure and income for the year then ended

- 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 our 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

- 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 we report by exception

We report to you if:

- in our opinion the governance statement does not reflect compliance with the Department of Health's Guidance

- we refer a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we 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

- we issue a report in the public interest under section 8 of the Audit Commission Act 1998.

We 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.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves 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 us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Trust has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that in all significant respects the Leeds Teaching Hospitals NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

Certificate

We certify that we have completed the audit of the financial statements of the Leeds Teaching Hospitals NHS Trust in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Phil Jones

Phil Jones
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

1 Whitehall Riverside
Whitehall Road
Leeds
LS1 4BN

30 May 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013

	NOTE	**2012-13 £000**	2011-12 £000
Gross employee benefits	10.1	**(583,729)**	(569,506)
Other costs	8	**(394,020)**	(374,988)
Revenue from patient care activities	5	**814,685**	783,907
Other operating revenue	6	**187,759**	186,802
Operating surplus		**24,695**	26,215
Investment revenue	12	**85**	123
Other gains and (losses)	13	**61**	87
Finance costs	14	**(12,985)**	(13,100)
Surplus for the financial year		**11,856**	13,325
Public dividend capital dividends payable		**(10,358)**	(10,496)
Retained surplus for the year		**1,498**	2,829
Other comprehensive income		**0**	0
Total comprehensive income for the year		**1,498**	2,829

Financial performance for the year

		2012-13 £000	2011-12 £000
Retained surplus for the year		**1,498**	2,829
IFRIC 12 adjustment	30	**1,238**	1,378
Adjustment re donated asset reserve elimination		**353**	0
Adjusted retained surplus		**3,089**	4,207

A trust's reported NHS financial performance position is derived from its retained surplus/(deficit), but adjusted to take account of the revenue cost of bringing PFI assets onto the balance sheet (due to the introduction of International Financial Reporting Standards (IFRS) in 2009/10). NHS trusts' financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to PFI, which has no cash impact and is not chargeable for overall budgeting purposes, should be reported as technical. This additional cost is not considered part of the organisation's financial performance.

The retained surplus/(deficit) is adjusted to take account of the costs of a change in accounting treatment of donated assets (Note 1.11). The cost represents the difference in value between depreciation on donated assets which, until 2011/12, was funded from a reserve account and donations credited to income in the year which, until 2011/12, were credited to the reserve.

The Trust is deemed to have met the statutory break even duty in both 2012-13 and 2011-12.

	2012-13 £000	2011-12 £000
PDC dividend: balance receivable at 31 March 2013	**98**	472

The notes on pages 5 to 37 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	NOTE	**31 March 2013** **£000**	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	15	**601,898**	598,524
Intangible assets	16	**707**	61
Trade and other receivables	20.1	**10,592**	11,713
Total non-current assets		**613,197**	610,298
Current assets:			
Inventories	19	**16,676**	16,423
Trade and other receivables	20.1	**35,590**	31,151
Cash and cash equivalents	21	**24,348**	24,513
Total current assets		**76,614**	72,087
Non-current assets held for sale	22	**0**	0
Total current assets		**76,614**	72,087
Total assets		**689,811**	682,385
Current liabilities			
Trade and other payables	23	**(85,410)**	(82,454)
Provisions	27	**(2,356)**	(1,274)
Borrowings	24	**(4,229)**	(4,012)
Capital loan from Department of Health	24	**(3,356)**	(2,906)
Total current liabilities		**(95,351)**	(90,646)
Non-current assets less net current liabilities		**594,460**	591,739
Non-current liabilities			
Trade and other payables	23	**(2,154)**	(2,318)
Provisions	27	**(5,988)**	(5,901)
Borrowings	24	**(207,229)**	(211,458)
Capital loan from Department of Health	24	**(41,998)**	(36,579)
Total non-current liabilities		**(257,369)**	(256,256)
Total Assets Employed:		**337,091**	335,483
FINANCED BY:			
TAXPAYERS' EQUITY			
Public Dividend Capital		**290,811**	290,701
Retained earnings		**(35,536)**	(37,076)
Revaluation reserve		**81,816**	81,816
Other reserves		**0**	42
Total Taxpayers' Equity:		**337,091**	335,483

The notes on pages 5 to 37 form part of these accounts.

The financial statements on pages 1 to 37 were approved by the Board on 30th May 2013 and signed on its behalf by

MAGGIE BOYLE
Chief Executive

NEIL CHAPMAN
Director of Finance

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2013

	Public Dividend Capital	Retained Earnings	Revaluation Reserve	Other Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 1 April 2012	**290,701**	**(37,076)**	**81,816**	**42**	**335,483**
Changes in taxpayers' equity for the year ended 31 March 2013					
Retained surplus for the year	0	1,498	0	0	**1,498**
Transfers between reserves	0	42	0	(42)	**0**
New PDC Received	110	0	0	0	**110**
Net recognised revenue/(expense) for the year	**110**	**1,540**	**0**	**(42)**	**1,608**
Balance at 31 March 2013	**290,811**	**(35,536)**	**81,816**	**0**	**337,091**
Balance at 1 April 2011	**290,701**	**(39,905)**	**81,816**	**42**	**332,654**
Changes in taxpayers' equity for the year ended 31 March 2012					
Retained surplus for the year	0	2,829	0	0	2,829
Net recognised revenue for the year	**0**	**2,829**	**0**	**0**	**2,829**
Balance at 31 March 2012	**290,701**	**(37,076)**	**81,816**	**42**	**335,483**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities		
Operating Surplus	**24,695**	26,215
Depreciation and Amortisation	**31,247**	31,766
Donated Assets received credited to revenue but non-cash	**(933)**	(1,056)
Interest Paid	**(12,981)**	(13,060)
Dividend Paid	**(9,984)**	(10,826)
(Increase)/Decrease in Inventories	**(253)**	553
(Increase)/Decrease in Trade and Other Receivables	**(4,551)**	4,488
Increase in Trade and Other Payables	**(854)**	8,685
Provisions Utilised	**(809)**	(941)
(Decrease)/Increase in Provisions	**1,978**	819
Net Cash Inflow from Operating Activities	**27,555**	46,643
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	**85**	123
Payments for Property, Plant and Equipment	**(29,901)**	(39,516)
Payments for Intangible Assets	**(701)**	0
Proceeds of disposal of assets held for sale (PPE)	**85**	269
Net Cash Outflow from Investing Activities	**(30,432)**	(39,124)
NET CASH (OUTFLOW) / INFLOW BEFORE FINANCING	**(2,877)**	7,519
CASH FLOWS FROM FINANCING ACTIVITIES		
Public Dividend Capital Received	**110**	0
Loans received from DH - New Capital Investment Loans	**9,000**	10,000
Loans repaid to DH - Capital Investment Loans Repayment of Principal	**(3,131)**	(2,406)
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI	**(4,012)**	(3,761)
Capital grants and other capital receipts	**745**	1,128
Net Cash Inflow from Financing Activities	**2,712**	4,961
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	**(165)**	12,480
Cash and Cash Equivalents at 1 April	**24,513**	12,033
Cash and Cash Equivalents at 31 March	**24,348**	24,513

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the NHS Trusts Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2012-13 NHS 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 Going Concern

After making enquiries, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Trust has access to adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

1.4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

1.4.1 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.

Bexley Wing and Wharfedale Hospital, constructed under the Private Finance Initiative (PFI), meet the criteria for inclusion in the Accounts as Finance Leases as the Trust bears the risks and rewards of ownership. See paragraphs 1.14 Leases and 1.15 PFI transactions.

1.4.2 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

Plant, Property and Equipment - Para. 1.8 and Note 15
Intangible Assets - Para 1.9 and Note 16
Provision for Impairment of Receivables - Note 20
Provisions - Para 1.18 and Note 27
Contingencies - Para 1.22 and Note 28

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

1.5 Revenue

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

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

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

Goods are sold on an incidental basis. Income is recognised at the point the sale transaction occurs.

1.6 Employee Benefits

Short-term employee benefits

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

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

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

1.7 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.

1.8 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 a 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.

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

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.

In the Trust's case, buildings have been valued using depreciated replacement cost on a modern equivalent asset basis. No alternative site has been sought and the valuation covers all of the existing hospital sites. At each hospital site, however, the valuation assumes replacement of individual buildings to meet current service needs and building standards would involve a reduction in overall floor area. Should the Trust Board adopt an alternative Estate strategy, the valuation will be reviewed accordingly.

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.

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.

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 are 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.

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

1.9 Intangible Assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust, where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

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

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

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.

1.10 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.

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

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.

1.11 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.

1.12 Government Grants

Following the accounting policy change outlined in the Treasury FREM for 2011-12, 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.

1.13 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.

1.14 Leases

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

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
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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On initial recognition of the asset, the difference between the fair value of the asset and the initial liability is recognised as deferred income, representing the future service potential to be received by the Trust through the asset being made available to third party users.

The balance is subsequently released to operating income over the life of the concession on a straight-line basis.

1.16 Inventories
Inventories are valued at the lower of cost and net realisable value using the weighted average 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 (2.35% 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.

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

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

1.19 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 in note 27.

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 de-recognised 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, or failing that by reference to similar arms length transactions between knowledgeable and willing parties.

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

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

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

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

1.24 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 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.

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

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 36 to the accounts.

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 Office of the Paymaster General. 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).

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

1.30 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.

1.31 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 and is revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.32 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 2012-13. The application of the Standards as revised would not have a material impact on the accounts for 2012-13, were they applied in that year:

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

2. Pooled Budgets

The Trust does not have any pooled budget arrangements.

3. Operating Segments

The Trust engages in its activities as a single operating segment, i.e the provision of healthcare. The main source of revenue for the Trust is from commissioners for healthcare services which are principally Primary Care Trusts (PCTs). The Department of Health has deemed that as PCTs are under common control they are classed as a single customer for the purposes of segmental analysis. No other customer generates in excess of 10% of total revenue.

4. Income Generation Activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. None of these activities exceed £1m nor are they otherwise material.

5. Revenue From Patient Care Activities	**2012-13 £000**	2011-12 £000
Strategic Health Authorities	**36,872**	33,235
Primary Care Trusts - tariff	**409,654**	422,246
Primary Care Trusts - non-tariff	**331,149**	296,536
Primary Care Trusts - market forces factor	**18,884**	20,075
NHS other	**9,664**	3,183
Non-NHS:		
Private patients	**4,423**	4,024
Overseas patients (non-reciprocal)	**651**	805
Injury costs recovery	**2,761**	3,247
Other	**627**	556
Total revenue from patient care activities	**814,685**	783,907

6. Other Operating Revenue	**2012-13 £000**	2011-12 £000
Recoveries in respect of employee benefits	**10,780**	9,782
Education, training and research	**110,539**	111,546
Charitable and other contributions to revenue expenditure - NHS	**1,175**	0
Charitable and other contributions to revenue expenditure -non- NHS	**826**	1,981
Receipt of donations for capital acquisitions - NHS Charity	**933**	1,056
Non-patient care services to other bodies	**37,840**	37,369
Rental revenue from operating leases	**691**	686
Other revenue	**24,975**	24,382
Total other operating revenue	**187,759**	186,802
Total operating revenue	**1,002,444**	970,709

7. Revenue	**2012-13 £000**	2011-12 £000
From rendering of services	**1,001,385**	969,664
From sale of goods	**1,059**	1,045

8. Operating Expenses (excluding employee benefits)	**2012-13 £000**	2011-12 £000
Purchase of healthcare from non NHS bodies	**7,072**	7,580
Trust Chair and Non-executive Directors	**89**	93
Supplies and services - clinical	**240,060**	224,530
Supplies and services - general	**8,590**	8,620
Consultancy services	**2,873**	2,559
Establishment	**7,002**	6,768
Transport	**3,145**	2,743
Premises	**53,846**	49,522
Impairments and reversals of receivables	**54**	273
Depreciation	**31,192**	31,738
Amortisation	**55**	28
Audit fees	**173**	248
Other auditor's remuneration - non statutory	**0**	56
Clinical Negligence Scheme for Trusts - membership contribution	**17,609**	16,934
Education and training	**2,979**	2,786
Change in discount rate	**87**	14
Other expenditure	**19,194**	20,496
Total operating expenses (excluding employee benefits)	**394,020**	374,988
Employee Benefits		
Employee benefits excluding Board members	**582,460**	568,423
Board members	**1,269**	1,084
Total employee benefits	**583,729**	569,507
Total operating expenses	**977,749**	944,495

9 Operating Leases

The Trust has operating leases for short term property lets, vehicles and equipment, none of which are individually significant. The amounts recognised in the accounts in respect of operating leases are:

9.1 Trust As Lessee

	Buildings £000	Other £000	2012-13 Total £000	2011-12 Total £000
Payments recognised as an expense				
Minimum lease payments			**5,654**	5,919
Payable:				
No later than one year	705	3,383	**4,088**	3,686
Between one and five years	3,048	4,163	**7,211**	7,215
After five years	2,967	0	**2,967**	3,550
Total	**6,720**	**7,546**	**14,266**	14,451

9.2 Trust As Lessor

The Trust has a power supply arrangement which includes leasing the Generating Station Complex at the General Infirmary to a third party supplier. This is a twenty year agreement with an annual income of £250k. Other leases relate to retail facilities across the Trust's sites.

	2012-13 £000	2011-12 £000
Recognised as income		
Rental revenue	**691**	686
Receivable:		
No later than one year	**655**	645
Between one and five years	**1,217**	1,668
After five years	**2,539**	2,590
Total	**4,411**	4,903

10 Employee Benefits And Staff Numbers

10.1 Employee Benefits

	2012-13 Total £000	Permanently employed £000	Other £000
Employee Benefits - Gross Expenditure			
Salaries and wages	**495,352**	465,518	29,834
Social security costs	**35,510**	35,510	0
Employer Contributions to NHS BSA - Pensions Division	**53,820**	53,820	0
Other pension costs	**258**	258	0
Termination benefits	**75**	75	0
Total employee benefits	**585,015**	**555,181**	**29,834**
Less recoveries in respect of employee benefits (table below)	**(10,780)**	(10,780)	0
Total - Net Employee Benefits including capitalised costs	**574,235**	**544,401**	**29,834**
Employee costs capitalised	**1,286**	1,286	0
Gross Employee Benefits excluding capitalised costs	**583,729**	**553,895**	**29,834**
Employee Benefits 2012-13 - income			
Salaries and wages	**9,044**	9,044	0
Social Security costs	**690**	690	0
Employer Contributions to NHS BSA - Pensions Division	**1,046**	1,046	0
TOTAL excluding capitalised costs	**10,780**	**10,780**	**0**

	2011-12 Total £000	Permanently employed £000	Other £000
Gross Employee Benefits & Net expenditure 2011-12			
Salaries and wages	**482,490**	459,495	22,995
Social security costs	**35,051**	35,051	0
Employer Contributions to NHS BSA - Pensions Division	**53,124**	53,124	0
Other pension costs	**325**	325	0
Termination benefits	**229**	229	0
TOTAL - including capitalised costs	**571,219**	**548,224**	**22,995**
Less recoveries in respect of employee benefits	**(9,782)**	(9,782)	0
Total - Net Employee Benefits including capitalised costs	**561,437**	**538,442**	**22,995**
Employee costs capitalised	**1,713**	1,713	0
Net Employee Benefits excluding capitalised costs	**569,506**	546,511	22,995

10.2 Staff Numbers

	2012-13 Total Number	Permanently employed Number	Other Number	2011-12 Total Number
Average Staff Numbers				
Medical and dental	**1,876**	1,806	70	1,884
Administration and estates	**2,373**	2,139	234	2,435
Healthcare assistants and other support staff	**2,781**	2,598	183	2,701
Nursing, midwifery and health visiting staff	**3,784**	3,659	125	3,693
Nursing, midwifery and health visiting learners	**18**	18	0	23
Scientific, therapeutic and technical staff	**2,557**	2,518	39	2,553
Social Care Staff	**12**	12	0	11
Other	**400**	396	4	385
TOTAL	**13,801**	**13,146**	**655**	13,685
Of the above - staff engaged on capital projects	**24**	24	0	44

10.3 Staff Sickness Absence And Ill health Retirements

	2012-13 Number	2011-12 Number
Total Days Lost	**131,474**	125,379
Total Staff Years	**13,248**	13,325
Average Working Days Lost	**9.9**	9.4

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	**13**	23

	£000	£000
Total additional pensions liabilities accrued in the year	**889**	1,527

10.4 Exit Packages Agreed In 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	**Number**	**Number**	Number	Number	Number
Less than £10,000	0	0	0	2	0	2
£25,001-£50,000	0	0	0	2	1	3
£50,001-£100,000	0	1	1	2	0	2
£100,001 - £150,000	0	0	0	0	1	1
Total number of exit packages by type	**0**	**1**	**1**	6	2	8
Total resource cost £	**0**	**75,000**	**75,000**	211,000	158,000	369,000

Redundancy and other departure costs have been paid in accordance with the provisions of national Agenda for Change Terms and Conditions and the NHS Pensions Scheme. Exit costs in this note are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

This disclosure reports the number and value of exit packages taken by staff leaving in the year. All expenses are recognised in the same financial year as packages are agreed.

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) 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 and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013, is based on the valuation data as 31 March 2012, updated to 31 March 2013 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full Actuarial (funding) Valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

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

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

c) Scheme Provisions

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

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

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

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

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

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

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVCs 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

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**202,344**	**391,868**	193,034	368,111
Total Non-NHS Trade Invoices Paid Within Target	**161,645**	**312,084**	183,625	347,970
Percentage of NHS Trade Invoices Paid Within Target	**80%**	**80%**	95%	95%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**5,114**	**44,157**	5,082	**50,303**
Total NHS Trade Invoices Paid Within Target	**1,649**	**17,662**	2,731	**32,265**
Percentage of NHS Trade Invoices Paid Within Target	**32%**	**40%**	54%	64%

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

The Trust has not made any payments under the terms of this legislation in either the current or preceding financial year.

12 Investment Income

	2012-13 £000	2011-12 £000
Interest Income		
Bank interest receivable	**85**	123
Total investment income	**85**	123

The Trust has a holding in ResusPod Ltd, a company established with external capital to market mobile resuscitation equipment and supporting services to a design owned by the Trust. The company commenced trading in February 2011 but no earnings have been received. The Trust holds 14.06% of the company's shares which cost £3 in total and carry negligible value at the balance sheet date.

13 Other Gains And Losses

	2012-13 £000	2011-12 £000
Gain on disposal of assets other than by sale (PPE)	**0**	87
Gain on disposal of assets held for sale	**61**	0
Total	**61**	87

14 Finance Costs

	2012-13 £000	2011-12 £000
Interest		
Interest on loans and overdrafts	**1,281**	1,195
Interest on obligations under finance leases	**10**	12
Interest on obligations under PFI contracts:		
- main finance cost	**11,648**	11,856
Total interest expense	**12,939**	13,063
Provisions - unwinding of discount	**46**	37
Total	**12,985**	13,100

15.1 Property, Plant And Equipment

2012-13	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
Cost or valuation:									
At 1 April 2012	**20,475**	**519,269**	**3,583**	**20,841**	**174,823**	**837**	**33,130**	**1,446**	**774,404**
Additions of Assets Under Construction	0	0	0	7,514	0	0	0	0	**7,514**
Additions Purchased	0	16,285	0	**0**	4,748	47	5,087	0	**26,167**
Additions Donated	0	0	0	0	909	0	0	0	**909**
Reclassifications	0	14,259	0	(20,464)	0	0	6,205	0	**0**
Reclassifications as Held for Sale and reversals	0	0	0	0	(964)	0	(10)	(9)	**(983)**
At 31 March 2013	**20,475**	**549,813**	**3,583**	**7,891**	**179,516**	**884**	**44,412**	**1,437**	**808,011**
Depreciation									
At 1 April 2012	**0**	**15,914**	**147**	**0**	**130,225**	**778**	**27,638**	**1,178**	**175,880**
Reclassifications as Held for Sale and reversals	0	0	0	0	(940)	0	(10)	(9)	**(959)**
Charged During the Year	0	17,015	145	0	11,458	18	2,465	91	**31,192**
At 31 March 2013	**0**	**32,929**	**292**	**0**	**140,743**	**796**	**30,093**	**1,260**	**206,113**
Net Book Value at 31 March 2013	**20,475**	**516,884**	**3,291**	**7,891**	**38,773**	**88**	**14,319**	**177**	**601,898**
Purchased	20,475	504,753	3,291	7,891	34,865	88	14,302	176	**585,841**
Donated	0	12,131	0	0	3,908	0	17	1	**16,057**
Total at 31 March 2013	**20,475**	**516,884**	**3,291**	**7,891**	**38,773**	**88**	**14,319**	**177**	**601,898**
Asset financing:									
Owned	20,475	347,067	3,291	7,891	28,677	88	14,319	177	**421,985**
Held on finance lease	0	151	0	0	0	0	0	0	**151**
On-SOFP PFI contracts	0	169,666	0	0	10,096	0	0	0	**179,762**
Total at 31 March 2013	**20,475**	**516,884**	**3,291**	**7,891**	**38,773**	**88**	**14,319**	**177**	**601,898**
Revaluation Reserve Balance for Property, Plant & Equipment									
At 1 April 2012 and 31 March 2013	**310**	**74,220**	**0**	**0**	**5,953**	**14**	**364**	**955**	**81,816**

Additions to Assets Under Construction in 2012-13	**£000**
Buildings other than Dwellings	6,266
Plant & Machinery and Information Technology	1,248
	7,514

15.2 Property, Plant And Equipment

2011-12	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
Cost or valuation:									
At 1 April 2011	**20,545**	**500,279**	**3,583**	**14,538**	**203,984**	**1,290**	**41,594**	**10,194**	**796,007**
Additions - purchased	0	12,341	0	15,347	7,115	0	962	0	**35,765**
Additions - donated	0	(2)	0	0	1,058	0	0	0	**1,056**
Reclassifications	0	6,717	0	(9,044)	0	0	2,327	0	**0**
Reclassifications as Held for Sale and reversals	(70)	(66)	0	0	(37,334)	(453)	(11,753)	(8,748)	**(58,424)**
At 31 March 2012	**20,475**	**519,269**	**3,583**	**20,841**	**174,823**	**837**	**33,130**	**1,446**	**774,404**
Depreciation									
At 1 April 2011	**0**	**0**	**0**	**0**	**155,158**	**1,216**	**36,175**	**9,835**	**202,384**
Reclassifications as Held for Sale and reversals	0	0	0	0	(37,288)	(453)	(11,753)	(8,748)	**(58,242)**
Charged During the Year	0	15,914	147	0	12,355	15	3,216	91	**31,738**
At 31 March 2012	**0**	**15,914**	**147**	**0**	**130,225**	**778**	**27,638**	**1,178**	**175,880**
Net book value at 31 March 2012	**20,475**	**503,355**	**3,436**	**20,841**	**44,598**	**59**	**5,492**	**268**	**598,524**
Purchased	20,475	490,832	3,436	20,841	40,722	59	5,470	265	**582,100**
Donated	0	12,523	0	0	3,876	0	22	3	**16,424**
Total at 31 March 2012	**20,475**	**503,355**	**3,436**	**20,841**	**44,598**	**59**	**5,492**	**268**	**598,524**
Asset financing:									
Owned	20,475	328,744	3,436	20,841	33,359	59	5,492	268	**412,674**
Held on finance lease	0	156	0	0	0	0	0	0	**156**
On-SOFP PFI contracts	0	174,455	0	0	11,239	0	0	0	**185,694**
Total at 31 March 2012	**20,475**	**503,355**	**3,436**	**20,841**	**44,598**	**59**	**5,492**	**268**	**598,524**

15.3 (cont). Property, Plant And Equipment

All land and building assets were revalued as at 31st March 2011 by the District Valuation Service at depreciated replacement cost using the Modern Equivalent Asset approach. (See Note 1.8). In 2012/13 the Trust considered building cost information published by the Department for Business Innovation and Skills. This indicated an upward trend of 2.6% in general building costs over the course of the year but no movement in tender prices for public sector non housing developments. Similarly, there was no movement in the year for hospital building costs. Taking all of these factors together, the Trust did not consider there to be a suffciently material case to warrant a further independent valuation of its estate and is satisfied that carrying value represents fair value.

Equipment assets were independently valued by the District Valuation Service as at 31st March 2011 using a depreciated replacement cost method. This is an acceptable basis of deriving fair value when dealing with specialised assets for which there is a limited market.

During the year the Trust received donated assets from the following:

	2012-13 £000	2011-12 £000
Leeds Teaching Hospitals Charitable Foundation	**692**	920
Yorkshire Chidrens' Hospital Fund	**24**	0
Children's Heart Surgery Fund	**153**	0
Take Heart	**0**	108
Others	**64**	28
Total	**933**	1,056

Property, plant and equipment assets are depreciated over their useful economic lives. The Trust applies the following standard lives to these classes of assets.

	Min Life Years	Max Life Years
Buildings other than dwellings	**23**	43
Dwellings	**23**	43
Plant and machinery	**5**	15
Transport equipment	**5**	10
Information technology	**5**	5
Furniture and fittings	**5**	5

16 Intangible Non-Current Assets

2012-13	Software internally generated	Software purchased	Licences & trademarks	Total
	£000	£000	£000	£000
At 1 April 2012	**2,304**	**0**	**0**	**2,304**
Additions - purchased	0	280	397	**677**
Additions - donated	0	24	0	**24**
At 31 March 2013	**2,304**	**304**	**397**	**3,005**
Amortisation				
At 1 April 2012	**2,243**	**0**	**0**	**2,243**
Charged during the year	20	18	17	**55**
At 31 March 2013	**2,263**	**18**	**17**	**2,298**
Net Book Value at 31 March 2013	**41**	**286**	**380**	**707**
Net book value at 31 March 2013 comprises:				
Purchased	36	264	380	**680**
Donated	5	22	0	**27**
Government Granted	0	0	0	**0**
Total at 31 March 2013	**41**	**286**	**380**	**707**

Revaluation reserve balance for intangible non-current assets

There is a nil revaluation reserve balance for intangible non-current assets.

2011-12	Software internally generated	Software purchased	Licences & trademarks	Total
	£000	£000	£000	£000
Cost or valuation:				
At 1 April 2011	**2,304**	**0**	**0**	**2,304**
Additions - purchased	0	0	0	**0**
At 31 March 2012	**2,304**	**0**	**0**	**2,304**
Amortisation				
At 1 April 2011	**2,215**	**0**	**0**	**2,215**
Charged during the year	28	0	0	**28**
At 31 March 2012	**2,243**	**0**	**0**	**2,243**
Net book value at 31 March 2012	**61**	**0**	**0**	**61**
Net book value at 31 March 2012 comprises:				
Purchased	55	0	0	**55**
Donated	6	0	0	**6**
Total at 31 March 2012	**61**	**0**	**0**	**61**

Intangible assets have been measured at fair value in line with the policy detailed in note 1.9.

Intangible assets are amortised over their useful economic lives which are all judged to be finite. The Trust applies the following standard lives to these classes of assets.

	Min Life Years	Max Life Years
Software Licences	1	5
Licences and Trademarks	5	5
Patents	5	5

17 Commitments

17.1 Capital Commitments

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

	31 March 2013 £000	31 March 2012 £000
Property, plant and equipment	**13,347**	30,576
Intangible assets	**827**	0
Total	**14,174**	30,576

17.2 Other Financial Commitments

The Trust has not entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements),

18 Intra-Government And Other Balances

2012-13	**Current receivables £000**	**Non-current receivables £000**	**Current payables £000**	**Non-current payables £000**
Balances with other Central Government Bodies	12,897	0	21,009	0
Balances with Local Authorities	24	0	360	0
Balances with NHS bodies outside the Departmental Group	114	0	280	0
Balances with NHS Trusts and Foundation Trusts	3,585	0	5,378	0
Balances with Public Corporations and Trading Funds	0	0	883	0
Balances with bodies external to government	18,970	10,592	57,500	2,154
At 31 March 2013	**35,590**	**10,592**	**85,410**	**2,154**
2011-12				
Balances with other Central Government Bodies	7,235	0	31,562	0
Balances with Local Authorities	25	0	69	0
Balances with NHS Trusts and Foundation Trusts	3,922	0	2,121	0
Balances with Public Corporations and Trading Funds	113	0	920	0
Balances with bodies external to government	19,856	11,713	47,782	2,318
At 31 March 2012	**31,151**	**11,713**	**82,454**	**2,318**

19 Inventories

	Drugs £000	**Consumables £000**	**Energy £000**	**Total £000**
Balance at 1 April 2012	5,679	10,490	254	**16,423**
Additions	117,375	79,390	17	**196,782**
Inventories recognised as an expense in the period	(116,720)	(79,751)	(58)	**(196,529)**
Balance at 31 March 2013	**6,334**	**10,129**	**213**	**16,676**

20.1 Trade And Other Receivables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
NHS receivables - revenue	**13,595**	9,366	**0**	0
NHS prepayments and accrued income	**0**	88	**0**	0
Non-NHS receivables - revenue	**7,236**	6,580	**0**	0
Non-NHS receivables - capital	**195**	7	**0**	0
Non-NHS prepayments and accrued income	**5,584**	8,271	**0**	0
Provision for the impairment of receivables	**(1,282)**	(1,737)	**(485)**	(382)
VAT	**1,599**	1,866	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**3,822**	1,252	**7,231**	8,452
Other receivables	**4,841**	5,458	**3,846**	3,643
Total	**35,590**	31,151	**10,592**	11,713
Total current and non current	**46,182**	42,864		

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.

Non-current prepayments and accrued income relate to deferred assets. These reflect lifecycle replacement costs on equipment assets in Bexley Wing which was built and equipped under the terms of a private finance initiative (PFI) contract. The assets are included as part of the PFI contract and the costs are paid to the contractor in line with the planned programme of equipment replacement. Deferred assets are established in line with the accounting policy described in note 1.15.

20.2 Receivables Past Their Due Date But Not Impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	**1,435**	1,735
By three to six months	**253**	404
By more than six months	**590**	479
Total	**2,278**	2,618

20.3 Provision For Impairment Of Receivables

	2012-13 £000	2011-12 £000
Balance at 1 April 2012	**(2,119)**	(1,883)
Amount written off during the year	**406**	37
(Increase) in receivables impaired	**(54)**	(273)
Balance at 31 March 2013	**(1,767)**	**(2,119)**

Receivables are impaired when there is evidence to indicate that the Trust may not recover sums due. This can be on the basis of legal advice, insolvency of debtors or other economic factors. Impaired receivables are only written off when all possible means of recovery have been attempted. The nature of the Trust's business generally means that no collateral is held against outstanding receivables.

21 Cash And Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**24,513**	12,033
Net change in year	**(165)**	12,480
Closing balance	**24,348**	24,513
Made up of:		
Cash with Government Banking Service	**24,156**	24,031
Commercial banks	**172**	462
Cash in hand	**20**	20
Cash and cash equivalents as in statement of financial position and statement of cash flows	**24,348**	24,513
Patients' money held by the Trust, not included above (see note 36)	**20**	11

22 Non-Current Assets Held For Sale

	Land	Buildings, excl. dwellings	Plant and Machinery	Total
	£000	£000	£000	£000
Balance at 1 April 2012	0	0	0	**0**
Plus assets classified as held for sale in the year	0	0	24	**24**
Less assets sold in the year	0	0	(24)	**(24)**
Balance at 31 March 2013	**0**	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2013	**0**	**0**	**0**	**0**
Balance at 1 April 2011	0	0	0	**0**
Plus assets classified as held for sale in the year	70	66	46	**182**
Less assets sold in the year	(70)	(66)	(46)	**(182)**
Less impairment of assets held for sale	0	0	0	**0**
Balance at 31 March 2012	**0**	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2012	0	0	0	0

During the year the Trust sold items of surplus equipment which realised a total net gain of £61k.

23 Trade And Other Payables

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Interest payable	**57**	53	**0**	0
NHS payables - revenue	**6,074**	5,799	**0**	0
NHS accruals and deferred income	**636**	10,943	**0**	0
Non-NHS payables - revenue	**36,392**	26,676	**0**	0
Non-NHS payables - capital	**6,363**	2,721	**0**	0
Non-NHS accruals and deferred income	**16,742**	16,955	**2,154**	2,318
Social security costs	**5,484**	5,498	**0**	0
Tax	**6,372**	6,646	**0**	0
Other payables	**7,290**	7,163	**0**	0
Total	**85,410**	82,454	**2,154**	2,318
Total payables (current and non-current)	**87,564**	**84,772**		
Included above:				
Outstanding pension contributions at the year end	**7,012**	6,603		

24 Borrowings

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Loans from Department of Health	**3,356**	2,906	**41,998**	36,579
PFI liabilities:				
Main liability (note 29)	**4,194**	3,977	**206,709**	210,903
Finance lease liabilities (note 26)	**35**	35	**520**	555
Total	**7,585**	**6,918**	**249,227**	**248,037**
Total other liabilities (current and non-current)	**256,812**	**254,955**		

Loans - repayment of principal falling due in:

	31 March 2013		
	DH	**Other**	**Total**
	£000	**£000**	**£000**
0-1 Years	**3,356**	**4,229**	**7,585**
1 - 2 Years	**3,356**	**4,459**	**7,815**
2 - 5 Years	**9,468**	**15,558**	**25,026**
Over 5 Years	**29,174**	**187,212**	**216,386**
TOTAL	**45,354**	**211,458**	**256,812**

The loans from the Department of Health are Capital Investment Loans. Other loans consist of PFI liabilities and a finance lease.

25 Deferred Income

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Opening balance at 1 April 2012	**12,780**	21,796	**2,318**	2,418
Deferred income addition	**1,247**	7,931	**963**	944
Transfer of deferred income	**(12,271)**	(16,947)	**(1,127)**	(1,044)
Current deferred Income at 31 March 2013	**1,756**	12,780	**2,154**	2,318
Total deferred income (current and non-current)	**3,910**	**15,098**		

Deferred income at 31 March 2012 included £9.3 million in respect of Department of Health Research and Development funds.

26 Finance Lease Obligations As Lessee

	Minimum lease payments		Present value of minimum lease	
Amounts payable under finance leases (Buildings)	**31 March 2013 £000**	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Within one year	**45**	45	**35**	35
Between one and five years	**179**	179	**148**	145
After five years	**403**	448	**372**	410
Less future finance charges	**(72)**	(82)		
Present value of minimum lease payments	**555**	590	**555**	590
Included in:			**35**	35
Current borrowings (note 24)			**520**	555
Non-current borrowings (note 24)			**555**	590

Finance lease obligations relate to the Catering Receipt and Distribution Unit (RADU) at Seacroft Hospital. The unit was constructed in 2002 by a private partner and will revert to Trust ownership upon expiry of the lease in 2027. The arrangement was determined as a finance lease as part of the transition to International Financial Reporting Standards (IFRS) compliance. Accounting treatment is in line with the policy described in note 1.14.

27 Provisions

	Total	Pensions Relating to Other Staff	Legal Claims	Other
	£000	£000	£000	£000
Balance at 1 April 2012	**7,175**	4,158	2,911	106
Arising during the Year	**3,535**	663	126	2,746
Utilised during the Year	**(809)**	(396)	(410)	(3)
Reversed unused	**(1,690)**	0	(1,587)	(103)
Unwinding of discount	**46**	46	0	0
Change in discount rate	**87**	87	0	0
Balance at 31 March 2013	**8,344**	**4,558**	**1,040**	**2,746**
Expected Timing of Cash Flows:				
No Later than One Year	**2,356**	348	1,002	1,006
Later than One Year and not later than Five Years	**3,170**	1,392	38	1,740
Later than Five Years	**2,818**	2,818	0	0

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

	£000
As at 31 March 2013	**156,409**
As at 31 March 2012	126,314

Pensions represent amounts payable to the NHS Business Services Authority - Pensions Division to meet the costs of early retirements and industrial injury benefits. Amounts are determined by the NHS Business Services Authority - Pensions Division based on actuarial estimates of life expectancy and there is therefore, a degree of uncertainty regarding the value of future payments.

Legal claims relate to personal injury and other claims where the Trust has received advice that settlement is probable. The final amounts and timings of payments remain subject to negotiation or legal judgement. Included are claims with a value of £241k (£274k in 2011/12) which are being handled on behalf of the Trust by the NHS Litigation Authority who have advised on their status. The reversal of unused legal claims relates to provisions against disputes which are now subject to formal settlement offers from the claimants.

Other provisions include those for employment related claims where the Trust disputes liability but recognises some probability of payment. Provision has been made also to meet the future costs of payments to staff in line with the Trust's pay protection policy. Planned working practice changes in some departments will see transitional periods of pay protection apply to certain staff.

28 Contingencies

	31 March 2013	31 March 2012
	£000	£000
Contingent liabilities		
Other - see below	**(210)**	(348)
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	**(210)**	(348)
Contingent Assets		
Contingent Assets	**0**	0
Net Value of Contingent Assets	**(210)**	(348)

Contingent liabilities consist of claims for personal injury of £105k (£243k in 2011/12) and property loss claims of £5k (£5k in 2011/12) where the probability of settlement is very low. The property related case and personal injury cases to the value of £110k are being managed on the Trust's behalf by the NHS Litigation Authority who have advised on their status. In all cases, quantum has been assessed on a "worst case scenario" and represents the maximum of any payment which may be made. The balance of personal injury claims are being managed internally by the Trust. In all cases the potential payment values have been assessed on a "worst case scenario" basis by reference to independent advice. Settlement of these claims is considered highly improbable but the values quoted represent the Trust's maximum exposure to loss.

There is also a contractual claim from a supplier to the value of £100k (£100k in 2011/12) included in Contingent Liabilities. This is a long standing claim and settlement by the Trust is considered unlikely.

29 PFI - Additional Information

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

Charges to operating expenditure and future commitments in respect of on and off SOFP PFI	**2012-13 £000**	2011-12 £000
Service element of on SOFP PFI charged to operating expenses in year	**12,774**	11,893
Total	**12,774**	11,893
Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI		
No Later than One Year	**9,751**	9,531
Later than One Year, No Later than Five Years	**41,313**	40,377
Later than Five Years	**203,352**	214,039
Total	**254,416**	263,947

Imputed "finance lease" obligations for on SOFP PFI contracts due	**2012-13 £000**	2011-12 £000
No Later than One Year	**15,625**	15,625
Later than One Year, No Later than Five Years	**63,170**	62,498
Later than Five Years	**303,374**	319,667
Subtotal	**382,169**	397,790
Less: Interest Element	**(171,266)**	(182,910)
Total	**210,903**	214,880

30 Impact Of IFRS Treatment

The information below is required by the Department of Heath for budget reconciliation purposes

	2012-13 £000	2011-12 £000
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI)		
Depreciation charges	**6,980**	6,920
Interest Expense	**11,647**	11,856
Other Expenditure	**12,774**	11,893
Impact on PDC dividend payable	**(692)**	(669)
Total IFRS Expenditure (IFRIC12)	**30,709**	30,000
Revenue consequences of PFI schemes under UK GAAP / ESA95 (net of any sublease income)	**(29,471)**	(28,622)
Net IFRS change (IFRIC12)	**1,238**	1,378
Capital Consequences of IFRS : PFI and other items under IFRIC12		
Capital expenditure 2012-13	**0**	238
UK GAAP capital expenditure 2012-13 (Reversionary Interest)	**2,696**	2,594

31 Financial Instruments

31.1 Financial Risk Management

changing the risks a body faces in undertaking its activities. Due to the continuing service provider relationship that the NHS Trust has with primary care trusts and the way those primary care trusts are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS 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
Since 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 2013 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.

	Loans and receivables £000
31.2 Financial Assets	
Receivables - NHS	**14,765**
Receivables - non-NHS	**9,068**
Cash at bank and in hand	**24,347**
Total at 31 March 2013	**48,180**
Receivables - NHS	10,086
Receivables - non-NHS	8,454
Cash at bank and in hand	24,513
Total at 31 March 2012	**43,053**

	Other £000
31.3 Financial Liabilities	
NHS payables	**14,861**
Non-NHS payables	**57,163**
Other borrowings	**45,354**
PFI & finance lease obligations	**211,461**
Total at 31 March 2013	**328,839**
NHS payables	15,126
Non-NHS payables	42,657
Other borrowings	39,485
PFI & finance lease obligations	215,470
Total at 31 March 2012	**312,738**

32 Events After The End Of The Reporting Period

There are no events after the reporting period which have a material impact on the financial statements.

33 Related Party Transactions

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with the Leeds Teaching Hospitals NHS Trust.

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

Leeds PCT
Wakefield PCT
Bradford and Airedale PCT
Kirklees PCT
Barnsley PCT
Calderdale PCT
East Riding of Yorkshire PCT
North Yorkshire and York PCT
Yorkshire and the Humber Strategic Health Authority
London Strategic Health Authority
NHS Blood and Transplant
NHS Business Services Authority
NHS Litigation Authority
NHS Purchasing and Supply Agency
Bradford Teaching Hospitals NHS Foundation Trust
Calderdale and Huddersfield NHS Foundation Trust
Harrogate and District NHS Foundation Trust
Hull and East Yorkshire Hospitals NHS Trust
Leeds & York Partnerships NHS Foundation Trust
Mid Yorkshire Hospitals NHS Trust
York Teaching Hospitals NHS Foundation Trust

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 the Department of Education and Skills in respect of university hospitals, Leeds City Council in respect of joint enterprises and the University of Leeds.

The Trust has also received revenue and capital payments from a number of charitable funds, including the Leeds Teaching Hospitals Charitable Foundation. The Trust's Chairman, Mike Collier was a trustee of the Leeds Teaching Hospitals Charitable Foundation from 1 June 2012 until his retirement on 31 January 2013. The audited accounts of the Leeds Teaching Hospitals Charitable Foundation are published separately and may be obtained from:

The Leeds Teaching Hospitals Charitable Foundation
Trustees Office
The General Infirmary at Leeds
Great George Street
Leeds
LS1 3EX
Tel: 0113 392 3640

34 Losses And Special Payments

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

	Total Value of Cases £	Total Number of Cases
Losses	129,641	183
Special payments	373,678	156
Total losses and special payments	503,319	339

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

	Total Value of Cases £	Total Number of Cases
Losses	280,349	461
Special payments	514,599	169
Total losses and special payments	794,948	630

35. 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.

35.1 Breakeven Performance

	2005-06 £000	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000	2010-11 £000	2011-12 £000	2012-13 £000
Turnover	721,415	757,446	793,445	871,680	910,556	934,527	970,709	**1,002,444**
Retained surplus/(deficit) for the year	309	355	3,093	471	(43,426)	5,799	2,829	**1,498**
Adjustment for:								
Timing/non-cash impacting distortions:								
2006/07 PPA (relating to 1997/98 to 2005/06)	2,051	0	0	0	0	0	0	**0**
Adjustments for Impairments	0	0	0	0	42,075	(5,813)	0	**0**
Adjustments for impact of policy change re donated/government grants assets	0	0	0	0	0	0	0	**353**
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12*	0	0	0	0	2,314	2,065	1,378	**1,238**
Break-even in-year position	**2,360**	**355**	**3,093**	**471**	**963**	**2,051**	**4,207**	**3,089**
Break-even cumulative position	**(51)**	**304**	**3,397**	**3,868**	**4,831**	**6,882**	**11,089**	**14,178**

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

	2005-06 %	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2012-13 %
Materiality test (I.e. is it equal to or less than 0.5%):								
Break-even in-year position as a percentage of turnover	0.33	0.05	0.39	0.05	0.11	0.22	0.43	**0.31**
Break-even cumulative position as a percentage of turnover	(0.01)	0.04	0.43	0.44	0.53	0.74	1.14	**1.41**

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

35.2 Capital Cost Absorption Rate

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

35.3 External Financing Limit

The Trust is given an External Financing Limit which it is permitted to undershoot.

	2012-13 £000	2011-12 £000
External Financing Limit	**8,968**	3,833
Cash flow financing	**2,877**	(7,519)
Other capital receipts	**(745)**	(1,128)
External financing requirement	**2,132**	(8,647)
Undershoot against the External Financing Limit	**6,836**	12,480

35.4 Capital Resource Limit

The Trust is given a Capital Resource Limit which it is not permitted to exceed.

	2012-13 £000	2011-12 £000
Capital Resource Limit	**34,604**	36,801
Gross capital expenditure	**35,291**	36,821
Less: book value of assets disposed of	**(24)**	(182)
Less: donations towards the acquisition of non-current assets	**(933)**	(1,056)
Charge against the Capital Resource Limit	**34,334**	35,583
Underspend against the Capital Resource Limit	**270**	1,218

36 Third Party Assets

The Trust held cash and cash equivalents which relate to monies held by the NHS Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts (see note 21).

	31 March 2013 £000	31 March 2012 £000
Third party assets held by the Trust	**20**	11

Glossary

Accruals basis of accounting
Under the accruals concept, expenses are recognised when incurred, not when the cash is actually paid out, and revenue is recognised when it is earned, not when the cash is actually received.

Amortisation
The term used for depreciation of intangible assets such as the annual charge in respect of some computer licences the NHS trust has purchased.

Asset
An asset is something the NHS trust owns such as buildings, equipment, consumables, cash or monies owed to it.

Assets held for sale
Assets are held for sale if their value will be recovered through a sale transaction rather than through continuing use.

Break even
A statutory duty of NHS trusts to achieve, taking one year with the next. Break even is deemed to be achieved if revenue is greater than or equal to expenditure.

Capital resource limit
A limit on capital expenditure set for the NHS trust by the Department of Health.

Cash and cash equivalents
Cash includes cash held in bank accounts and cash in hand. Cash equivalents are assets that can be readily converted into cash such as deposits and short-term investments.

Commissioners
Organisations that contract with the NHS trust to purchase healthcare. In the main these are NHS primary care trusts.

Contingent asset or liability
An asset or liability that is not recognised in the accounts due to the level of uncertainty surrounding it but is disclosed as it is possible that it may result in a future inflow or outflow of resources.

Current asset or liability
An asset or liability that the NHS trust expects to hold or discharge for a period of less that one year from the balance sheet date.

Depreciation
The accounting charge representing the use of property, plant and equipment assets which spreads the cost or value of the asset over its useful life.

Employee benefits
All forms of consideration given to employees for services rendered. These are salaries and wages, social security costs (national insurance), superannuation contributions, paid sick leave, paid annual and long service leave and termination payments.

External financing limit
A limit on cash movements and borrowings set for the NHS trust by the Department of Health.

Going concern basis
The underlying assumption used in producing the accounts that the NHS trust will continue to operate for at least 12 months from the balance sheet date.

Impairment
A fall in the value of an asset.

Inventories
Stocks held by the NHS trust such as drugs, consumables etc.

Lease
An agreement where one party conveys the use of an asset for a specified period of time in return for a payment or series of payments.

Liability
An amount owing to a third party such as a loan or unpaid invoice from a supplier.

Net assets
Total assets less total liabilities.

NHS trusts manual for accounts
The annual Department of Health publication which sets out the detailed requirements for NHS trust accounts.

Non Current asset/liability
An asset or liability that the NHS trust expects to hold or discharge for a period of more that one year from the balance sheet date.

Payables
An amount that the NHS trust owes to another party such as suppliers (previously known as creditors under UK GAAP).

Payment by results
This refers to the flow of money in the NHS. Under payment by results the money received by the NHS trust directly relates to the number of operations and other activity undertaken by it.

Primary care trust
NHS organisations responsible for commissioning all types of healthcare services on behalf their local populations.

Private finance initiative
A partnership with private sector organisations to fund major investments without immediate recourse to public funds. Under PFI, the private sector will design, build and often manage major projects and lease them to the NHS trust over a long period, typically 30 years.

Provision
A liability which is probable but uncertain in terms of the timing and amount of its final settlement.

Public dividend capital
The taxpayers stake in the NHS trust representing the government’s initial investment in the Trust when it was established along with subsequent investments made by the Department of Health such as central funding for capital expenditure.

Receivables
An amount that is owed to the NHS trust by another party such as primary care trusts (previously known as debtors under UK GAAP)

Reserves
Reserves represent the overall increase in the value of the net assets of the NHS trust since it was established.

Statement of cash flows
A primary financial statement which shows the flows of cash in and out of the NHS trust during the financial year (previously known as Cash Flow Statement under UK GAAP).

Statement of change in taxpayers equity
A primary financial statement showing the movements in public dividend capital and reserves during the financial year.

Statement of comprehensive income
A primary financial statement showing the revenue earned and expenditure in the financial year (previously known as the income and expenditure account under UK GAAP).

Statement of financial position
A primary statement showing the assets and liabilities of the NHS trust at a particular date, along with how these have been funded (previously known as the balance sheet under UK GAAP).

Tariff
The national price published annually by the Department of Health which the NHS trust receives as income from its commissioners under the Payment by Results system for healthcare provided to its patients.

Unrealised gains and losses
Unrealised gains and losses are those which have been recognised by the NHS trust in its accounts but are only potential gains as they have yet to be realised such as rises and falls in the value of land and buildings due to changes in the property market. The gain or loss only becomes realised when the property is sold.

Published in September 2013 by:

The Leeds Teaching Hospitals NHS Trust
Trust Headquarters
St James's University Hospital
Beckett Street
Leeds LS9 7TF

website: www.leedsth.nhs.uk
contact: public.relations@leedsth.nhs.uk