Data entered below will be used throughout the workbook:

Trust name	London Ambulance Service NHS Trust
This year	2013-14
Last year	2012-13
This year ended	31 March 2014
Last year ended	31 March 2013
This year commencing:	1 April 2013
Last year commencing:	1 April 2012

Accounts 2013-14

2013-14 Annual Accounts of London Ambulance Service NHS Trust

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

The Chief Executive of the NHS Trust Development Authority 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 Chief Executive of the NHS Trust Development Authority. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;

- value for money is achieved from the resources available to the trust;

- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;

- effective and sound financial management systems are in place; and

- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

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

nb: sign and date in any colour ink except black

Signed..Chief Executive

Date. 3 June 2014

2013-14 Annual Accounts of London Ambulance Service NHS Trust

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

- make judgements and estimates which are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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

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

By order of the Board

nb: sign and date in any colour ink except black

3 June 2014 Date..Chief Executive

03 June 2014 Date..Finance Director

Independent auditors' report to the Directors of the Board of London Ambulance Service NHS Trust

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view, of the state of the Trust's affairs as at 31 March 2014 and of its income and expenditure and cash flows for the year then ended ; and
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as being relevant to the National Health Service in England.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by London Ambulance Service NHS Trust, comprise:

- the Statement of Financial Position as at 31 March 2014;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Taxpayers' Equity for the year then ended;
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is the accounting policies directed by the Secretary of State for Health with the consent of the Treasury as being relevant to the National Health Service in England.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 directors; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinions on other matters prescribed by the Code of Audit Practice

In our opinion:

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

Other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Governance Statement does not comply with the Trust Development Authority's Guidance or is misleading or inconsistent with information of which we are aware from our audit;
- we refer a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 in accordance with the accounting policies directed by the Secretary of State, with the consent of the Treasury, as being relevant to the National Health Service in England.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Board of London Ambulance Service NHS Trust in accordance with Part II of the Audit Commission Act 1998 as set out in paragraph 44 of the Statement of Responsibilities of Auditors and of Audited Bodies (Local NHS bodies) published by the Audit Commission in April 2014, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 15 October 2013, we are satisfied that, in all significant respects, London Ambulance Service NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

What a review of the arrangements for securing economy, efficiency and effectiveness in the use of resources involves

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 on 15 October 2013, as to whether the Trust has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for 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 2014.

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.

Our responsibilities and those of the Trust

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.

Certificate

We certify that we have completed the audit of the financial statements of London Ambulance Service NHS Trust in accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

Janet Dawson

Janet Dawson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5th June 2014

(a) The maintenance and integrity of the London Ambulance Service NHS Trust website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income for year ended 31 March 2014

	NOTE	2013-14 £000	2012-13 £000
Gross employee benefits	9.1	**(208,717)**	(211,242)
Other operating costs	7	**(90,005)**	(87,779)
Revenue from patient care activities	4	**302,273**	301,285
Other Operating revenue	5	**1,554**	1,824
Operating surplus		**5,105**	4,088
Investment revenue	11	**112**	77
Other gains and (losses)	12	**41**	(233)
Finance costs	13	**(381)**	(498)
Surplus for the financial year		**4,877**	3,434
Public dividend capital dividends payable		**(3,391)**	(3,851)
Net gain on transfers by absorption		**39**	0
Retained surplus/(deficit) for the year		**1,525**	(417)

Other Comprehensive Income

	2013-14 £000	2012-13 £000
Impairments and reversals taken to the Revaluation Reserve	**(1,247)**	(861)
Net gain on revaluation of property, plant & equipment	**9,614**	1,741
Total Comprehensive Income for the year	**9,892**	463

Financial performance for the year

Retained surplus/(deficit) for the year	**1,525**	(417)
Impairments (excluding IFRIC 12 impairments)	**(1,235)**	723
Adjustments in respect of donated government grant asset reserve elimination	**11**	(44)
Adjustment re absorption accounting	**(39)**	0
Adjusted retained surplus	**262**	262

PDC dividend: balance receivable at 31 March 2014	**9**	
PDC dividend: balance (payable) at 31 March 2013		(6)

There is a statutory requirement for NHS trusts to break even taking one year with another. Details of the break-even duty is given in note 32.1.

The notes on pages 9 to 43 form part of this account.

Statement of Financial Position as at 31 March 2014

	NOTE	31 March 2014 £000	31 March 2013 £000
Non-current assets:			
Property, plant and equipment	14.1	**121,627**	119,021
Intangible assets	15.1	**12,296**	13,628
Total non-current assets		**133,923**	132,649
Current assets:			
Inventories	19	**3,498**	3,264
Trade and other receivables	20	**22,804**	16,075
Cash and cash equivalents	21	**6,436**	5,500
Total current assets		**32,738**	24,839
Total assets		**166,661**	157,488
Current liabilities			
Trade and other payables	22	**(22,840)**	(24,546)
Provisions	26	**(4,750)**	(2,098)
Borrowings	23	**0**	(309)
Capital loan from Department	23	**(1,244)**	(1,244)
Total current liabilities		**(28,834)**	(28,197)
Net current assets/(liabilities)		**3,904**	(3,358)
Non-current assets plus/less net current assets/liabilities		**137,827**	129,291
Non-current liabilities			
Provisions	26	**(9,114)**	(8,731)
Borrowings	23	**(107)**	(641)
Capital loan from Department	23	**(3,099)**	(4,343)
Total non-current liabilities		**(12,320)**	(13,715)
Total Assets Employed:		**125,507**	115,576
FINANCED BY:			
TAXPAYERS' EQUITY			
Public Dividend Capital		**62,516**	62,516
Retained earnings		**22,675**	20,053
Revaluation reserve		**40,735**	33,426
Other reserves		**(419)**	(419)
Total Taxpayers' Equity:		**125,507**	115,576

The notes on pages 9 to 43 form part of this account.

The financial statements on pages 5 to 43 were approved by the Board on 3 June and signed on its behalf by

Chief Executive:

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2014

	NOTE	Public Dividend Capital £000	Retained Earnings £000	Revaluation Reserve £000	Other Reserves £000	Total Reserves £000
Balance at 1 April 2013		**62,516**	**20,053**	**33,426**	**(419)**	**115,576**
Changes in taxpayers' equity for the year ended 31 March 2014						
Retained surplus for the year			1,525			**1,525**
Net gain on revaluation of property, plant, equipment	14			9,614		**9,614**
Impairments and reversals	14			(1,247)		**(1,247)**
Transfers between reserves			1,058	(1,058)		**0**
Transfers under Modified Absorption Accounting - PCTs & SHAs			39			**39**
Net recognised revenue for the year		**0**	**2,622**	**7,309**	**0**	**9,931**
Balance at 31 March 2014		**62,516**	**22,675**	**40,735**	**(419)**	**125,507**
Balance at 1 April 2012		**62,516**	**19,304**	**33,712**	**(419)**	**115,113**
Changes in taxpayers' equity for the year ended 31 March 2013						
Deficit for the year			(417)			(417)
Net gain on revaluation of property, plant, equipment	14.1			1,741		1,741
Impairments and reversals	14.1			(861)		(861)
Transfers between reserves			1,166	(1,166)		0
Reclassification adjustments						
Net recognised revenue/(expense) for the year		**0**	**749**	**(286)**	**0**	**463**
Balance at 31 March 2013		**62,516**	**20,053**	**33,426**	**(419)**	**115,576**

Public Dividend Capital (PDC) represents initial capital funding received from the Department for Health at inception of the Trust, plus any further funding received since inception to finance specific projects or acquisitions. PDC represents taxpayers' equity in the 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.

Retained Earnings represent i) the accumulation from inception of the Trust of retained surpluses or deficits transferred from the Statement of Comprehensive Income and ii) transfers from the Revaluation Reserve. It may only be repaid with the consent of the Department of Health.

The Revaluation Reserve represents the cumulative surpluses and impairments arising since inception of the Trust on the revaluation of property, plant and equipment less transfers to Retained Earnings. It may only be repaid with the consent of the Department of Health.

The Other Reserve was created when London Ambulance Service became an NHS Trust. The negative balance was caused by the legal title of the property not being properly transferred from NHS Estates when the Trust was created. Once the error had been identified, the London Ambulance Service NHS Trust purchased the property from NHS Estates, thereby creating a negative reserve.

Statement of Cash Flows for the year ended 31 March 2014

	NOTE	2013-14 £000	2012-13 £000
Cash flows from operating activities			
Operating surplus		**5,105**	4,088
Depreciation and amortisation	14 & 15	**15,202**	12,956
Impairments and reversals		**(1,235)**	723
Interest paid	13	**(168)**	(300)
Dividend paid		**(3,406)**	(3,897)
Increase in inventories		**(234)**	(452)
Increase in trade and other receivables		**(6,733)**	(6,163)
(Decrease)/Increase in trade and other payables		**(609)**	5,908
Provisions utilised	26	**(924)**	(1,160)
Increase in provisions	26	**3,264**	2,305
Net cash inflow from operating activities		**10,262**	14,008
Cash flows from investing activities			
Interest received		**82**	77
Payments for property, plant and equipment		**(6,277)**	(11,468)
Payments for intangible assets		**(1,112)**	(655)
Proceeds of disposal of assets held for sale (PPE)		**41**	36
Net cash outflow from investing activities		**(7,266)**	(12,010)
NET CASH INFLOW BEFORE FINANCING		**2,996**	1,998
Cash flows from financing activities			
Loans repaid to DH - capital investment loans repayment of principal	23	**(1,244)**	(1,244)
Capital element of payments in respect of finance leases		**(816)**	(504)
Net cash outflow from financing activities		**(2,060)**	(1,748)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**936**	250
Cash and cash equivalents at beginning of the period		**5,500**	5,250
Cash and cash equivalents at year end	21	**6,436**	5,500

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts will meet the accounting requirements of the NHS Trusts Manual for Accounts, which will be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2013-14 NHS 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 financial statements 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 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 Movement of assets within the DH Group

Transfers as part of reorganisation fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCNE/SOCNI, and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Group are accounted for in line with IAS20 and similarly give rise to income and expenditure entries.

For transfers of assets and liabilities from those NHS bodies that closed on 1 April 2013, Treasury has agreed that a modified absorption approach should be applied. For these transactions only, gains and losses are recognised in reserves rather than the SOCNE/SOCNI.

1.4 Charitable Funds

For 2013-14, the divergence from the FReM that NHS Charitable Funds are not consolidated with bodies' own returns is removed. Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entities' returns. In accordance with IAS 1 Presentation of Financial Statements, restated prior period financial statements are presented where the adoption of the new policy has a material impact. The Trust Charitable Funds are not considered material and therefore not consolidated with the Trust financial statements for 2013-14.

1.5 Critical accounting judgements and key sources of estimation uncertainty

In the application of 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.

1.5.1 Critical judgements in applying accounting policies

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

Various leases in respect of transport equipment have been classified as finance leases as it is considered that the Trust has substantially all the risks and rewards incidental to ownership of these vehicles. The primary reason for this judgement is that the lease term is for the major part of the economic life of the asset.

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

1.5.2 Key sources of estimation uncertainty

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

Asset Valuations
All land and buildings are restated to fair value by way of professional valuations. Full revaluation will be provided every five years. In the intervening years the fair values are updated by way of annual desktop revaluations. For the desktop revaluation the specialised operational values are updated in line with the current Tender Price Index published by the Building Cost Information Service (BCIS). The value of the land, non specialised assets and market values are reviewed by the valuer in line with analysis of market movements during the period.

The reported amounts for depreciation of property, plant and equipment and amortisation of non-current intangible assets can be materially affected by the judgements exercised in determining their estimated economic lives. The estimated economic lives are disclosed in note 1.11 and the carrying values of property, plant and equipment and intangible assets in notes 14.1 and 15.1 respectively.

Provisions
Provisions are made for liabilities that are uncertain in amount. These include provisions for the cost of pensions relating to other staff, legal claims, restructuring and other provisions. Calculations of these provisions are based on estimated cash flows relating to these costs, discounted at an appropriate rate where significant. The costs and timings of cash flows relating to these liabilities are based on management estimates supported by external advisors.

The carrying values of provisions are shown in note 26.

Annual Leave Accrual
The accrual is based on management's estimation of untaken leave as at 31 March 2014. The carrying value of the accrual is £3.77m shown in note 22 under accruals and deferred income.

Injury Cost Recovery Scheme Accrual
The Trust receives income from the NHS injury cost recovery scheme for the recovery of ambulance journey costs relating to road traffic accidents. Accruals are made for receivables that are uncertain in amount. The receivables are based on "management estimates supported by the number of cases" supplied by hospitals. The carrying value of the receivable is £3.0m shown in note 20.1 other receivables.

1.6 Revenue
Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the Trust is from commissioners for healthcare services.

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 Pensions' Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

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

1.7 Employee Benefits

Short-term employee benefits
Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. 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.

1.8 Other expenses

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

1.9 Property, plant and equipment

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

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

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

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any impairment.

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

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:
- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

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

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

Transport equipment and furniture & fittings 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.

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

1.10 Intangible assets

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

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

Measurement

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

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

1.11 Depreciation, amortisation and impairments

Freehold land, properties under construction, and assets held for sale are not depreciated. Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

The estimated useful lives are as follows:

Medical equipment & engineering plant & equipment	5 to 10
Furniture	10
Set up costs in new buildings	10
Fork Lift Trucks	10
A&E Ambulances	7
Command Point	7
Defibrillator Lifepak 15	7
Defibrillator Lifepak 12	5
Rapid Response Vehicles	5
Office Equipment	5
PTS Ambulances & Other Vehicles	3
Information Technology Equipment	3
Internally Generated Software	3
Second-Hand Vans	2

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 are 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. A transfer is required from the revaluation reserve to retained earnings of an amount representing the lower of the impairment charged and the balance for the asset in the revaluation reserve.

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

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

1.12 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Donated income is deferred only where conditions attached to the donation have not been met.

1.13 Government grants

The value of assets received by means of a government grant are credited directly to income. Government grant income is deferred only where conditions attached to the grant have not been met.

1.14 Non-current assets held for sale

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

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

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

1.15 Leases

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

The Trust as lessee

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

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

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

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

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.

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

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.

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 1.90% in real terms (1.80% for employee early departure obligations).

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

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

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.

1.19 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at note 26. The provision for clinical negligence claims is included in the financial statements of the NHSLA and is not included in these financial statements.

1.2 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 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.

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

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.

1.22 Financial assets

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

Financial assets are initially recognised at fair value.

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

Loans and receivables

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

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

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

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

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

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

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

1.23 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.

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.

1.24 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.

1.25 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.

1.26 Public Dividend Capital (PDC) and PDC dividend

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

An annual charge reflecting the cost of capital utilised by the trust is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for donated assets, net assets transferred from NHS bodies dissolved on 1 April 2013 and cash balances with the Government Banking Service. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

The dividend payable is calculated on the basis of the draft financial statements rather than the audited financial statements.

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

1.27 Losses and special payments

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

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

1.28 Subsidiaries

The Trust Charitable Funds are not considered material and therefore not consolidated with the Trust financial statements for 2013-14.

1.29 Other reserve

This reserve was created when London Ambulance Service became an NHS Trust. The negative reserve balance was caused by the legal title of the property not being properly transferred from NHS Estates when the Trust was created. Once the error had been identified, the London Ambulance Service NHS Trust purchased the property from the NHS estates and thereby created a negative reserve.

1.30 Heritage assets

The London Ambulance Service NHS Trust Museum has a collection of vintage radio equipment, memorabilia from both World Wars and a photographic and document archive. There is also a collection of more than 20 vintage vehicles. The museum is currently closed to members of the public. The value of these assets cannot be obtained at a cost commensurate with the benefits to the users of the financial statements and therefore have not been included in the Statement of Financial Position.

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 SOCNE/SOCI on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.32 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 2013-14. The application of the Standards as revised would not have a material impact on the financial statements for 2013-14, were they applied in the year:

IAS 19 (amendment) – employer contributions to defined benefit pension schemes
IAS 27 Separate Financial Statements
IAS 28 Investments in Associates and Joint Ventures
IAS 32 Financial Instruments
IAS 36 (amendment) – recoverable amount disclosures
IFRS 9 Financial Instruments - subject to consultation
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement
IPSAS 32 - Service Concession Arrangement
IFRIC 21 Levies

2. Operating segments

The Trust Board considers that the Trust has only one segment which is the provision of accident and emergency services

3. Income generation activities

The Trust undertook income generation activities of £64,292 during the financial year.

4. Revenue from patient care activities

	2013-14 £000	2012-13 £000
NHS Trusts	**4,989**	4,967
NHS England	**13,853**	0
Clinical Commissioning Groups	**276,800**	0
Primary Care Trusts	**0**	286,768
Strategic Health Authorities	**0**	4,151
NHS Foundation Trusts	**1,549**	1,694
Department of Health	**915**	734
NHS Other (including Public Health England and Prop Co)	**12**	0
Non-NHS:		
Local Authorities	**0**	19
Injury costs recovery	**1,288**	1,948
Other	**2,867**	1,004
Total revenue from patient care activities	**302,273**	301,285

The Department of Health abolished on 31 March 2013 all Strategic Health Authorities and Primary Care Trusts as part of the Health and Social Care Act 2012. Commissioning activities were taken over by NHS England and Clinical Commissioning Groups.

5. Other operating revenue

	2013-14 £000	2012-13 £000
Recoveries in respect of employee benefits	**499**	0
Education, training and research	**991**	171
Charitable and other contributions to revenue expenditure - NHS	**0**	3
Receipt of donations for capital acquisitions - NHS Charity	**0**	44
Income generation	**64**	0
Other revenue	**0**	1,606
Total other operating revenue	**1,554**	1,824
Total operating revenue	**303,827**	303,109

6. Revenue

	2013-14 £000	2012-13 £000
From rendering of services	**303,827**	303,109

7. Operating expenses

	2013-14 £000	2012-13 £000
Trust Chair and Non-executive Directors	**61**	59
Supplies and services - clinical	**7,690**	7,073
Supplies and services - general	**1,538**	1,677
Consultancy services	**1,668**	1,211
Establishment	**7,929**	8,969
Transport	**32,617**	32,979
Premises	**16,890**	15,557
Insurance	**808**	829
Legal Fees	**1,635**	444
Impairments and reversals of receivables	**440**	338
Depreciation	**12,834**	11,127
Amortisation	**2,368**	1,829
Impairments and reversals of property, plant and equipment	**(1,235)**	723
Audit fees	**95**	91
Clinical negligence	**833**	716
Education and training	**622**	614
Change in discount rate	**482**	333
Other	**2,730**	3,210
Total operating expenses (excluding employee benefits)	**90,005**	87,779
Employee benefits		
Employee benefits excluding Board members	**207,763**	210,312
Executive Board members	**954**	930
Total employee benefits	**208,717**	211,242
Total operating expenses	**298,722**	299,021

8 Operating leases

The Trust rents various properties in London which are used as either ambulance stations or administrative offices. The Trust leases cars and ambulances on 3 year and 5 to 6 year terms respectively.

8.1 Trust as lessee	Land £000	Buildings £000	Other £000	2013-14 Total £000	2012-13 £000
Payments recognised as an expense					
Minimum lease payments				**6,547**	6,883
Total				**6,547**	6,883
Payable:					
No later than one year	24	2,033	4,447	**6,504**	6,058
Between one and five years	95	5,429	5,592	**11,116**	13,536
After five years	237	6,441	0	**6,678**	7,917
Total	**356**	**13,903**	**10,039**	**24,298**	27,511
Total future sublease payments expected to be received:				0	0

9 Employee benefits and staff numbers

9.1 Employee benefits

	Total £000	2013-14 Permanently employed £000	Other £000s
Employee benefits - Gross expenditure			
Salaries and wages	**173,437**	168,424	5,013
Social security costs	**13,882**	13,882	0
Employer contributions to NHS BSA - Pensions Division	**20,581**	20,581	0
Termination benefits	**817**	817	0
Total employee benefits	**208,717**	**203,704**	**5,013**
Employee costs capitalised	**0**	0	0
Gross employee benefits excluding capitalised costs	**208,717**	**203,704**	**5,013**

Employee benefits - gross expenditure 2012-13	Total £000	2012-13 Permanently employed £000	Other £000
Salaries and wages	176,058	173,961	2,097
Social security costs	14,313	14,313	0
Employer Contributions to NHS BSA - Pensions Division	20,667	20,667	0
Other pension costs	101	101	0
Termination benefits	103	103	0
TOTAL - including capitalised costs	211,242	209,145	2,097
Employee costs capitalised	0	0	0
Gross employee benefits excluding capitalised costs	211,242	209,145	2,097

9.2 Staff numbers

	2013-14			2012-13
	Total Number	**Permanently employed Number**	**Other Number**	Total Number
Average staff numbers				
Ambulance staff	**3,387**	3,387	0	3,467
Administration and estates	**1,138**	1,072	66	1,106
TOTAL	**4,525**	**4,459**	**66**	4,573
Of the above - staff engaged on capital projects	**0**	**0**	**0**	**0**

9.3 Exit packages agreed in 2013-14

	2013-14			2012-13		
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
£25,001-£50,000	0	2	2	1	0	1
£50,001-£100,000	0	9	9	1	0	1
£150,001 - £200,000	1	0	1	0	0	0
Total number of exit packages by type (total cost	**1**	**11**	**12**	**2**	**0**	**2**
Total resource cost (£s)	**157,408**	**659,343**	**816,751**	**103,000**	**0**	**103,000**

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

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

9.4 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. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2014, is based on valuation data as 31 March 2013, updated to 31 March 2014 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 financial statements, published annually. These financial statements 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 ended 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.

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

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) has been used and replaced 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 AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

10 Better Payment Practice Code

10.1 Measure of compliance

	2013-14 Number	2013-14 £000	2012-13 Number	2012-13 £000
Non-NHS payables				
Total Non-NHS trade invoices paid in the year	**55,639**	**71,850**	49,368	64,627
Total Non-NHS trade invoices paid within target	**47,874**	**57,223**	39,893	49,073
Percentage of Non-NHS trade invoices paid within target	**86.04%**	**79.64%**	80.81%	75.93%
NHS payables				
Total NHS Trade Invoices Paid in the Year	**402**	**2,794**	311	3,357
Total NHS Trade Invoices Paid Within Target	**277**	**1,570**	171	1,866
Percentage of NHS trade invoices paid within target	**68.91%**	**56.19%**	54.98%	55.59%

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

11 Investment revenue

	2013-14 £000	2012-13 £000
Interest revenue		
Bank interest	**82**	42
Other loans and receivables	**30**	35
Subtotal	**112**	77
Total investment revenue	**112**	77

12 Other gains and losses

	2013-14 £000	2012-13 £000
Gain/(loss) on disposal of assets other than by sale (PPE)	**41**	(233)
Total	**41**	(233)

13 Finance costs

	2013-14 £000	2012-13 £000
Interest		
Interest on loans and overdrafts	**140**	174
Interest on obligations under finance leases	**28**	127
Total interest expense	**168**	301
Provisions - unwinding of discount	**213**	197
Total	**381**	498

14 Property, plant and equipment

2013-14	Land	Buildings excluding dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:								
At 1 April 2013	**45,045**	**44,575**	**1,543**	**18,116**	**44,131**	**14,981**	**109**	**168,500**
Additions of Assets Under Construction			**3,527**					**3,527**
Additions Purchased	0	509		12	925	932	0	**2,378**
Reclassifications	0	0	(1,308)	829	226	214	0	**(39)**
Disposals other than for sale	0	(130)	0	(1,617)	(7,867)	(222)	(43)	**(9,879)**
Upward revaluation/positive indexation	2,923	6,691	0	0	0	0	0	**9,614**
Impairments/negative indexation	(491)	(756)	0	0	0	0	0	**(1,247)**
Reversal of Impairments	0	0	0	0	0	0	0	**0**
At 31 March 2014	**47,477**	**50,889**	**3,762**	**17,340**	**37,415**	**15,905**	**66**	**172,854**
Depreciation								
At 1 April 2013	0	**23**	**0**	**10,515**	**29,310**	**9,583**	**48**	**49,479**
Reclassifications	0	0		0	0	(9)	0	**(9)**
Disposals other than for sale	0	(105)		(1,607)	(7,867)	(221)	(42)	**(9,842)**
Impairments	112	235	0	0	0	0	0	**347**
Reversal of Impairments	(6)	(1,576)	0	0	0	0	0	**(1,582)**
Charged During the Year	0	1,982		1,977	6,910	1,905	60	**12,834**
At 31 March 2014	**106**	**559**	**0**	**10,885**	**28,353**	**11,258**	**66**	**51,227**
Net Book Value at 31 March 2014	**47,371**	**50,330**	**3,762**	**6,455**	**9,062**	**4,647**	**0**	**121,627**
Asset financing:								
Owned - Purchased	47,371	50,330	3,762	6,455	9,027	4,647	0	**121,592**
Owned - Donated	0	0	0	0	35	0	0	**35**
Total at 31 March 2014	**47,371**	**50,330**	**3,762**	**6,455**	**9,062**	**4,647**	**0**	**121,627**

Revaluation reserve balance for property, plant & equipment

	Land	Buildings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2013	19,807	13,619	0	0	0	0	0	**33,426**
Movements - revaluations	2,432	4,877	0	0	0	0	0	**7,309**
At 31 March 2014	**22,239**	**18,496**	**0**	**0**	**0**	**0**	**0**	**40,735**

Additions to Assets Under Construction in 2013/14

	£000
Buildings excluding Dwellings	121
Plant & Machinery - Transport Equipment	3,406
Balance as at 31 March 2014	3,527

14.1 Property, plant and equipment prior-year

2012-13	Land	Buildings excluding dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:								
At 1 April 2012	43,316	47,043	7,535	16,499	43,865	15,446	109	173,813
Additions - Assets Under Construction	0	0	877	0	0	0	0	877
Additions - purchased	0	831	0	554	6,447	557	0	8,389
Additions - donated	0	0	0	0	44	0	0	44
Additions - leased	0	110	0	0	0	0	0	110
Reclassifications	0	330	(6,869)	2,141	2,738	1,557	0	(103)
Disposals other than by sale	0	(162)	0	(1,078)	(8,963)	(2,579)	0	(12,782)
Revaluation & indexation gains	1,708	33	0	0	0	0	0	1,741
Impairments	(6)	(943)	0	0	0	0	0	(949)
Reversals of impairments	33	55	0	0	0	0	0	88
At 31 March 2013	**45,051**	**47,297**	**1,543**	**18,116**	**44,131**	**14,981**	**109**	**171,228**
Depreciation								
At 1 April 2012	0	0	0	9,906	30,647	10,168	37	50,758
Reclassifications	0	0	0	(16)	0	16	0	0
Disposals other than for sale	0	(112)	0	(1,078)	(6,632)	(2,579)	0	(10,401)
Impairments	6	719	0	0	0	0	0	725
Reversal of Impairments	0	(2)	0	0	0	0	0	(2)
Charged During the Year	0	2,140	0	1,703	5,295	1,978	11	11,127
At 31 March 2013	**6**	**2,745**	**0**	**10,515**	**29,310**	**9,583**	**48**	**52,207**
Net book value at 31 March 2013	**45,045**	**44,552**	**1,543**	**7,601**	**14,821**	**5,398**	**61**	**119,021**
Purchased	45,045	44,552	1,543	7,601	14,775	5,398	61	118,975
Donated	0	0	0	0	46	0	0	46
Government Granted	0	0	0	0	0	0	0	0
Total at 31 March 2013	**45,045**	**44,552**	**1,543**	**7,601**	**14,821**	**5,398**	**61**	**119,021**
Asset financing:								
Owned	45,045	44,552	1,543	7,601	14,821	5,398	61	119,021
Total at 31 March 2013	**45,045**	**44,552**	**1,543**	**7,601**	**14,821**	**5,398**	**61**	**119,021**

14.2 Property, plant and equipment (Continued)

A revaluation was undertaken on all land and building on the 31st March 2014

Professional valuation was carried out by the District Valuers of the Revenue and Customs Government Department. The valuation was carried out in accordance with the terms of the Royal Institution of Chartered Surveyors (RIC), insofar as these terms are consistent with the requirement of HM Treasury, the National Services and the Department of Health.

The market value was used in arriving at fair value for the operational assets subject to the additional special assumptions that:

a) no adjustment has been made on the grounds of a hypothetical "flooding of the market" if a number of properties were to be marketed simultaneously;

b) in the respect of the Market Value of non-operational asset only the NHS is assumed not to be in the market for the property interest;

c) regard has been had to appropriate lotting to achieve the best price.

The revaluation model set out in IAS 16 was applied to value the capital assets to fair value.

Economic Life of Assets	**Years**
Buildings	5 to 99
Plant and machinery	5 to 15
Transport equipment	2 to 9
Information technology equipment	3 to 5
Furniture and fittings	10

The Gross Carrying Value of fully depreciated assets still in use

Transport equipment	£22.5m
Plant and machinery	£ 4.9m
Information technology	£ 6.9m
	£34.3m

15 Intangible non-current assets

2013-14	IT in-house & 3rd party software	Computer licenses	Development expenditure - internally generated	Total
	£000	£000	£000	£000
At 1 April 2013	**15,492**	**1,906**	**167**	**17,565**
Additions - purchased	267	451	288	**1,006**
Reclassifications	133	45	(139)	**39**
Disposals other than by sale	0	(36)	0	**(36)**
At 31 March 2014	**15,892**	**2,366**	**316**	**18,574**
Amortisation				
At 1 April 2013	**2,417**	**1,520**	**0**	**3,937**
Reclassifications	0	9	0	**9**
Disposals other than by sale	0	(36)	0	**(36)**
Charged during the year	2,179	189	0	**2,368**
At 31 March 2014	**4,596**	**1,682**	**0**	**6,278**
Net book value at 31 March 2014	**11,296**	**684**	**316**	**12,296**
Asset financing: net book value at 31 March 2014 comprises:				
Purchased	11,296	684	316	**12,296**
Total at 31 March 2014	**11,296**	**684**	**316**	**12,296**

15.1 Intangible non-current assets prior year

2012-13	IT in-house & 3rd party software	Development expenditure - internally generated	Total
	£000	£000	£000
Cost or valuation:			
At 1 April 2012	3,454	14,432	17,886
Additions - purchased	295	26	321
Reclassifications	14,394	(14,291)	103
Disposals other than by sale	(745)	0	(745)
At 31 March 2013	17,398	167	17,565
Amortisation			
At 1 April 2012	2,853	0	2,853
Disposals other than by sale	(745)	0	(745)
Charged during the year	1,829	0	1,829
At 31 March 2013	3,937	0	3,937
Net book value at 31 March 2013	13,461	167	13,628
Net book value at 31 March 2013 comprises:			
Purchased	13,461	167	13,628
Total at 31 March 2013	13,461	167	13,628

15.2 Intangible non-current assets

The Trust does not revalue its intangible assets.

Economic lives of intangible assets

	Useful lives
Software licences	3 to 7
IT: in-house and third party software	3 to 7
Development expenditure	0

15.3 Gross carrying value of fully depreciated assets still in use:

The gross carrying value of fully depreciated intangible assets is £2.29 million.

16 Analysis of impairments and reversals recognised in 2013-14

	2013-14 Total £000
Property, plant and equipment impairments and reversals taken to SoCI	
Total charged to departmental expenditure limit	**0**
Changes in market price	(1,235)
Total charged to annually managed expenditure	**(1,235)**
Total Impairments of property, plant and equipment changed to SoCI	**(1,235)**
Total Impairments charged to SoCI - DEL	**0**
Total Impairments charged to SoCI - AME	**(1,235)**
Overall total impairments	**(1,235)**

16 Analysis of impairments and reversals recognised in 2013-14 (Continued)

	Total	2013-14 Property plant and equipment
	£000	£000
Impairments and reversals taken to SoCI		
Loss or damage resulting from normal operations	0	0
Over-specification of assets	0	0
Abandonment of assets in the course of construction	0	0
Total charged to departmental expenditure limit	0	0
Unforeseen obsolescence	0	0
Loss as a result of catastrophe	0	0
Other	0	0
Changes in market price	(1,235)	(1,235)
Total charged to annually managed expenditure	(1,235)	(1,235)
Total Impairments of property, plant and equipment changed to SoCI	(1,235)	(1,235)

Donated and government granted assets, included above	£000
PPE - Donated and government granted asset impairments: amount charged to SOCI - DEL	0
Intangibles - Donated and government granted asset impairments: amount charged to SOCI - DEL	0

17 Commitments

17.1 Capital commitments

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

	31 March 2014 £000	31 March 2013 £000
Property, plant and equipment	477	1,523
Intangible assets	533	383
Total	**1,010**	1,906

18 Intra-Government and other balances

	Current receivables £000	Non-current receivables £000	Current payables £000	Non-current payables £000
Balances with other Central Government Bodies	13,344	0	692	0
Balances with NHS Trusts and Foundation Trusts	1,559	0	528	0
Balances with bodies external to government	7,901	0	21,620	0
At 31 March 2014	**22,804**	**0**	**22,840**	**0**
Prior period:				
Balances with other Central Government Bodies	11,608	0	4,590	0
Balances with NHS Trusts and Foundation Trusts	1,033	0	508	0
Balances with bodies external to government	3,434	0	19,448	0
At 31 March 2013	**16,075**	**0**	**24,546**	**0**

19 Inventories

	Drugs £000	Consumables £000	Total £000
Balance at 1 April 2013	**60**	**3,204**	**3,264**
Additions	836	8,204	**9,040**
Inventories recognised as an expense in the period	(852)	(7,954)	**(8,806)**
Balance at 31 March 2014	**44**	**3,454**	**3,498**

20 Trade and other receivables

	Current	
	31 March 2014 £000	31 March 2013 £000
NHS receivables - revenue	**4,528**	1,246
NHS prepayments and accrued income	**6,654**	8,122
Non-NHS receivables - revenue	**808**	873
Non-NHS receivables - capital	**1**	5
Non-NHS prepayments and accrued income	**8,074**	3,146
Provision for the impairment of receivables	**(1,181)**	(741)
VAT	**683**	73
	32	0
Other receivables	**3,205**	3,351
Total	**22,804**	16,075
Total current and non current	**22,804**	16,075
Included in NHS receivables are prepaid pension contributions:	**0**	**0**

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

There are no financial assets that would otherwise be past due or impaired, whose terms have been renegotiated.

20.1 Receivables past their due date but not impaired

	31 March 2014 £000	31 March 2013 £000
By up to three months		
By three to six months	**4,391**	1,480
By more than six months	**188**	162
Total	**272**	0
	4,851	1,642

20.2 Provision for impairment of receivables

	2013-14 £000	2012-13 £000
Balance at 1 April 2013	**(741)**	(403)
Amount recovered during the year	**0**	51
(Increase)/decrease in receivables impaired	**(440)**	(389)
Balance at 31 March 2014	**(1,181)**	(741)

21 Cash and cash equivalents

	31 March 2014	31 March 2013
	£000	£000
Opening balance	**5,500**	5,250
Net change in year	**936**	250
Closing balance	**6,436**	5,500
Made up of		
Cash with Government Banking Service	**6,372**	5,429
Commercial banks	**57**	64
Cash in hand	**7**	7
Cash and cash equivalents as in statement of financial position	**6,436**	**5,500**
Cash and cash equivalents as in statement of cash flows	**6,436**	5,500

22 Trade and other payables

	Current	
	31 March 2014	31 March 2013
	£000	£000
NHS payables - revenue	**685**	951
NHS payables - capital	**0**	4
NHS accruals and deferred income	**81**	0
Non-NHS payables - revenue	**4,032**	6,782
Non-NHS payables - capital	**856**	1,330
Non-NHS accruals and deferred income	**16,726**	6,315
Social security costs	**374**	920
Tax	**75**	0
Other	**11**	8,244
Total	**22,840**	24,546
Total payables (current and non-current)	**22,840**	**24,546**
Included above:		
Outstanding Pension Contributions at the year end	**6**	2,673

23 Borrowings

	Current		Non-current	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	£000	£000	**£000**	£000
Loans from Department of Health	**1,244**	1,244	**3,099**	4,343
Loans from other entities	**0**	0	**107**	107
Finance lease liabilities	**0**	309	**0**	534
Total	**1,244**	**1,553**	**3,206**	**4,984**
Total other liabilities (current and non-current)	**4,450**	**6,537**		

The Trust borrowed £10m on a 8 year term from the Department of Health to funds its capital programme. The Trust made the following drawdowns in 2009-10 - June £1m, September £4m and December £5m at the following rates of interest 2.73%, 2.65% and 2.65% respectively. The interest rates are fixed at the date of drawdown. The final repayment will be made on 15 September 2017.

In 2010-11, The Trust obtained a loan of £107k from Salix Finance Ltd to support the Trust's capital investment in technical measures to improve energy efficiency. The loan was drawn down in August and December 2010 for £60k and £47k respectively. It is an interest free unsecured loan with 2 to 5 years repayment terms.

Loans - repayment of principal falling due in:

		31 March 2014	
	DH	**Other**	**Total**
	£000	**£000**	**£000**
0-1 Years	1,244	0	**1,244**
1 - 2 Years	1,244	0	**1,244**
2 - 5 Years	1,855	107	**1,962**
Over 5 Years	0	0	**0**
TOTAL	**4,343**	**107**	**4,450**

24 Deferred revenue

	Current	
	31 March 2014	31 March 2013
	£000	£000
Opening balance at 1 April 2013	**92**	148
Deferred revenue addition	**56**	9
Transfer of deferred revenue	**(92)**	(65)
Current deferred Income at 31 March 2014	**56**	92
Total deferred income	**56**	92

25 Finance lease obligations as lessee

Ambulances were leased from Singers Healthcare Finance Limited on a 12 year lease. All outstanding lease obligations were settled in full during 2013/14.

The Trust does not have any amounts payable under finance leases for land or buildings.

Amounts payable under finance leases (other)	**Minimum lease payments**		**Present value of minimum**	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	£000	£000	**£000**	£000
Within one year	**0**	349	**0**	309
Between one and five years	**0**	561	**0**	534
Less future finance charges	0	(67)	**0**	0
Minimum Lease Payments / Present value of minimum lease payments	**0**	**843**	**0**	**843**
Included in:				
Current borrowings			**0**	309
Non-current borrowings			**0**	534
			0	843

25.1 Finance lease commitments

The Trust has not entered into any new finance lease arrangements during the year.

26 Provisions

	Total	Early departure costs	Legal claims	Other	Redundancy
	£000	£000	£000	£000	£000
Balance at 1 April 2013	**10,829**	7,462	738	2,601	28
Arising during the year	**3,381**	387	293	2,042	659
Utilised during the year	**(924)**	(356)	(367)	(173)	(28)
Reversed unused	**(117)**	0	0	(117)	0
Unwinding of discount	**213**	175	0	38	0
Change in discount rate	**482**	423	0	59	0
Balance at 31 March 2014	**13,864**	**8,091**	**664**	**4,450**	**659**
Expected timing of cash flows:					
No later than one year	**4,750**	369	664	3,058	659
Later than one year and not later than five years	**2,052**	1,412	0	640	0
Later than five years	**7,062**	6,310	0	752	0

Amount included in the provisions of the NHS Litigation Authority in respect of clinical negligence liabilities:

As at 31 March 2014	14,770
As at 31 March 2013	10,894

Pensions relating to other staff - payments relating to this provision will be quarterly over the life of each member of staff and have been discounted using a rate of 1.8%. Every year the provision is adjusted for inflation. The sum provided for is recalculated annually based upon changes in individual annual rates and their life expectancy.

Legal claims - claims brought against the Trust provided for above vary between probabilities of 50% to 94%. The amounts provided are based upon estimates of costs and settlements provided by the NHS litigation Authority.

Other £4,450k (2012/13 £2,601k) includes a provision of £817k for VAT liability relating to a sale and leaseback transaction, a provision of £2,039k for changes in VAT rules, and a provision of £1,552k in respect of pension payments due to employees being made redundant prior to 1995 as a result of the restructuring of the Trust. The provisions are calculated using actuarial tables and are payable quarterly over the life of the employees.

£14,770,308 is included in the provisions of the NHS Litigation Authority at 31 March 2014 in respect of clinical negligence liabilities of the trust (31 March 2013 £10,893,694).

27 Contingencies

	31 March 2014	31 March 2013
	£000	£000
Contingent liabilities		
Employers liabilities	**(272)**	(315)
Net value of contingent liabilities	**(272)**	(315)

The contingencies balance relates to employers liability of £272k. In addition £664k is included in Provisions (note 26) for employers liability. Due to the nature of the liability, it is not possible to determine the exact amount payable or the timing of any possible payments.

There were no contingent assets at 31 March 2014.

28 Financial instruments

28.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with commissioners and the way those commissioners 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
Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2014 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.

28.2 Financial assets

	Loans and receivables £000	Available for sale £000	Total £000
Receivables - NHS	4,504	0	**4,504**
Receivables - non-NHS	2,853	0	**2,853**
Cash at bank and in hand	6,436	0	**6,436**
Other financial assets	7,439	0	**7,439**
Total at 31 March 2014	21,232	**0**	**21,232**
Receivables - NHS	909	0	909
Receivables - non-NHS	3,825	0	3,825
Cash at bank and in hand	5,500	0	5,500
Other financial assets	8,277	0	8,277
Total at 31 March 2013	18,511	0	18,511

28.3 Financial liabilities

	Other £000	Total £000
NHS payables	766	**766**
Non-NHS payables	4,944	**4,944**
Other borrowings	4,450	**4,450**
Other financial liabilities	20,901	**20,901**
Total at 31 March 2014	**31,061**	**31,061**
NHS payables	1,505	1,505
Non-NHS payables	8,198	8,198
Other borrowings	5,694	5,694
PFI & finance lease obligations	844	844
Other financial liabilities	15,659	15,659
Total at 31 March 2013	31,900	31,900

29 Events after the end of the reporting period

There were no events after the end of the reporting period that need to be disclosed in the financial statements.

30 Related party transactions

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with The London Ambulance Service NHS Trust.

The Department of Health is regarded as a related party. The Trust obtained a £10m capital investment loan from the Department in 2009-10; the current outstanding loan balance is £4,343k. It also 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:

	2013/14 Payments to related party £000	2013/14 Receipts from related party £000	2013/14 Owed to related party £000	2013/14 Owed by related party £000
Barnet CCG	0	10,473	0	127
Brent CCG	0	13,097	23	2,625
Bromley CCG	0	11,618	169	0
Central London CCG	0	10,316	0	125
Croydon CCG	0	12,131	0	142
Ealing CCG	0	10,500	0	126
Hillingdon CCG	0	10,503	0	124
Lambeth CCG	0	11,235	0	132
Newham CCG	0	10,702	0	227
NHS England	0	13,898	0	3,456
Southwark CCG	0	11,059	0	147

	2012/13 Payments to related party £000	2012/13 Receipts from related party £000	2012/13 Owed to related party £000	2012/13 Owed by related party £000
Barnet PCT	0	10,025	0	56
Croydon PCT	0	11,923	0	185
Ealing PCT	0	10,128	90	0
Lambeth PCT	0	10,904	0	46
Newham PCT	0	10,091	25	0
Southwark PCT	0	10,785	0	69
Sutton & Merton PCT	0	10,698	0	63
Westminster PCT (Host PCT)	0	38,381	52	3,707

The Trust has a number of staff who do voluntary work for the St John Ambulance Service. The transactions with St John Ambulance Service were expenditure during the year was £1,631,426 and amount owed as at 31 March 2014 was £116,400.

Theo de Pencier, a non Executive Director, who joined the Trust on 1 March 2014, is also the Chief Executive of Freight Transport Association Limited from whom the Trust purchased services to the value of £12,601 during the financial year. There were no amounts owing at 31 March 2014.

31 Losses and special payments

The total number of losses cases in 2013-14 and their total value was as follows:

	Total value of cases £	Total number of cases
Losses	1,644,140	1,287
Special payments	1,433,966	25
Total losses and special payments	3,078,106	1,312

Within the above there were four cases totalling over £100k individually.

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	1,793,613	1,027
Special payments	907	4
Total losses and special payments	1,794,520	1,031

32. 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.

32.1 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	2013-14 £000
Turnover	215,947	215,941	236,130	261,532	279,864	283,617	281,731	303,109	**303,827**
Retained surplus/(deficit) for the year	1,258	113	398	725	(420)	740	2,527	(417)	**1,525**
Adjustment for:									
Adjustments for impairments				0	1,845	262	247	723	**(1,235)**
Adjustments for impact of policy change re donated/government grants assets							(23)	(44)	**11**
Absorption accounting adjustment								0	**(39)**
Break-even in-year position	**1,258**	**113**	**398**	**725**	**1,425**	**1,002**	**2,751**	**262**	**262**
Break-even cumulative position	**1,333**	**1,446**	**1,844**	**2,569**	**3,994**	**4,996**	**7,747**	**8,009**	**8,271**

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, the 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 %	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	0.58	0.05	0.17	0.28	0.51	0.35	0.98	0.09	0.09
Break-even cumulative position as a percentage of turnover	0.62	0.67	0.78	0.98	1.43	1.76	2.75	2.64	2.72

32.2 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%.

32.3 External financing

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

	2013-14	2012-13
	£000	£000
External financing limit (EFL)	**(1,983)**	(1,998)
Cash flow financing	**(2,996)**	(1,998)
Unwinding of discount adjustment	**213**	0
External financing requirement	**(2,783)**	**(1,998)**
Underspend against EFL	**800**	**0**

32.4 Capital resource limit

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

	2013-14	2012-13
	£000	£000
Gross capital expenditure	**6,911**	9,741
Less: book value of assets disposed of	**(37)**	(2,381)
Less: donations towards the acquisition of non-current assets	**0**	(44)
Charge against the capital resource limit	**6,874**	7,316
Capital resource limit	**10,250**	12,400
Underspend against the capital resource limit	**3,376**	5,084

33 Third party assets

The Trust held cash and cash equivalents of £nil at 31 March 2014 (£nil at 31 March 2013) relating to monies held on behalf of patients or other parties.

2013-14 Annual Accounts of London Ambulance Service NHS Trust

Year ended 31 March 2014

SUMMARISATION SCHEDULES (TRUs) FOR THE LONDON AMBULANCE SERVICE NHS TRUST

Summarisation schedules numbered TRU01 to TRU98H plus Freetext are attached.

Director of Finance Certificate

I certify that the attached summarisation schedules have been compiled from and are in accordance with the financial records maintained by the trust and with the accounting standards and policies for the NHS approved by the Secretary of State.

nb: sign and date in any colour ink except black

03 June 2014 Date .... Director of Finance

Chief Executive Certificate

I acknowledge the attached summarisation schedules, which have been prepared and certified by the Director of Finance, as the summarisation schedules which the trust is required to submit to the Secretary of State

nb: sign and date in any colour ink except black

3 June 2014 Date .... Chief Executive

(Note: This certificate is not required by the Department of Health)